



EUROPEAN COMMISSION  
EUROSTAT

Directorate E: Sectoral and regional statistics  
Unit E1 : Agriculture and fisheries

## GRANT AGREEMENT FOR AN ACTION WITH ONE BENEFICIARY

**Integrated Farm Statistics programme pursuant to Regulation (EU) 2018/1091 of the European Parliament and of the Council**

**AGREEMENT NUMBER — 2019.0193**

This Agreement ('the Agreement') is concluded between the following parties:

on the one part,

The European Union ('the Union'), represented by the European Commission ('the Commission'), represented for the purposes of signature of the Agreement by **Ms Christine WIRTZ, Acting Director of Directorate E - Sectoral and regional statistics, Eurostat,**

**and**

on the other part,

'the beneficiary'

Czech Statistical Office (CZSO)

Na padesátém 81

100 82 Prague 10

Czech Republic,

represented for the purposes of signature of the Agreement by **Mr Marek Rojíček, President of the Czech Statistical Office,**

The parties referred to above

HAVE AGREED

to the Special Conditions (“the Special Conditions”) and the following Annexes:

- Annex I Description of the action
- Annex II General Conditions (“the General Conditions”)
- Annex III Estimated budget: not applicable
- Annex IV Model final report on implementation of the action
- Annex V Model request for payment of balance
- Annex VI Model terms of reference for the certificate on the financial statements: not applicable
- Annex VII Model terms of reference for the certificate on the compliance of the cost accounting practices: not applicable
- Annex VIII Model terms of reference for the operational verification report: not applicable
- Annex IX Technical breakdown of estimated real costs
- Annex X Decision authorising the use of a single lump sum contribution for the core structural data, frame extension and module data collections under the Integrated Farm Statistics Programme

which form an integral part of the Agreement.

The provisions in the Special Conditions of the Agreement take precedence over its Annexes.

The provisions in Annex II "General Conditions" take precedence over the other Annexes.

## SPECIAL CONDITIONS

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## **ARTICLE I.1 – SUBJECT MATTER OF THE AGREEMENT**

The Commission has decided to award a grant under the terms and conditions set out in the Special Conditions, the General Conditions and the other Annexes to the Agreement, for the *action* entitled **Integrated Farm Statistics 2020** as described in Annex I.

By signing the Agreement the beneficiary accepts the grant and agrees to implement the action, acting on its own responsibility.

Article II.13.4 does not apply.

## **ARTICLE I.2 – ENTRY INTO FORCE AND IMPLEMENTATION PERIOD OF THE AGREEMENT**

**I.2.1** The Agreement enters into force on the date on which the last party signs it.

**I.2.2** The action runs for **36** months starting on **01/04/2019**.

**I.2.3** The beneficiary must submit the ‘deliverables’ identified in Annex I, in accordance with the timing and conditions set out in it.

## **ARTICLE I.3 – MAXIMUM AMOUNT AND FORM OF GRANT**

**I.3.1** *The maximum amount of the grant* is **EUR 300.000**.

**I.3.2** The grant takes the form of:

- (a) The reimbursement of the eligible costs of the action ("reimbursement of eligible costs"): not applicable
- (b) Unit contribution: not applicable;
- (c) **A single lump sum contribution of EUR 300.000 ('single lump sum contribution') to cover all eligible costs of the action. By the way of derogation from Article II.19.3 the indirect costs are taken into account on the basis of a flat-rate of 30% of the eligible direct staff costs.**
- (d) Flat-rate contribution: not applicable;
- (e) Financing not linked to costs: not applicable.

## **ARTICLE I.4 – REPORTING — REQUESTS FOR PAYMENT AND SUPPORTING DOCUMENTS**

### **I.4.1 Reporting periods**

The *action* consists of one *reporting period*:

- Reporting period: from month 01/04/2019 to 31/03/2022.

**I.4.2 Request for second pre-financing payment and supporting documents**

Not applicable

**I.4.3 Request for interim payment and supporting documents**

Not applicable

**I.4.4 Request for payment of the balance and supporting documents**

The beneficiary must submit a request for payment of the balance within 60 calendar days following the end of the last reporting period.

This request must be accompanied by the following document:

- (a) a final report on implementation of the action ('final technical report'), drawn up in accordance with Annex IV, containing:
  - (i) the information needed to justify the eligible costs declared or the contribution requested on the basis of financing not linked to costs, unit costs and lump sums (where the grant takes the form of the reimbursement of unit or lump sum costs, of financing not linked to costs, or of a unit or lump sum contribution, as provided for in Article I.3.2(a)(ii) and (iii), (b), (c) or (e));
  - (ii) information on subcontracting as referred to in Article II.11.1(d);

**I.4.5 Information on cumulative expenditure incurred**

Not applicable

**I.4.6 Currency for requests for payment and conversion into euro**

Requests for payment must be drafted in euros.

The beneficiary and affiliated entities with general accounts in a currency other than the euro must convert costs incurred in another currency into euros at the average of the daily exchange rates published in the C series of the *Official Journal of the European Union* (available at [http://eur-lex.europa.eu](#)) determined over the corresponding reporting period.

If no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion must be made at the average of the monthly accounting rates established by the Commission and published on its website ([http://ec.europa.eu/economy\\_finance](#)) determined over the corresponding reporting period.

The beneficiary and affiliated entities with general accounts in euros must convert costs incurred in another currency into euros in accordance with their usual accounting practices.

#### **I.4.7 Language of requests for payment and technical report**

The request for payment and technical report must be submitted in English.

### **ARTICLE I.5 — PAYMENTS AND PAYMENT ARRANGEMENTS**

#### **I.5.1 Payments to be made**

The Commission must make the following payments to the beneficiary:

- pre-financing payment;
- one payment of the balance, on the basis of the request for payment of the balance referred to in Article I.4.4.

#### **I.5.2 Pre-financing payment**

The aim of the pre-financing is to provide the beneficiary with a float. The pre-financing remains the property of the Union until it is cleared against interim payments or, if it is not cleared against interim payments, until the payment of the balance.

The Commission must make the pre-financing payment of EUR **150.000** representing 50% of the single lump sum contribution in Article I.3 to the beneficiary within 30 calendar days from the entry into force of the Agreement.

#### **I.5.3 Interim payment**

Not applicable

#### **I.5.4 Payment of the balance**

The payment of the balance reimburses or covers all eligible costs for the implementation of the *action*.

Payment is subject to the approval of the request for payment of the balance and of the accompanying documents. Their approval does not imply recognition of the compliance, authenticity, completeness or correctness of their content.

The Commission determines the amount due as the balance by deducting the total amount of pre-financing and interim payments (if any) already made from the final amount of the grant determined in accordance with Article II.25 and with section 3.3 of the annex of the *Decision authorising the use of a single lump sum contribution for the core structural data, frame extension and module data collections under the Integrated Farm Statistics Programme* (Annex X).

If the total amount of earlier payments is greater than the final amount of the grant determined in accordance with the previous paragraph, the payment of the balance takes the form of a recovery as provided for by Article II.26. If the total amount of earlier payments is lower than the final amount of the grant determined in accordance with the previous

paragraph, the Commission must pay the balance within 90 calendar days from when it receives the documents referred to in Article I.4.4, except if Article II.24.1 or II.24.2 apply.

The amount to be paid may, however, be offset, without the beneficiary's consent, against any other amount owed by the beneficiary to the Commission or to an executive agency (under the EU or Euratom budget), up to the maximum amount of the grant.

#### **I.5.5 Notification of amounts due**

The Commission must send a *formal notification* to the beneficiary:

- (a) informing it of the amount due; and
- (b) specifying whether the notification concerns a further pre-financing payment, an interim payment or the payment of the balance.

For the payment of the balance, the Commission must also specify the final amount of the grant determined in accordance with Article II.25 and with section 3.3 of the annex of the *Decision authorising the use of a single lump sum contribution for the core structural data, frame extension and module data collections under the Integrated Farm Statistics Programme* (Annex X).

#### **I.5.6 Interest on late payment**

If the Commission does not pay within the time limits for payment, the beneficiary is entitled to late-payment interest at the rate applied by the European Central Bank for its main refinancing operations in euros ('the reference rate'), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the *Official Journal of the European Union*.

Late-payment interest is not due if the beneficiary is a Member State of the Union (including regional and local government authorities and other public bodies acting in the name of and on behalf of the Member State for the purpose of the Agreement).

If the Commission suspends the time limit for payment as provided for in Article II.24.2 or if it suspends an actual payment as provided for in Article II.24.1, these actions may not be considered as cases of late payment.

Late-payment interest covers the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article I.5.8. The Commission does not consider payable interest when determining the final amount of grant within the meaning of Article II.25 and of section 3.3 of the annex of the *Decision authorising the use of a single lump sum contribution for the core structural data, frame extension and module data collections under the Integrated Farm Statistics Programme* (Annex X).

As an exception to the first subparagraph, if the calculated interest is lower than or equal to EUR 200, it must be paid to the beneficiary only if the beneficiary requests it within two months of receiving late payment.

### **I.5.7 Currency for payments**

The Commission must make payments in euros.

### **I.5.8 Date of payment**

Payments by the Commission are considered to have been carried out on the date when they are debited to its account.

### **I.5.9 Costs of payment transfers**

Costs of the payment transfers are borne as follows:

- (a) the Commission bears the costs of transfer charged by its bank;
- (b) the beneficiary bears the costs of transfer charged by its bank;
- (c) the party causing a repetition of a transfer bears all costs of repeated transfers.

### **I.5.10 Payments to the beneficiary**

The Commission must make payments to the beneficiary.

Payments to the beneficiary discharge the Commission from its payment obligation.

## **ARTICLE I.6 — BANK ACCOUNT FOR PAYMENTS**

All payments must be made to the beneficiary's bank account as indicated below:

Name of bank:

Precise denomination of the account holder: **Czech Republic Czech Statistical Office**

IBAN code:

## **ARTICLE I.7 — DATA CONTROLLER, COMMUNICATION DETAILS OF THE PARTIES**

### **I.7.1 Data controller**

The entity acting as a data controller as provided for in Article II.7 is the Head of Unit A4 – Financial Management.

### **I.7.2 Communication details of the Commission**

The request for payment of the balance and accompanying documents, as listed below, shall be sent to the following e-mail address:

Agreement number: 2019.0193

Indication in the subject field of the e-mail: [REDACTED]

Documents shall be sent in the following format:

Request for payment of the balance: Pdf format, accompanied by

- Final report on implementation of the action (Annex IV): Word or pdf format.

Any other communication addressed to the Commission must be sent to the following address:

EUROPEAN COMMISSION

EUROSTAT

To the attention of the Head of Unit E1

BECH Building Office B2/463

L-2920 Luxembourg

Email address: [REDACTED]

### **I.7.3 Communication details of the beneficiary**

Any communication from the Commission to the beneficiary must be sent to the following address:

[REDACTED] Acting Director of the Agricultural, Forestry, and  
Environmental Statistics Department

Czech Statistical Office

Na padesátém 81

CZ – 100 82 Prague 10

Email address: [REDACTED]

### **ARTICLE I.8 — ENTITIES AFFILIATED TO THE BENEFICIARY**

Not applicable.

### **ARTICLE I.9 — ADDITIONAL PROVISIONS ON USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)**

Not applicable.



Agreement number: 2019.0193

**ARTICLE I.10 — INAPPLICABILITY OF THE NO-PROFIT PRINCIPLE**

Not applicable.

**ARTICLE I.11 — ELIGIBILITY OF EQUIPMENT COSTS**

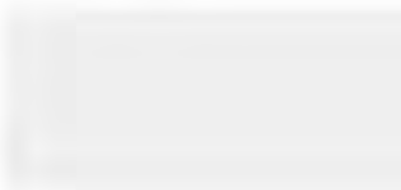
Not applicable.

**ARTICLE I.12 — INELIGIBILITY OF VALUE ADDED TAX**

As an exception to Article II.19.2(h), paid value added tax (VAT) is not eligible under the Agreement.

**SIGNATURES**

For the beneficiary,  
Marek Rojíček  
President



For the Commission,  
Christine Wirtz,  
Acting Director



Done at Prague, on *30/10/2019*

Done at Luxembourg, on

**11 OCT. 2019**

In duplicate in English

## ANNEX I – DESCRIPTION OF THE ACTION

### PART 1 – DESCRIPTION OF THE ACTION

#### 1.1 - Description of the general and specific objectives that the action aims to achieve

The programme of European surveys on the structure of agricultural holdings has been carried out in the European Union since 1966. It should be continued in the form of a census of agricultural holdings in 2020. Data collected at farms are primarily used for updating the statistical registers of agricultural holdings; it is the general objective of the action. However, the secondary and even more desired benefit of the 2020 integrated farm data collection is the examination of trends in the structure of agricultural holdings at the Union level. The most recent statistical data on farms provide specific and sustainable basis for the decision-making process, for successful implementation, monitoring, evaluation and review of related policies, such as the Common Agricultural Policy, rural development measures, environment oriented policies, climate change adaptation and mitigation measures and land use policies. The data are also essential for monitoring and data supply for numerous Sustainable Development Goals Indicators (e.g. female workforce on agricultural holdings, land use and land cover structure, environmentally beneficial farming approaches, etc.).

#### 1.2 - Description of the action on the basis of the main activities planned and where it will be implemented

The Integrated Farm Statistics 2020 survey will be carried out as an exhaustive census. It will cover the whole area of the Czech Republic. The population frame to be covered in the survey will be defined using the thresholds specified in Annex II to Regulation No 2018/1091.

Main activities and expected deliverables:

- Phase 1: Design and preparation of the survey
  - Survey organisation plan
  - Questionnaire
  - Field work background
- Phase 2: Data collection
  - Completed questionnaires
  - Database with collected data
  - Database with data from administrative sources
- Phase 3: Data processing, validation and compilation
  - Database merged from the two previous databases
  - Final database with checked and validated data
- Phase 4: Data analysis and dissemination
  - Data transmission to Eurostat
  - Final Technical Report, Quality Report

Data dissemination and publication at national level

**Detailed timetable of the action:**

<b>03/2019</b>	<b>Submission of a signed grant application</b>
<b>03-12/2019</b>	<p>Preparing of the IFS 2020 survey according to the timetable of a legislative procedure at national level (set a new legal act to ensure reporting duty to the survey)</p> <p>Design of the IFS 2020 survey questionnaire, working out methodology</p> <p>Preparation of instructions for interviewers and instructions for financial and personal records</p>
<b>01-04/2020</b>	<p>Programming of an interface for electronic data entering (secured website) and its testing</p> <p>Developing of an electronic questionnaire (editable / interactive PDF) and its testing</p> <p>Preparing of a special software tool Dante for data entry and centralised data processing</p> <p>Testing of data entry and verification, check runs, developing of a net database and control tables</p>
<b>05-06/2020</b>	<p>Definition of a population frame</p> <p>Ordering and distribution of office consumables and supplies (pens, envelopes, stamps, correctors, etc.)</p> <p>Printing and distribution of paper questionnaires to regional CZSO offices</p> <p>Staff training meetings</p> <p><b>Training of regional staff</b> and the Statistical Data Processing Department staff</p> <p>Minutes of the staff training meetings including explanatory notes and examples – drafting, distribution</p>
<b>07-08/2020</b>	<p><b>Recruitment and training of external interviewers</b> at regional CZSO offices</p> <p>Providing methodological background and support</p> <p>Working out of the convertor between the questionnaire structure and the Eurofarm structure</p> <p>Request for administrative data</p>
<b>09-11/2020</b>	<p>Distribution of questionnaires by post</p> <p><b>Fieldwork</b>, gathering of completed questionnaires, data checks</p> <p>Data processing (data entry and data checks using Dante software tool)</p> <p>Verification of the correctness and completeness of completed questionnaires, coding and logical check of input data, corrections of invalid data</p> <p>Evaluation and assessment of the fieldwork</p> <p>Sending reminders to respondents who did not fulfil their reporting duty</p> <p>Providing methodological background and support</p> <p>Calculation of Standard Output coefficients (FADN)</p>
<b>12/2020</b>	<p>Finalisation of the fieldwork at regional CZSO offices, gathering of completed questionnaires</p> <p>Staff meetings (information on the course of the IFS 2020 survey)</p> <p>Creating the programme for the data conversion into a Eurofarm format</p> <p>Payment of the remuneration to interviewers</p> <p><b>Transmission of Standard Output coefficients</b> to Eurostat</p>

01-03/2021	Finalisation of the recording of completed questionnaires, error corrections, check runs Reinvestigation of missing data at regional CZSO offices (if needed) Monitoring of the course of the survey <b>Centralised processing of questionnaires</b> Development of a net database with IFS 2020 survey results
04/2021	<b>Delivery of a net database</b> with IFS 2020 survey results to the Agricultural, Forestry and Environmental Statistics Department Geographical coordinates - generating and anonymisation <b>Receiving and processing of administrative data</b>
05-07/2021	Data imputation and verification Linking administrative data with IFS 2020 survey results Data quality analysis Conversion of the database structure into a Eurofarm format Database check according to Eurostat validation rules before the data transmission to Eurostat <b>Validation process - cross-check tables evaluation</b> Working out of a Quality Report Update of the Farm Register Generating and checks of the output tables for dissemination - basic results
08/2021 – 02/2022	Drafting of publications and online datasets Generating of the output tables for dissemination - regional breakdown, analytical outputs <b>Data dissemination</b> (press conference, electronic and printed publications)
03/2022	Termination of the grant project <b>Transmission of validated microdata to Eurostat</b> <b>Transmission of the Quality Report to Eurostat</b>
05/2022	Working out and <b>transmission of the Final Technical Report</b> on the implementation of the action to Eurostat

### 1.3 - Methodology to be followed/project implementation

#### Population frame design

The population frame for IFS 2020 survey is derived from the Farm Register managed by the Agricultural, Forestry and Environmental Statistics Department. The population frame will be defined using threshold values as defined in the Annex II to the Regulation No 2018/1091. A frame extension will not be applied.

The geographical coverage will include the whole area of the Czech Republic.

#### Data collection

The core data as well as data in modules Labour force and other gainful activities and Animal housing and manure management will be surveyed as an exhaustive survey.

Data in the module Rural development will be taken from an administrative data source (ADM).

A combination of data collection modes (PAPI, CATI, PDC and CAWI) will be used in the survey.

#### **Data processing**

Data collected on farms with PAPI, CATI and PDC collection methods will be entered into a database. After a fusion with CAWI-collected database and the database with Rural Development module data the final database will be checked. Non-response data will be imputed.

**Neither subcontracting nor involvement of third parties is planned for IFS 2020 survey in the Czech Republic.**

#### **1.4 - Expected results and their use**

##### **Benchmarks and deliverables**

- to be used during the data processing phase (data checks, non-response data imputations):
  - Data from regular CZSO agricultural statistical surveys (crop and livestock surveys)
  - Administrative registers of the Ministry of Agriculture – Organic farming register, Land parcel information system

##### **Expected results**

- Data for continual time series of Community farm structure statistics
- Comparable Community farm statistics on NUTS2 level
- Update of the Farm Register
- Typology of agricultural holdings (calculating of Standard Output coefficients)
- Data to be used for the compilation of SDG Indicators
- Data basis for ad-hoc outputs for scientific as well as public users of agricultural statistics
- Publication of results – general, regional and analytical version

#### **1.5 - Arrangements for monitoring/supervision of the operation and any risks involved in its implementation**

The grant project was officially approved by the Board of Directors chaired by the President of the Czech Statistical Office. The director of the Agricultural, Forestry and Environmental Statistics Department is fully responsible for the supervision of the course of the IFS 2020 survey.

The CZSO already conducted several farm structure surveys in the past (2000, 2003, 2005, 2007, 2010, 2013, 2016) and the staff involved in the coming grant project is well experienced. Moreover, each step in each phase of the action is internally consulted in the



project team and any possible risks and problems are either prevented or solved immediately. Thus, there are no risks foreseen to be faced during the implementation of the action.

### **1.6 - Sustainability of the project's achievements**

The sustainability of the grant project's achievements is granted by the fact, that the farm structure data collection represents a continuous statistics which is essential for many Union policies; it is not a one-off exercise, it is a part of the strategy that data should be once collected but subsequently shared and multiple-used.

To enhance the data collection effectiveness and to limit the costs and administrative burden, the Regulation No 2018/1091 states in Article 4, that “for the purpose of obtaining the data referred to in this Regulation, Member States shall use one or more of the following sources or methods, provided that the information allows for the production of statistics that meet the quality requirements laid down in Article 11: (a) statistical surveys; (b) the administrative data sources specified in paragraph 2 of this Article; (c) other sources, methods or innovative approaches.”

Moreover, it refers to the following provisions:

(5) Regulation (EC) No 223/2009 of the European Parliament and of the Council provides for a framework for the development, production and dissemination of European statistics, based on common statistical principles. It establishes quality criteria, and refers to the need to minimise the response burden on survey respondents and to contribute to the more general objective of a reduction of administrative burdens.

(6) A multipurpose statistical programme on agricultural holdings should be set up for the next decade to provide the framework for harmonised, comparable and coherent statistics. Those statistics should be targeted towards policy needs.

Regarding the financial sustainability, the grant project is a part of cost-effective and economic multiannual financial framework, as stated in the Regulation No 2018/1091:

(29) This Regulation lays down a financial envelope for the entire duration of the relevant multiannual financial framework (MFF) which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on cooperation on budgetary discipline, on cooperation in budgetary matters and on sound financial management (2), for the European Parliament and the Council during the annual budgetary procedure. This Regulation makes a provision for establishing the budget for further data collections in the context of the subsequent MFF.

On the national level, the appropriate amount of financial resources for the grant project is available in the budget of the Czech Statistical Office for each year of the action. Cost effectivity and rational use of financial resources in the course of the grant project is guaranteed and monitored by the Financial Department (CZSO).

Keeping secrecy and protecting individual statistical data against misuse can be also considered as a component of the national plan for sustainable use of statistical data. As far as



the data protection is concerned, the basic national legislation for statistical surveys in the Czech Republic is the Act No. 89/1995 Coll., on the State Statistical Service, as amended. Paragraph 16 of the Act lays down that it is incumbent to keep secrecy and protect individual data. Employees of the State Statistical Services and other natural persons processing statistical surveys or collecting data for agricultural censuses shall be subject to secrecy of individual data they get familiar with. To this end, they must be sworn to secrecy when entering their employment or before they start the relevant work.

## PART 2 – TIMETABLE

<b>TIMETABLE TO CARRY OUT EACH STAGE OF THE ACTION SHOWING MAIN DATES AND EXPECTED RESULTS FOR EACH STAGE</b>	
<b>Milestones/ Tasks</b>	<b>Timetable</b>
Preparatory phase of the survey (draft of questionnaire including methodological notes, drawing the sample)	T <sup>1</sup> + 0
Staff training, recruitment and training of interviewers	T + 14
Field work	T + 17
Continuous work on converting the data to electronic form	T + 19
Standard Output coefficients	T + 20
Centralised processing, check runs	T + 21

<b>LIST OF DELIVERABLES</b>	<b>Timetable</b>
<u>Validated</u> microdata for the variables listed in Annex III (for the core structural data) of the <u>Regulation (EU) 2018/1091</u> and for the additional respective variables listed in the <u>Commission Implementing Regulation (EU) 2018/1874</u> for the modules.	T + 36
A quality report for all data collections for the reference year 2020.	T + 36

<b>PAYMENT OF THE BALANCE</b>	
Final report and request for payment of the balance	60 days following the closing date of the action

<sup>1</sup> T being the start of the action.

## ANNEX II — GENERAL CONDITIONS

### PART A — LEGAL AND ADMINISTRATIVE PROVISIONS

#### ARTICLE II.1 - DEFINITIONS

The following definitions apply for the purpose of the Agreement:

**‘Action’:** [*Option 1 - grant for an action:* the set of activities or the project][*Option 2 – operating grant:* the work programme] for which the grant is awarded, to be implemented by the beneficiary as described in Annex I;

**‘Breach of obligations’:** failure by a beneficiary to fulfil one or more of its contractual obligations.

**‘Confidential information or document’:** any information or document (in any format) received by either party from the other or accessed by either party in the context of the implementation of the Agreement that any of the parties has identified in writing as confidential. It does not include information that is publicly available;

**‘Conflict of interests’:** a situation where the impartial and objective implementation of the Agreement by the beneficiary is compromised for reasons involving family, emotional life, political or national affinity, economic interest, or any other shared interest with the Commission or any third party related to the subject matter of the Agreement;

**‘Direct costs’:** those specific costs which are directly linked to the implementation of the action and can therefore be attributed directly to it. They may not include any indirect costs;

**‘Force majeure’:** any unforeseeable, exceptional situation or event beyond the control of the parties that prevents either of them from fulfilling any of their obligations under the Agreement, which is not attributable to error or negligence on their part or on the part of the subcontractors affiliated entities or third parties in receipt of financial support and which proves to be inevitable despite their exercising due diligence. The following cannot be invoked as *force majeure*: labour disputes, strikes, financial difficulties or any default of a service, defect in equipment or materials or delays in making them available, unless they stem directly from a relevant case of *force majeure*;

**‘Formal notification’:** form of communication between the parties made in writing by mail or electronic mail, which provides the sender with compelling evidence that the message was delivered to the specified recipient;

**‘Fraud’:** any act or omission relating to the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds or assets from the Union budget, the non-disclosure of information in violation of a specific obligation, with the same effect or the misapplication of such funds or assets for purposes other than those for which they were originally granted.

**‘Grave professional misconduct’:** a violation of applicable laws or regulations or ethical standards of the profession to which a person or entity belongs, or any wrongful conduct of a

person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.

**‘Implementation period’**: the period of implementation of the activities forming part of the action, as specified in Article I.2.2;

**‘Indirect costs’**: those costs which are not specific costs directly linked to the implementation of the action and which therefore cannot be attributed directly to it. They may not include any costs identifiable or declared as eligible direct costs;

**‘Irregularity’**: any infringement of a provision of Union law resulting from an act or omission by the beneficiary, which has or would have the effect of prejudicing the Union’s budget;

**‘Maximum amount of the grant’**: the maximum EU contribution to the action, as defined in Article I.3.1;

**‘Pre-existing material’**: any materials, document, technology or know-how which exists prior to the beneficiary using it for the production of a result in the implementation of the action;

**‘Pre-existing right’**: any industrial and intellectual property right on pre-existing material; it may consist in a right of ownership, a licence right and/or a right of use belonging to the beneficiary or any other third parties;

**‘Related person’**: any natural or legal person who is a member of administrative management or supervisory body of the beneficiary or who has powers of representation, decision or control with regard to the beneficiary;

**‘Starting date’**: the date on which the implementation of the action starts as provided for in Article I.2.2;

**‘Subcontract’**: a procurement contract within the meaning of Article II.10, which covers the implementation by a third party of tasks forming part of the action as described in Annex I;

## ARTICLE II.2 – GENERAL OBLIGATIONS OF THE BENEFICIARY

The beneficiary:

- (a) is liable for carrying out the *action* in accordance with the Agreement;
- (b) must comply with any legal obligations it is bound by under applicable EU, international and national law;
- (c) must inform the Commission immediately of any events or circumstances of which the beneficiary is aware, that are likely to affect or delay the implementation of the *action*;
- (d) must inform the Commission immediately:

- (i) of any change in its legal, financial, technical, organisational or ownership situation and of any change in its name, address or legal representative;
- (ii) of any change in the legal, financial, technical, organisational or ownership situation of its affiliated entities and of any change in their name, address or legal representative;
- (iii) of any change regarding the exclusion situations listed in Article 136 of Regulation (EU) 2018/1046, including for its affiliated entities.

## **ARTICLE II.3 – COMMUNICATION BETWEEN PARTIES**

### **II.3.1 Form and means of communication**

Any communication relating to the Agreement or to its implementation must:

- (a) be made in writing (in paper or electronic form);
- (b) bear the number of the Agreement; and
- (c) be made using the communication details identified in Article I.7.

If a party requests written confirmation of an electronic communication within a reasonable time, the sender must provide an original signed paper version of the communication as soon as possible.

### **II.3.2 Date of communications**

Any communication is considered to have been made when the receiving party receives it, unless the Agreement states that communication is considered to have been made on the date when the communication was sent.

Email is considered to have been received by the receiving party on the day of dispatch of that email, provided that it is sent to the email address indicated in Article I.7. The sending party must be able to prove the date of dispatch. If the sending party receives a non-delivery report, it must make every effort to ensure that the other party actually receives the communication by email or mail. In such a case, the sending party is not held in breach of its obligation to send such communication within a specified deadline.

Mail sent to the Commission using the postal or courier services is considered to have been received by the Commission on the date on which it is registered by the department identified in Article I.7.2.

*Formal notifications* are considered to have been received by the receiving party on the date of receipt indicated in the proof received by the sending party that the message was delivered to the specified recipient.

## **ARTICLE II.4 – LIABILITY FOR DAMAGES**

**II.4.1** The Commission may not be held liable for any damage caused or sustained by the beneficiary, including any damage caused to third parties as a consequence of or during the implementation of the *action*.



**II.4.2** Except in cases of *force majeure*, the beneficiary must compensate the Commission for any damage it sustains as a result of the implementation of the *action* or because the *action* was not implemented in full compliance with the Agreement.

#### **ARTICLE II.5 – CONFLICT OF INTEREST**

**II.5.1** The beneficiary must take all necessary measures to prevent any situation of *conflict of interests*.

**II.5.2** The beneficiary must inform the Commission without delay of any situation constituting or likely to lead to a *conflict of interests*. It must take immediately all the necessary steps to rectify this situation.

The Commission may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

#### **ARTICLE II.6 - CONFIDENTIALITY**

**II.6.1** During implementation of the *action* and for five years after the payment of the balance, the parties must treat with confidentiality any *confidential information and documents*.

**II.6.2** The parties may only use *confidential information and documents* for a reason other than to fulfil their obligations under the Agreement if they have first obtained the prior written agreement of the other party.

**II.6.3** The confidentiality obligations do not apply if:

- (a) the disclosing party agrees to release the other party from those obligations;
- (b) the *confidential information or documents* become public through other means than a breach of the confidentiality obligations;
- (c) the disclosure of the *confidential information or documents* is required by law.

#### **ARTICLE II.7 – PROCESSING OF PERSONAL DATA**

##### **II.7.1 Processing of personal data by the Commission**

Any personal data included in the Agreement must be processed by the Commission in accordance with Regulation (EC) No 45/2001.<sup>2</sup>

Such data must be processed by the data controller identified in Article I.7.1 solely for implementing, managing and monitoring the Agreement or to protect the financial interests of the EU, including checks, audits and investigations in accordance with Article II.27.

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<sup>2</sup> Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

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The beneficiary has the right to access and correct its own personal data. For this purpose, it must send any queries about the processing of its personal data to the data controller identified in Article I.7.1.

The beneficiary may have recourse at any time to the European Data Protection Supervisor.

## **II.7.2 Processing of personal data by the beneficiary**

The beneficiary must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

The beneficiary may grant its personnel access only to data that is strictly necessary for implementing, managing and monitoring the Agreement.

The beneficiary must adopt appropriate technical and organisational security measures having regard to the risks inherent in the processing and to the nature of the personal data concerned. This is in order to:

- (a) prevent any unauthorised person from gaining access to computer systems processing personal data, and especially:
  - (i) unauthorised reading, copying, alteration or removal of storage media;
  - (ii) unauthorised data input as well as any unauthorised disclosure, alteration or erasure of stored personal data;
  - (iii) unauthorised use of data processing systems by means of data transmission facilities;
- (b) ensure that authorised users of a data processing system can access only the personal data to which their access right refers;
- (c) record which personal data have been communicated, when and to whom;
- (d) ensure that personal data processed on behalf of third parties can be processed only in the manner prescribed by the Commission;
- (e) ensure that, during communication of personal data and transport of storage media, the data cannot be read, copied or erased without authorisation;
- (f) design its organisational structure in such a way that it meets data protection requirements.

## **ARTICLE II.8 – VISIBILITY OF UNION FUNDING**

### **II.8.1 Information on Union funding and use of the European Union emblem**

Unless the Commission requests or agrees otherwise, any communication or publication made by the beneficiary that relates to the *action*, including at conferences, seminars or in any information or promotional materials (such as brochures, leaflets, posters, presentations, in electronic form, etc.), must:

- (a) indicate that the *action* has received funding from the Union; and
- (b) display the European Union emblem.



When displayed in association with another logo, the European Union emblem must have appropriate prominence.

The obligation to display the European Union emblem does not confer on the beneficiary a right of exclusive use. The beneficiary may not appropriate the European Union emblem or any similar trademark or logo, either by registration or by any other means.

For the purposes of the first, second and third subparagraphs and under the conditions specified therein, the beneficiary may use the European Union emblem without first obtaining permission from the Commission.

### **II.8.2 Disclaimers excluding Commission responsibility**

Any communication or publication that relates to the *action*, made by the beneficiary in any form and using any means, must indicate:

- (a) that it reflects only the author's view; and
- (b) that the Commission is not responsible for any use that may be made of the information it contains.

## **ARTICLE II.9 – PRE-EXISTING RIGHTS AND OWNERSHIP AND USE OF THE RESULTS (INCLUDING INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS)**

### **II.9.1 Ownership of the results by the beneficiary**

The beneficiary retains ownership of the results of the *action*, including industrial and intellectual property rights, and of the reports and other documents relating to it, unless stipulated otherwise in the Agreement.

### **II.9.2 Pre-existing rights**

If the Commission sends the beneficiary a written request specifying which of the results it intends to use, the beneficiary must:

- (a) establish a list specifying all *pre-existing rights* included in those results; and
- (b) provide this list to the Commission at the latest with the request for payment of the balance.

The beneficiary must ensure that it or its affiliated entities have all the rights to use any *pre-existing rights* during the implementation of the Agreement.

### **II.9.3 Rights of use of the results and of pre-existing rights by the Union**

The beneficiary grants the Union the following rights to use the results of the *action*:

- (a) for its own purposes and in particular to make available to persons working for the Commission, other Union institutions, agencies and bodies and to Member States' institutions, as well as to copy and reproduce in whole or in part and in an unlimited number of copies;
- (b) reproduction: the right to authorise direct or indirect, temporary or permanent reproduction of the results by any means (mechanical, digital or other) and in any form, in whole or in part;
- (c) communication to the public: the right to authorise any display performance or communication to the public, by wire or wireless means, including making the results available to the public in such a way that members of the public may access them from a place and at a time individually chosen by them; this right also includes communication and broadcasting by cable or by satellite;
- (d) distribution: the right to authorise any form of distribution of results or copies of the results to the public;
- (e) adaptation: the right to modify the results;
- (f) translation;
- (g) the right to store and archive the results in line with the document management rules applicable to the Commission, including digitisation or converting the format for preservation or new use purposes;
- (h) where the results are documents, the right to authorise the reuse of the documents in conformity with Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents if that Decision is applicable and if the documents fall within its scope and are not excluded by any of its provisions. For the sake of this provision, the terms 'reuse' and 'document' have the meanings given to them by Decision 2011/833/EU.

The above rights of use may be further specified in the Special Conditions.

Additional rights of use for the Union may be provided for in the Special Conditions.

The beneficiary must ensure that the Union has the right to use any *pre-existing rights* included in the results of the *action*. The *pre-existing rights* must be used for the same purposes and under the same conditions as applicable to the rights of use of the results of the *action*, unless specified otherwise in the Special Conditions.

Information about the copyright owner must be inserted in cases where the result is divulged by the Union. The copyright information must read: '© — year — name of the copyright owner. All rights reserved. Licenced to the European Union under conditions.'

If the beneficiary grants rights of use to the Commission, this does not affect its confidentiality obligations under Article II.6 or the beneficiary's obligation under Article II.2.

## **ARTICLE II.10 – AWARD OF CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION**

**II.10.1** If the implementation of the *action* requires the beneficiary to procure goods, works or services, it may award the contract in accordance with their usual purchasing practices provided that the contract is awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price. In doing so, it must avoid any *conflict of interests*.

The beneficiary must ensure that the Commission, the European Court of Auditors and the European Anti-Fraud Office (OLAF) can exercise their rights under Article II.27 also towards the beneficiary's contractors.

**II.10.2** The beneficiary that is a 'contracting authority' within the meaning of Directive 2014/24/EU<sup>3</sup> or 'contracting entity' within the meaning of Directive 2014/25/EU<sup>4</sup> must comply with the applicable national public procurement rules.

The beneficiary must ensure that the conditions applicable to it under Articles II.4, II.5, II.6 and II.9 are also applicable to the contractors.

**II.10.3** The beneficiary remains solely responsible for carrying out the *action* and for compliance with the Agreement.

**II.10.4** If the beneficiary breaches its obligations under Article II.10.1 the costs related to the contract concerned are considered ineligible in accordance with Article II.19.2 (c), (d) and (e).

If the beneficiary breaches its obligations under Article II.10.2 the grant may be reduced in accordance with Article II.25.4.

## **ARTICLE II.11 – SUBCONTRACTING OF TASKS FORMING PART OF THE ACTION**

**II.11.1** Beneficiary may subcontract tasks forming part of the *action*. If it does so, it must ensure that, in addition to the conditions specified in Article II.10, the following conditions are also complied with:

- (a) subcontracting does not cover core tasks of the *action*;
- (b) recourse to subcontracting is justified because of the nature of the *action* and what is necessary for its implementation;
- (c) the estimated costs of the subcontracting are clearly identifiable in the estimated budget set out in Annex III;

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<sup>3</sup> Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC

<sup>4</sup> Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC

- (d) any recourse to subcontracting, if not provided for in Annex I, is communicated by the beneficiary and approved by the Commission. The Commission may grant approval:
  - (i) before any recourse to subcontracting, if the beneficiary requests an amendment as provided for in Article II.13; or
  - (ii) after recourse to subcontracting if the subcontracting:
    - is specifically justified in the interim or final technical report referred to in Articles I.4.3 and I.4.4; and
    - does not entail changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
- (e) the beneficiary ensures that the conditions applicable to it under Article II.8 are also applicable to the subcontractors.

**II.11.2** If the beneficiary breaches its obligations under Article II.11.1 (a), (b), (c) or (d), the costs related to the contract concerned are considered ineligible in accordance with Article II.19.2 (g).

If the beneficiary breaches its obligation under Article II.11.1 (e) the grant may be reduced in accordance with Article II.25.4.

## **ARTICLE II.12 – FINANCIAL SUPPORTING TO THIRD PARTIES**

**II.12.1** If, while implementing the *action*, the beneficiary has to give financial support to third parties, the beneficiary must give such financial support in accordance with the conditions specified in Annex I. Under those conditions, the following information must be stated at least:

- (a) the maximum amount of financial support. This amount may not exceed EUR 60 000 for each third party except if achieving the object of the *action* as specified in Annex I would otherwise be impossible or overly difficult;
- (b) the criteria for determining the exact amount of the financial support;
- (c) the different types of activity that may receive financial support, on the basis of a fixed list;
- (d) the persons or categories of persons which may receive financial support;
- (e) the criteria for giving the financial support.

**II.12.2** As an exception to Article II.12.1, if the financial support takes the form of a prize, the beneficiary must give such financial support in accordance with the conditions specified in Annex I. Under those conditions, the following information must at least be stated:

- (a) the eligibility and award criteria;

- (b) the amount of the prize;
- (c) the payment arrangements.

**II.12.3** The beneficiary must ensure that the conditions applicable to it under Articles II.4, II.5, II.6, II.8, II.9 and II.27 are also applicable to the third parties receiving financial support.

#### **ARTICLE II.13 – AMENDMENTS TO THE AGREEMENTS**

**II.13.1** Any amendment to the Agreement must be made in writing.

**II.13.2** An amendment may not have the purpose or the effect of making changes to the Agreement which would call into question the decision awarding the grant or be contrary to the equal treatment of applicants.

**II.13.3** Any request for amendment must:

- (a) be duly justified;
- (b) be accompanied by appropriate supporting documents; and
- (c) be sent to the other party in due time before it is due to take effect, and in any case one month before the end of the *implementation period*.

Point (c) does not apply in cases duly substantiated by the party requesting the amendment if the other party agrees.

**II.13.4** In case of an operating grant the period set out in Article I.2.2 may not be extended via amendments.

**II.13.5** Amendments enter into force on the date on which the last party signs or on the date of approval of the request for amendment.

Amendments take effect on a date agreed by the parties or, in the absence of such an agreed date, on the date on which the amendment enters into force.

#### **ARTICLE II.14 – ASSIGNMENT OF CLAIMS FOR PAYMENTS TO THIRD PARTIES**

**II.14.1** The beneficiary may not assign any of its claims for payment against the Commission to any third party, except if approved by the Commission on the basis of a reasoned, written request by the beneficiary.

If the Commission does not accept the assignment or the terms of it are not complied with, the assignment has no effect on it.

**II.14.2** In no circumstances may an assignment release the beneficiary from its obligations towards the Commission.



## **ARTICLE II.15 – FORCE MAJEURE**

- II.15.1** A party faced with *force majeure* must send a *formal notification* to the other party without delay, stating the nature of the situation or of the event, its likely duration and foreseeable effects.
- II.15.2** The parties must take the necessary measures to limit any damage due to *force majeure*. They must do their best to resume the implementation of the *action* as soon as possible.
- II.15.3** The party faced with *force majeure* may not be considered in breach of its obligations under the Agreement if it has been prevented from fulfilling them by *force majeure*.

## **ARTICLE II.16 – SUSPENSION OF THE IMPLEMENTATION OF THE ACTION**

### **II.16.1 Suspension of implementation by the beneficiary**

The beneficiary, may suspend the implementation of the *action* or any part of it, if exceptional circumstances make such implementation impossible or excessively difficult, in particular in the event of *force majeure*.

The beneficiary must immediately inform the Commission, stating:

- (a) the reasons for suspension, including details about the date or period when the exceptional circumstances occurred; and
- (b) the expected date of resumption.

Once the circumstances allow the beneficiary to resume implementing the *action*, the beneficiary must inform the Commission immediately and present a request for amendment of the Agreement as provided for in Article II.16.3. This obligation does not apply if the Agreement is terminated in accordance with Articles II.17.1 or points (b) or (c) of Article II.17.2.1.

### **II.16.2 Suspension of implementation by the Commission**

#### **II.16.2.1 Grounds for suspension**

The Commission may suspend the implementation of the *action* or any part thereof:

- (a) if the Commission has evidence that the beneficiary has committed *irregularities, fraud or breach of obligations* in the award procedure or while implementing the Agreement;
- (b) if the Commission has evidence that the beneficiary has committed systemic or recurrent *irregularities, fraud* or serious *breach of obligations* in other grants funded by the Union or the European Atomic Energy Community ('Euratom') awarded to the beneficiary under similar conditions and the *irregularities, fraud or breach of obligations* have a material impact on this grant; or

- (c) if the Commission suspects *substantial errors, irregularities, fraud* or breach of obligations committed by the beneficiary in the award procedure or while implementing the Agreement and needs to verify whether they have actually occurred.

#### **II.16.2.2 Procedure for suspension**

**Step 1** — Before suspending implementation of the *action*, the Commission must send a *formal notification* to the beneficiary:

- (a) informing it of:
  - (i) its intention to suspend the implementation;
  - (ii) the reasons for suspension;
  - (iii) the necessary conditions for resuming the implementation in the cases referred to in points (a) and (b) of Article II.16.2.1; and
- (b) inviting it to submit observations within 30 calendar days of receiving the formal notification.

**Step 2** — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it must send a *formal notification* to the beneficiary informing it of:

- (a) the suspension of the implementation;
- (b) the reasons for suspension; and
- (c) the final conditions for resuming the implementation in the cases referred to in points (a) and (b) of Article II.16.2.1; or
- (d) the indicative date of completion of the necessary verification in the case referred to in point (c) of Article II.16.2.1.

The suspension takes effect on the day the *formal notification* is received by the beneficiary or on a later date specified in the *formal notification*.

Otherwise, the Commission must send a *formal notification* to the beneficiary informing it that it is not continuing the suspension procedure.

#### **II.16.2.3 Resuming implementation**

In order to resume the implementation, the beneficiary must meet the notified conditions as soon as possible and must inform the Commission of any progress made.

If the conditions for resuming the implementation are met or the necessary verifications are carried out, the Commission must send a *formal notification* to the beneficiary:

- (a) informing it that the conditions for lifting the suspension are met; and
- (b) requiring it to present a request for amendment of the Agreement as provided for in Article II.16.3. This obligation does not apply if the Agreement is terminated in accordance with Articles II.17.1 or points (b), (f) or (g) of Article II.17.2.1.

### **II.16.3 Effects of the suspension**

If the implementation of the *action* can be resumed and the Agreement has not been terminated, an amendment to the Agreement must be made in accordance with Article II.13 in order to:

- (a) set the date on which the *action* is to be resumed;
- (b) extend the duration of the *action*; and
- (c) make other changes necessary to adapt the *action* to the new situation.

The suspension is lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during the period of suspension that relate to the implementation of the suspended *action* or the suspended part of it may not be reimbursed or covered by the grant.

Suspending implementation of the *action* does not affect the Commission's right to terminate the Agreement in accordance with Article II.17.2, reduce the grant or recover amounts unduly paid in accordance with Articles II.25.4 and II.26.

Neither party may claim damages due to suspension by the other party.

## **ARTICLE II.17 – TERMINATION OF THE AGREEMENT**

### **II.17.1 Termination of the Agreement by the beneficiary**

The beneficiary may terminate the Agreement.

The beneficiary must send a *formal notification* of termination to the Commission, stating:

- (a) the reasons for termination; and
- (b) the date on which the termination takes effect. This date must be set after the *formal notification*.

If the beneficiary does not state the reasons for the termination or if the Commission considers that the reasons do not justify termination, the Agreement is considered to have been terminated improperly.

The termination takes effect on the day specified in the *formal notification*.

### **II.17.2 Termination of the Agreement by the Commission**

#### **II.17.2.1 Grounds for termination**

The Commission may terminate the Agreement, if:

- (a) a change to the beneficiary's legal, financial, technical, organisational or ownership situation is likely to affect the implementation of the Agreement substantially or calls into question the decision to award the grant, or a change regarding the exclusion

- situations listed in Article 136 of Regulation (EU) 2018/1046, for any of the beneficiaries that calls into question the decision to award the grant;
- (b) the beneficiary, any *related person* or any natural person who is essential for the award or for the implementation of the Agreement have committed serious breach of obligations, including improper implementation of the *action* as described in Annex I;
  - (c) the implementation of the *action* is prevented or suspended due to *force majeure* or exceptional circumstances and either:
    - (i) resumption is impossible; or
    - (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or be contrary to the equal treatment of applicants;
  - (d) the beneficiary or a natural or legal person that assumes unlimited liability for the debts of the beneficiary:
    - (i) is declared bankrupt, is subject to insolvency or winding up procedures, its assets are being administered by a liquidator or by a Court, has entered into an agreement with creditors, has suspended business activities or is in any analogous situation arising from a similar procedure provided for under the Union or national law;
    - (ii) is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;
  - (e) the beneficiary or any *related person* or any natural person who is essential for the award or for the implementation of the Agreement has committed:
    - (i) grave professional misconduct proven by any means;
    - (ii) fraud;
    - (iii) corruption;
    - (iv) conduct related to criminal organisations;
    - (v) money laundering;
    - (vi) terrorism-related crimes (including terrorism financing);
    - (vii) child labour or other offences concerning trafficking of human beings;
  - (f) the Commission has evidence that the beneficiary or any *related person* or any natural person who is essential for the award or for the implementation of the Agreement has committed *irregularities, fraud or breach of obligations* in the award procedure or while implementing the Agreement, including if the beneficiary, *related person* or natural person has submitted false information or failed to provide required information;
  - (g) the Commission has evidence that the beneficiary has committed systemic or recurrent *irregularities, fraud or serious breach of obligations* in other Union or

Euratom grants awarded to it under similar conditions and such *irregularities, fraud or breach of obligations* have a material impact on this grant;

- (h) a beneficiary or any related person or any natural person who is essential for the award or for the implementation of the Agreement has created an entity under a different jurisdiction with the intend to circumvent fiscal, social or any other legal obligations in the jurisdiction of its registered office, central administration or principal place of business;
- (i) a beneficiary or any related person or any natural person who is essential for the award or for the implementation of the Agreement has been created with the intend referred to in point (h) or
- (j) the Commission has sent the beneficiary a *formal notification* asking it to end the participation of its affiliated entity because that entity is in a situation provided for in points (e), (f) or (g) and the beneficiary has failed to request an amendment ending the participation of the entity and reallocating its tasks.

#### **II.17.2.2 Procedure for termination**

**Step 1-** Before terminating the Agreement, the Commission must send a *formal notification* to the beneficiary:

- (a) informing it of:
  - (i) its intention to terminate;
  - (ii) the reasons for termination; and
- (b) requiring it, within 45 calendar days of receiving the formal notification:
  - (i) to submit observations; and
  - (ii) in the case of point (b) of Article II.17.2.1, to inform the Commission of the measures to ensure compliance with the obligations under the Agreement.

**Step 2** — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it will send a *formal notification* to the beneficiary informing it of the termination and the date on which it takes effect.

Otherwise, the Commission must send a *formal notification* to the beneficiary informing it that the termination procedure is not continued.

The termination takes effect:

- (a) for terminations under points (a), (b) and (d) of Article II.17.2.1: on the day specified in the *formal notification* of termination referred to in the second subparagraph (i.e. in Step 2 above);
- (b) for terminations under points (c), (e), (f), (g) and (h) of Article II.17.2.1: on the day after the beneficiary receives the *formal notification* of termination referred to in the second subparagraph (i.e. in Step 2 above).

#### **II.17.3 Effects of termination**



### **II.17.3.1 Effects of terminating the Agreement:**

Within 60 calendar days from the day on which the termination takes effect, the beneficiary must submit a request for payment of the balance as provided for in Article I.4.4.

If the Commission does not receive the request for payment of the balance by the above deadline, only costs which are included in an approved technical report and, where relevant, in an approved financial statement, are reimbursed or covered by the grant.

If the Agreement is terminated by the Commission because the beneficiary has breached its obligation to submit the request for payment, the beneficiary may not submit any request for payment after termination. In that case the second subparagraph applies.

The Commission calculates the final grant amount as referred to in Article II.25 and the balance as referred to in Article I.5.4 on the basis of the reports submitted. Only activities undertaken before the date when the termination takes effect or the end date of the implementation period as specified in Article I.2.2, whichever is the earliest, must be taken into account. Where the grant takes the form of reimbursement of costs actually incurred as provided for in Article I.3.2(a)(i), only costs incurred before termination takes effect are reimbursed or covered by the grant. Costs relating to contracts due for execution only after termination are not taken into account and are not reimbursed or covered by the grant.

The Commission may reduce the grant in accordance with Article II.25.4 in case of:

- (a) improper termination of the Agreement by the beneficiary within the meaning of Article II.17.1; or
- (b) termination of the Agreement by the Commission on any of the grounds set out in points (b), (e) and points (h) to (i) of Article II.17.2.1.

Neither party may claim damages on the grounds that the other party terminated the Agreement.

After termination, the beneficiary's obligations continue to apply, in particular those under Articles I.4, II.6, II.8, II.9, II.14, II.27 and any additional provisions on the use of the results, as set out in the Special Conditions.

## **ARTICLE II.18 – APPLICABLE LAW, SETTLEMENT OF DISPUTES AND ENFORCEABLE DECISIONS**

**II.18.1** The Agreement is governed by the applicable Union law, complemented, where necessary, by the law of Belgium.

**II.18.2** In accordance with Article 272 TFEU, the General Court or, on appeal, the Court of Justice of the European Union, has sole jurisdiction to hear any dispute between the Union and any beneficiary concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably.

**II.18.3** In accordance with Article 299 TFEU, for the purposes of recovery within the meaning of Article II.26, the Commission may adopt an enforceable decision to impose pecuniary obligations on persons other than States.

An *action* may be brought against such decision before the General Court of the European Union in accordance with Article 263 TFEU.

## **PART B — FINANCIAL PROVISIONS**

### **ARTICLE II.19 – ELIGIBLE COSTS**

#### **II.19.1 Conditions for the eligibility of costs**

*Eligible costs* of the *action* are costs actually incurred by the beneficiary and which meet the following criteria:

- (a) they are incurred within the *implementation period*, with the exception of costs relating to the request for payment of the balance and the corresponding supporting documents referred to in Article I.4.4;
- (b) they are indicated in the estimated budget. The estimated budget is set out in Annex III;
- (c) they are incurred in connection with the *action* as described in Annex I and are necessary for its implementation;
- (d) they are identifiable and verifiable, in particular they are recorded in the beneficiary's accounting records and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the beneficiary's usual cost accounting practices;
- (e) they comply with the requirements of applicable tax and social legislation; and
- (f) they are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.

#### **II.19.2 Eligible direct costs**

To be eligible, the *direct costs* of the *action* must comply with the eligibility conditions set out in Article II.19.1.

In particular, the following categories of costs are eligible *direct costs*, provided that they satisfy the eligibility conditions set out in Article II.19.1 as well as the following conditions:

- (a) the costs of personnel working under an employment contract with the beneficiary or an equivalent appointing act and assigned to the *action*, provided that these costs are in line with the beneficiary's usual policy on remuneration.

Those costs include actual salaries plus social security contributions and other statutory costs included in the remuneration. They may also comprise additional remunerations, including payments on the basis of supplementary contracts regardless of the nature of those contracts, provided that they are paid in a consistent manner whenever the same kind of work or expertise is required, independently from the source of funding used.

The costs of natural persons working under a contract with the beneficiary other than an employment contract or who are seconded to the beneficiary by a third party against payment may also be included under such personnel costs, provided that the following conditions are fulfilled:

- (i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
  - (ii) the result of the work belongs to the beneficiary (unless exceptionally agreed otherwise); and
  - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;
- (b) costs of travel and related subsistence allowances, provided that these costs are in line with the beneficiary's usual practices on travel;
  - (c) the depreciation costs of equipment or other assets (new or second-hand) as recorded in the beneficiary's accounting statements, provided that the asset:
    - (i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices; and
    - (ii) has been purchased in accordance with Article II.10.1 if the purchase occurred within the *implementation period*;

The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee;

Only the portion of the equipment's depreciation, rental or lease costs corresponding to the *implementation period* and the rate of actual use for the purposes of the *action* may be taken into account when determining the eligible costs. By way of exception, the full cost of purchase of equipment may be eligible under the Special Conditions, if this is justified by the nature of the *action* and the context of the use of the equipment or assets;

- (d) costs of consumables and supplies, provided that they:
  - (i) are purchased in accordance with Article II.10.1; and
  - (ii) are directly assigned to the *action*;
- (e) costs arising directly from requirements imposed by the Agreement (dissemination of information, specific evaluation of the *action*, audits, translations, reproduction), including the costs of requested financial guarantees, provided that the corresponding services are purchased in accordance with Article II.10.1;
- (f) costs entailed by *subcontracts* within the meaning of Article II.11, provided that the conditions laid down in Article II.11.1 (a), (b), (c) and (d) are met;

- (g) costs of financial support to third parties within the meaning of Article II.12, provided that the conditions laid down in that Article are met;
- (h) duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible *direct costs*, and unless specified otherwise in the Agreement.

### **II.19.3 Eligible indirect costs**

To be eligible, *indirect costs* of the *action* must represent a fair apportionment of the overall overheads of the beneficiary and must comply with the conditions of eligibility set out in Article II.19.1.

Eligible *indirect costs* must be declared on the basis of a flat rate of 7 % of the total eligible *direct costs* unless otherwise specified in Article I.3.2.

### **II.19.4 Ineligible costs**

In addition to any other costs which do not fulfil the conditions set out in Article II.19.1, the following costs may not be considered eligible:

- (a) return on capital and dividends paid by the beneficiary;
- (b) debt and debt service charges;
- (c) provisions for losses or debts;
- (d) interest owed;
- (e) doubtful debts;
- (f) exchange losses;
- (g) costs of transfers from the Commission charged by the bank of the beneficiary;
- (h) costs declared by the beneficiary under another action receiving a grant financed from the Union budget. Such grants include grants awarded by a Member State and financed from the Union budget and grants awarded by bodies other than the Commission for the purpose of implementing the Union budget. In particular, if the beneficiary receives an operating grant financed by the EU or Euratom budget, it may not declare indirect costs for the period(s) covered by the operating grant, unless it can demonstrate that the operating grant does not cover any costs of the action.;
- (i) contributions in kind from third parties;
- (j) excessive or reckless expenditure;
- (k) deductible VAT.

## **ARTICLE II.20 – IDENTIFIABILITY AND VERIFIABILITY OF THE AMOUNTS DECLARED**

### **II.20.1 Declaring costs and contributions**

The beneficiary must declare as eligible costs or as a requested contribution:

- (a) for actual costs: the costs it actually incurred for the *action*;



- (b) for unit costs or unit contributions: the amount obtained by multiplying the amount per unit specified in Article I.3.2(a)(ii) or (b) by the actual number of units used or produced;
- (c) for lump sum costs or lump sum contributions: the global amount specified in Article I.3.2(a)(iii) or (c), if the corresponding tasks or part of the *action* as described in Annex I have been implemented properly;
- (d) for flat-rate costs or flat-rate contributions: the amount obtained by applying the flat rate specified in Article I.3.2(a)(iv) or (d);
- (e) for financing not linked to costs: the global amount specified in Article I.3.2(e), if the corresponding results or conditions as described in Annex I have been properly achieved or fulfilled;
- (f) for unit costs declared on the basis of the beneficiary's usual cost accounting practices: the amount obtained by multiplying the amount per unit calculated in accordance with the beneficiary's usual cost accounting practices by the actual number of units used or produced;
- (g) for lump sum costs declared on the basis of the beneficiary's usual cost accounting practices: the global amount calculated in accordance with its usual cost accounting practices, if the corresponding tasks or part of the *action* have been implemented properly;
- (h) for flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices: the amount obtained by applying the flat rate calculated in accordance with the beneficiary's usual cost accounting practices.

#### **II.20.2 Records and other documentation to support the costs and contributions declared**

The beneficiary must provide the following if requested to do so in the context of the checks or audits described in Article II.27:

- (a) for actual costs: adequate supporting documents to prove the costs declared, such as contracts, invoices and accounting records.

In addition, the beneficiary's usual accounting and internal control procedures must permit direct reconciliation of the amounts declared with the amounts recorded in its accounting statements and with the amounts indicated in the supporting documents;

- (b) for unit costs or unit contributions: adequate supporting documents to prove the number of units declared.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, to prove the amount declared per unit;

- (c) for lump sum costs or lump sum contributions: adequate supporting documents to prove that the *action* has been properly implemented.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, to prove the amount declared as a lump sum;

- (d) for flat-rate costs or flat-rate contributions: adequate supporting documents to prove the eligible costs or requested contribution to which the flat rate applies.

The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, for the flat rate applied;

- (e) for financing not linked to costs: adequate supporting documents to prove that the action has been properly implemented
- (f) The beneficiary does not need to identify the actual eligible costs covered or to provide supporting documents, such as accounting statements, to prove the amount declared as a financing not linked to costs; for unit costs declared on the basis of the beneficiary's usual cost accounting practices: adequate supporting documents to prove the number of units declared;
- (g) for lump sum costs declared on the basis of the beneficiary's usual cost accounting practices: adequate supporting documents to prove that the *action* has been properly implemented;
- (h) for flat-rate costs declared on the basis of the beneficiary's usual cost accounting practices: adequate supporting documents to prove the eligible costs to which the flat rate applies.

### **II.20.3 Conditions to determine the compliance of cost accounting practices**

**II.20.3.1** In the case of points (f), (g) and (h) of Article II.20.2, the beneficiary does not need to identify the actual eligible costs covered, but it must ensure that the cost accounting practices used for the purpose of declaring eligible costs are in compliance with the following conditions:

- (a) the cost accounting practices used constitute its usual cost accounting practices and are applied in a consistent manner, based on objective criteria independent from the source of funding;
- (b) the costs declared can be directly reconciled with the amounts recorded in its general accounts; and
- (c) the categories of costs used for the purpose of determining the costs declared are exclusive of any ineligible cost or costs covered by other forms of grant as provided for in Article I.3.2.

**II.20.3.2** If the Special Conditions so provide, the beneficiary may submit to the Commission a request asking it to assess the compliance of its usual cost accounting practices. If required by the Special Conditions, the request must be accompanied by a certificate on the compliance of the cost accounting practices ('certificate on the compliance of the cost accounting practices').

The certificate on the compliance of the cost accounting practices must be:

- (a) produced by an approved auditor or, if the beneficiary is a public body, by a competent and independent public officer; and
- (b) drawn up in accordance with Annex VII.

The certificate must certify that the beneficiary's cost accounting practices used for the purpose of declaring eligible costs comply with the conditions laid down in Article II.20.3.1 and with the additional conditions that may be laid down in the Special Conditions.

**II.20.3.3** If the Commission has confirmed that the beneficiary's usual cost accounting practices are in compliance, costs declared in application of these practices may not be challenged *ex post*, if:

- (a) the practices actually used comply with those approved by the Commission; and
- (b) the beneficiary did not conceal any information for the purpose of the approval of its cost accounting practices.

#### **ARTICLE II.21 – ELIGIBILITY OF COSTS OF ENTITIES AFFILIATED TO THE BENEFICIARY**

If the Special Conditions contain a provision on entities affiliated to the beneficiary, costs incurred by such an entity are eligible, if:

- (a) they satisfy the same conditions under Articles II.19 and II.20 as apply to the beneficiary; and
- (b) the beneficiary ensures that the conditions applicable to it under Articles II.4, II.5, II.6, II.8, II.10, II.11 and II.27 are also applicable to the entity.

#### **ARTICLE II.22 – BUDGET TRANSFERS**

The beneficiary is allowed to adjust the estimated budget set out in Annex III by transfers between the different budget categories, if the *action* is implemented as described in Annex I. This adjustment does not require an amendment of the Agreement as provided for in Article II.13.

However, the beneficiary may not add costs relating to *subcontracts* not provided for in Annex 1, unless such additional *subcontracts* are approved by the Commission in accordance with Article II.11.1(d).

The first two subparagraphs do not apply to amounts which, as provided for in Article I.3.2(a)(iii) or (c), take the form of lump sums or which, as provided for in Article I.3.2(e), take the form of financing not linked to cost.

#### **ARTICLE II.23 – NON-COMPLIANCE WITH THE REPORTING OBLIGATIONS**

The Commission may terminate the Agreement as provided for in Article II.17.2.1(b) and may reduce the grant as provided for in Article II.25.4 if the beneficiary:

- (a) did not submit a request for interim payment or payment of the balance accompanied by the documents referred to in Articles I.4.3 or I.4.4 within 60 calendar days following the end of the corresponding reporting period; and
- (b) still fails to submit such a request within further 60 calendar days following a written reminder sent by the Commission.

## **ARTICLE II.24 – SUSPENSION OF PAYMENTS AND TIME LINE FOR PAYMENT**

### **II.24.1 Suspension of payments**

#### **II.24.1.1 Grounds for suspension**

The Commission may, at any time during the implementation of the Agreement, suspend the pre-financing payments, interim payments or payment of the balance:

- (a) if the Commission has evidence that the beneficiary has committed *irregularities, fraud or breach of obligations* in the award procedure or while implementing the Agreement;
- (b) if the Commission has evidence that the beneficiary has committed systemic or recurrent *irregularities, fraud* or serious breach of obligations in other grants funded by the Union or the European Atomic Energy Community ('Euratom') awarded to the beneficiary under similar conditions and such *irregularities, fraud or breach of obligations* have a material impact on this grant; or
- (c) if the Commission suspects *irregularities, fraud or breach of obligations* committed by the beneficiary in the award procedure or while implementing the Agreement and needs to verify whether they have actually occurred.

#### **II.24.1.2 Procedure for suspension**

**Step 1** — Before suspending payments, the Commission must send a *formal notification* to the beneficiary:

- (a) informing it of:
  - (i) its intention to suspend payments;
  - (ii) the reasons for suspension;
  - (iii) in the cases referred to in points (a) and (b) of Article II.24.1.1, the conditions that need to be met for payments to resume; and
- (b) inviting it to submit observations within 30 calendar days of receiving the *formal notification*.

**Step 2** — If the Commission does not receive observations or decides to pursue the procedure despite the observations it has received, it must send a *formal notification* to the beneficiary informing it of:

- (a) the suspension of payments;
- (b) the reasons for suspension;
- (c) the final conditions under which payments may resume in the cases referred to in points (a) and (b) of Article II.24.1.1;
- (d) the indicative date of completion of the necessary verification in the case referred to in point (c) of Article II.24.1.1.

The suspension takes effect on the day the Commission sends *formal notification* of suspension (Step 2).



Otherwise, the Commission must send a *formal notification* to the beneficiary informing it that it is not continuing with the suspension procedure.

#### **II.24.1.3 Effects of suspension**

During the period of suspension of payments the beneficiary is not entitled to submit any requests for payments and supporting documents referred to in Articles I.4.2, I.4.3 and I.4.4.

The corresponding requests for payments and supporting documents may be submitted as soon as possible after resumption of payments or may be included in the first request for payment due following resumption of payments in accordance with the schedule laid down in Article I.4.1.

The suspension of payments does not affect the right of the beneficiary to suspend the implementation of the *action* as provided for in Article II.16.1 or to terminate the Agreement, as provided for in Article II.17.1.

#### **II.24.1.4 Resuming payments**

In order for the Commission to resume payments, the beneficiary must meet the notified conditions as soon as possible and must inform the Commission of any progress made.

If the conditions for resuming payments are met, the suspension will be lifted. The Commission will send a *formal notification* to the beneficiary informing it of this.

#### **II.24.2 Suspension of the time limit for payments**

**II.24.2.1** The Commission may at any moment suspend the time limit for payment specific in Articles I.5.2, I.5.3 and I.5.4 if a request for payment cannot be approved because:

- (a) it does not comply with the Agreement;
- (b) the appropriate supporting documents have not been produced; or
- (c) there is a doubt about the eligibility of the costs declared in the financial statements and additional checks, reviews, audits or investigations are necessary.

**II.24.2.2** The Commission must send a *formal notification* to the beneficiary informing it of

- (a) the suspension; and
- (b) the reasons for the suspension.

The suspension takes effect on the day the Commission sends the *formal notification*.

**II.24.2.3** If the conditions for suspending the payment deadline are no longer met, the suspension will be lifted and the remaining period will resume.



If the suspension exceeds two months, the beneficiary may request the Commission if the suspension will continue.

If the payment deadline has been suspended because the technical reports or financial statements do not comply with the Agreement and the revised report or statement is not submitted or was submitted but is also rejected, the Commission may terminate the Agreement as provided for in Article II.17.2.1(b) and reduce the grant as provided for in Article II.25.4.

## **ARTICLE II.25 – CALCULATION OF THE FINAL AMOUNT OF THE GRANT**

The final amount of the grant depends on the extent to which the *action* has been implemented in accordance with the terms of the Agreement.

The final amount of the grant is calculated by the Commission at the time of the payment of the balance. The calculation involves the following steps:

Step 1 — Application of the reimbursement rate to the eligible costs and addition of the unit, flat-rate and lump sum contributions

Step 2 — Limit to the *maximum amount of the grant*

Step 3 — Reduction due to the no-profit rule

Step 4 — Reduction due to improper implementation or breach of other obligations.

### **II.25.1 Step 1 — Application of the reimbursement rate to the eligible costs and addition of the financing not linked to costs, unit, flat-rate and lump sum contributions**

This step is applied as follows:

- (a) If, as provided for in Article I.3.2(a)(i), the grant takes the form of the reimbursement of eligible costs, the reimbursement rate specified in that Article is applied to those eligible costs as approved by the Commission for the corresponding categories of costs, for the beneficiary and its affiliated entities;
- (b) If, as provided for in Article I.3.2(a) (ii) to (v), the grant takes the form of the reimbursement of eligible unit costs, lump sum costs or flat rate costs, the reimbursement rate specified in that Article is applied to the those eligible costs as approved by the Commission for the corresponding categories of costs, beneficiaries and affiliated entities;

The amount of volunteers' work declared as direct eligible costs for the corresponding beneficiaries and affiliated entities must be limited to the following amount, whichever is the lowest:

- (i) the total sources of financing as indicated in the final financial statement and as accepted by the Commission multiplied by fifty per cent; or

- (ii) the amount of volunteers' work indicated in the estimated budget set out in Annex III
- (c) If, as provided for in Article I.3.2(b), the grant takes the form of a unit contribution, the unit contribution specified in that Article is multiplied by the actual number of units approved by the Commission for the beneficiary and its affiliated entities;
- (d) If, as provided for in Article I.3.2(c), the grant takes the form of a lump sum contribution, the Commission applies the lump sum specified in that Article for the beneficiary and its affiliated entities if it finds that the corresponding tasks or part of the *action* were implemented properly in accordance with Annex I;
- (e) If, as provided for in Article I.3.2(d), the grant takes the form of a flat-rate contribution, the flat rate referred to in that Article is applied to the eligible costs or to the contribution approved by the Commission for the beneficiary and its affiliated entities;
- (f) If, as provided for in Article I.3.2(e), the grant takes the form of financing not linked to costs, the Commission applies the amount specified in that Article for the corresponding beneficiaries and affiliated entities if it finds that [the conditions specified in Annex I were fulfilled][and][the results specified in Annex I were achieved].

If Article I.3.2 provides for a combination of different forms of grant, the amounts obtained must be added together.

#### **II.25.2 Step 2 — Limit to *maximum amount of the grant***

The total amount paid to the beneficiary by the Commission may in no circumstances exceed the *maximum amount of the grant*.

If the amount obtained following Step 1 is higher than this maximum amount, the final amount of the grant is limited to the latter. If volunteers' work is declared as part of direct eligible costs, the final amount of the grant is limited to the amount of total eligible costs approved by the Commission minus the amount of volunteers' work approved by the Commission.

#### **II.25.3 Step 3 — Reduction due to the no-profit rule**

The grant may not produce a profit for the beneficiary, unless specified otherwise in the Special Conditions.

The profit must be calculated as follows:

- (a) calculate the surplus of the total receipts of the *action*, over the total eligible costs of the *action*, as follows:

{ receipts of the action

minus

consolidated total eligible costs and contributions approved by the Commission corresponding to the amounts determined in accordance with Article II.25.1 }

The receipts of the *action* are calculated as follows:

{ the revenue generated by the action for the beneficiary and affiliated entities other than non-profit organisations

plus

the amount obtained following Steps 1 and 2 }

where the revenue generated by the action is the consolidated revenue established, generated or confirmed for the beneficiary and affiliated entities other than non-profit organisations on the date on which the request for payment of the balance is drawn up by the beneficiary.

In-kind and financial contributions by third parties, are not considered receipts.

(b) If the amount calculated under point (a) is positive, this amount will be deducted from the amount calculated following Steps 1 and 2, in proportion to the final rate of reimbursement of the actual eligible costs of the action approved by the Commission for the categories of costs referred to in Article I.3.2(a)(i).

#### **II.25.4 Step 4 — Reduction due to improper implementation or breach of other obligations**

The Commission may reduce the *maximum amount of the grant* if the *action* has not been implemented properly as described in Annex I (i.e. if it has not been implemented or has been implemented poorly, partially or late), or if another obligation under the Agreement has been breached.

The amount of the reduction will be proportionate to the degree to which the *action* has been implemented improperly or to the seriousness of the breach.

Before the Commission reduces the grant, it must send a *formal notification* to the beneficiary:

(a) informing it of:

- (i) its intention to reduce the *maximum amount of the grant*;
- (ii) the amount by which it intends to reduce the grant;
- (iii) the reasons for reduction; and

(b) inviting it to submit observations within 30 calendar days of receiving the formal notification.

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If the Commission does not receive any observations or decides to pursue reduction despite the observations it has received, it will send a *formal notification* informing the beneficiary of its decision.

If the grant is reduced, the Commission must calculate the reduced grant amount by deducting the amount of the reduction (calculated in proportion to the improper implementation of the *action* or to the seriousness of the breach of obligations) from the *maximum amount of the grant*.

The final amount of the grant will be the lower of the following two:

- (a) the amount obtained following Steps 1 to 3; or
- (b) the reduced grant amount following Step 4.

## **ARTICLE II.26 - RECOVERY**

### **II.26.1 Recovery**

Where an amount is to be recovered under the terms of the Agreement, the beneficiary must repay the Commission the amount in question.

The beneficiary is responsible for the repayment of any amount unduly paid by the Commission as a contribution towards the costs incurred by its affiliated entities.

### **II.26.2 Recovery procedure**

Before recovery, the Commission must send a *formal notification* to the beneficiary:

- (a) informing it of its intention to recover the amount unduly paid;
- (b) specifying the amount due and the reasons for recovery; and
- (c) inviting the beneficiary to make any observations within a specified period.

If no observations have been submitted or if, despite the observations submitted by the beneficiary, the Commission decides to pursue the recovery procedure, the Commission may confirm recovery by sending a *formal notification* to the beneficiary consisting of a debit note, specifying the terms and the date for payment.

If payment has not been made by the date specified in the debit note, the Commission will recover the amount due:

- (a) by offsetting it, without the beneficiary's prior consent, against any amounts owed to the beneficiary by the Commission or an executive agency (from the Union or the European Atomic Energy Community (Euratom) budget) ('offsetting');

In exceptional circumstances, to safeguard the financial interests of the Union, the Commission may offset before the due date.

An action may be brought against such offsetting before the General Court of the European Union in accordance with Article 263 TFEU;

- (b) by drawing on the financial guarantee where provided for in accordance with Article I.5.2 ('drawing on the financial guarantee');
- (c) by taking legal action as provided for in Article II.18.2 or in the Special Conditions or by adopting an enforceable decision as provided for in Article II.18.3.

### **II.26.3 Interest on late payment**

If payment is not made by the date in the debit note, the amount to be recovered will be increased by late-payment interest at the rate set out in Article I.5.6 from the day following the date for payment in the debit note up to and including the date the Commission receives full payment of the amount.

Partial payments must first be credited against charges and late-payment interest and then against the principal.

### **II.26.4 Bank charges**

Bank charges incurred in the recovery process must be borne by the beneficiary, unless Directive 2007/64/EC<sup>5</sup> applies.

## **ARTICLE II.27 – CHECKS, AUDITS AND EVALUATIONS**

### **II.27.1 Technical and financial checks, audits, interim and final evaluations**

The Commission may, during the implementation of the *action* or afterwards, carry out technical and financial checks and audits to determine that the beneficiary is implementing the *action* properly and is complying with the obligations under the Agreement. It may also check the beneficiary's statutory records for the purpose of periodic assessments of lump sum, unit cost or flat-rate amounts.

Information and documents provided as part of checks or audits must be treated on a confidential basis.

In addition, the Commission may carry out an interim or final evaluation of the impact of the *action*, measured against the objective of the Union programme concerned.

Commission checks, audits or evaluations may be carried out either directly by the Commission's own staff or by any other outside body authorised to do so on its behalf.

The Commission may initiate such checks, audits or evaluations during the implementation of the Agreement and during a period of five years starting from the date of payment of the balance. This period is limited to three years if the *maximum amount of the grant* is not more than EUR 60 000.

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<sup>5</sup> Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC.



The check, audit or evaluation procedures are considered to be initiated on the date of receipt of the letter of the Commission announcing it.

If the audit is carried out on an affiliated entity, the beneficiary must inform that affiliated entity.

#### **II.27.2 Duty to keep documents**

The beneficiary must keep all original documents, especially accounting and tax records, stored on any appropriate medium, including digitalised originals when they are authorised by their respective national law and under the conditions laid down therein, during a period of five years starting from the date of payment of the balance.

The period during which documents must be kept is limited to three years if the *maximum amount of the grant* is not more than EUR 60 000.

The periods set out in the first and second subparagraphs are longer if there are ongoing audits, appeals, litigation or pursuit of claims concerning the grant, including in the cases referred to in Article II.27.7. In such cases, the beneficiary must keep the documents until such audits, appeals, litigation or pursuit of claims have been closed.

#### **II.27.3 Obligation to provide information**

The beneficiary must provide any information, including information in electronic format, requested by the Commission or by any other outside body authorised by the Commission.

If the beneficiary does not comply with the obligation set out in the first subparagraph, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;
- (b) any financing not linked to costs, unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

#### **II.27.4 On-the-spot visits**

During an on-the-spot visit, the beneficiary must allow Commission staff and outside personnel authorised by the Commission to have access to the sites and premises where the *action* is or was carried out, and to all the necessary information, including information in electronic format.

The beneficiary must ensure that the information is readily available at the moment of the on-the-spot visit and that information requested is handed over in an appropriate form.

If the beneficiary refuses to provide access to the sites, premises and information as required in the first and second subparagraphs, the Commission may consider:

- (a) any cost insufficiently substantiated by information provided by the beneficiary as ineligible;

- (b) any financing not linked to costs, unit, lump sum or flat-rate contribution insufficiently substantiated by information provided by the beneficiary as undue.

#### **II.27.5 Contradictory audit procedure**

On the basis of the findings made during the audit, a provisional report ('draft audit report') must be drawn up. It must be sent by the Commission or its authorised representative to the beneficiary, which must have 30 calendar days from the date of receipt to submit observations. The final report ('final audit report') must be sent to the beneficiary within 60 calendar days of expiry of the time limit for submission of observations.

#### **II.27.6 Effects of audit findings**

On the basis of the final audit findings, the Commission may take the measures it considers necessary, including recovery of all or part of the payments made by it, as provided for in Article II.26.

In the case of final audit findings after the payment of the balance, the amount to be recovered corresponds to the difference between the revised final amount of the grant, determined in accordance with Article II.25, and the total amount paid to the beneficiary under the Agreement for the implementation of the *action*.

#### **II.27.7 Correction of systemic or recurrent irregularities, fraud or breach of obligations**

**II.27.7.1** The Commission may extend audit findings from other grants to this grant if:

- (a) the beneficiary is found to have committed systemic or recurrent *irregularities, fraud or breach of obligations* in other EU or Euratom grants awarded under similar conditions and such *irregularities, fraud or breach of obligations* have a material impact on this grant; and
- (b) the final audit findings are sent to the beneficiary through a *formal notification*, together with the list of grants affected by the findings within the period referred to in Article II.27.1

The extension of findings may lead to:

- (a) the rejection of costs as ineligible;
- (b) reduction of the grant as provided for in Article II.25.4;
- (c) recovery of undue amounts as provided for in Article II.26;
- (d) suspension of payments as provided for in Article II.24.1;
- (e) suspension of the *action* implementation as provided for in Article II.16.2;
- (f) termination as provided for in Article II.17.2.

**II.27.7.2** The Commission must send a *formal notification* to the beneficiary informing it of the systemic or recurrent irregularities, fraud or breach of obligations and of its intention to extend the audit findings, together with the list of grants affected.

- (a) If the findings concern eligibility of costs the procedure is as follows:

**Step 1** — The *formal notification* must include:

- (i) an invitation to submit observations on the list of grants affected by the findings;
- (ii) a request to submit revised financial statements for all grants affected;
- (iii) where possible, the correction rate for extrapolation established by the Commission to calculate the amounts to be rejected on the basis of the systemic or recurrent *irregularities, fraud or breach of obligations*, if the beneficiary:
  - considers that the submission of revised financial statements is not possible or practicable; or
  - will not submit revised financial statements.

**Step 2** — The beneficiary has 60 calendar days from when it receives the *formal notification* to submit observations and revised financial statements or to propose a duly substantiated alternative correction method. This period may be extended by the Commission in justified cases.

**Step 3** — If the beneficiary submits revised financial statements that take account of the findings the Commission will determine the amount to be corrected on the basis of those revised statements.

If the beneficiary proposes an alternative correction method and the Commission accepts it, the Commission must send a *formal notification* to the beneficiary informing it:

- (i) that it accepts the alternative method;
- (ii) of the revised eligible costs determined by applying this method.

Otherwise the Commission must send a *formal notification* to the beneficiary informing it:

- (i) that it does not accept the observations or the alternative method proposed;
- (ii) of the revised eligible costs determined by applying the extrapolation method initially notified to the beneficiary.

If the systemic or recurrent *irregularities, fraud or breach of obligations* are found after the payment of the balance, the amount to be recovered corresponds to the difference between:

- (i) the revised final amount of the grant, determined in accordance with Article II.25 on the basis of the revised eligible costs declared by the beneficiary and approved by the Commission or on the basis of the revised eligible costs after extrapolation; and
- (ii) the total amount paid to the beneficiary under the Agreement for the implementation of the *action*;

(b) If the findings concern improper implementation or a breach of another obligation the procedure is as follows:

**Step 1** — The *formal notification* must include:

- (i) an invitation to the beneficiary to submit observations on the list of grants affected by the findings and
- (ii) the correction flat rate the Commission intends to apply to the *maximum amount of the grant* or to part of it, according to the principle of proportionality.

**Step 2** — The beneficiary has 60 calendar days from receiving the *formal notification* to submit observations or to propose a duly substantiated alternative flat-rate.

**Step 3** — If the Commission accepts the alternative flat rate proposed by the beneficiary, it must send a *formal notification* to the beneficiary informing it:

- (i) that it accepts the alternative flat-rate;
- (ii) of the corrected grant amount by applying this flat rate.

Otherwise the Commission must send a *formal notification* to the beneficiary informing it:

- (i) that it does not accept the observations or the alternative flat rate proposed;
- (ii) of the corrected grant amount by applying the flat rate initially notified to the beneficiary.

If the systemic or recurrent *irregularities, fraud or breach of obligations* are found after the payment of the balance, the amount to be recovered corresponds to the difference between:

- (i) the revised final amount of the grant after flat-rate correction; and
- (ii) the total amount paid to the beneficiary under the Agreement for the implementation of the *action*.

## **II.27.8 Rights of OLAF**

The European Anti-Fraud Office (OLAF) has the same rights as the Commission, particularly the right of access, for the purpose of checks and investigations.

Under Council Regulation (Euratom, EC) No 2185/96<sup>6</sup> and Regulation (EU, Euratom) No 883/2013<sup>7</sup> OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by Union law for the protection of the financial interests of the Union against *fraud* and other *irregularities*.

Where appropriate, OLAF findings may lead to the Commission recovering amounts from the beneficiary.

Moreover, findings arising from an OLAF investigation may lead to criminal prosecutions under national law.

## **II.27.9 Rights of the European Court of Auditors and EPPO**

<sup>6</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities.

<sup>7</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF).

The European Court of Auditors and the European Public Prosecutor's Office established by Council Regulation (EU) 2017/1939<sup>8</sup> ('the EPPO') have has the same rights as the Commission, particularly the right of access, for the purpose of checks, audits and investigations.

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<sup>8</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office



**ANNEX III – ESTIMATED BUDGET: NOT APPLICABLE**

## ANNEX IV – MODEL FINAL REPORT ON IMPLEMENTATION OF THE ACTION

This final report on implementation of the action referred to in Article I.4.4 shall accompany the request for payment of the balance (see Annex V).

### **A brief description of all activities conducted, with an overview of the results and the deliverables provided**

- *The description should relate to the activities foreseen in Annex I 'Description of the action'. This part should summarise the implementation of the activities foreseen with regard to the objectives. Any deviation from the tasks and objectives foreseen and/or problems encountered should be explained.*
- *Deliverables:*
  - *Validated microdata for the variables listed in Annex III (for the core structural data) of the Regulation (EU) 2018/1091 on integrated farm statistics and for the additional respective variables listed in the Commission Implementing Regulation (EU) 2018/1874 for the modules Labour force and other gainful activities, Rural development and Animal housing and manure management.*
  - *A quality report for all data collections for the reference year 2020.*
- *Information on subcontracting has to be included (e.g. subcontracted tasks in line with Annex I, changes thereto (Art II.11.1 d) and difficulties encountered).*

### **Brief information necessary for Eurostat to apply quantity and quality related controls before payment of the balance**

- *For each conducted data collection<sup>9</sup>, the report should specify:*
  - a. *whether the final number of records sent to Eurostat is reduced by more than 10% compared to the initial estimated number in the "Technical breakdown of estimated real costs" (cell H27, each relevant sheet).*
  - b. *possible changes on methodology which reduce the total costs by more than 20% compared to the initial estimated ones in the "Technical breakdown of estimated real costs" (cell I73, each relevant sheet). In such a case, for the data collection in question, the beneficiary has to adjust any of the following input parameters in the "Technical breakdown of estimated real costs" and send the revised file:*
    - *Fixed costs (cell I13),*
    - *Share of variables collected from administrative sources (cell H20),*
    - *Average share of holdings for which variables are taken from administrative sources (cell H21),*
    - *Shares of data collection modes (cells from B29 to F29).*

<sup>9</sup> core, core on frame extension, each module

*c. the extent to which the precision requirements set in the Regulation (EU) 2018/1091 are ensured and if relevant the reasons why not all of them are ensured.*

- *For the farms in the frame extension (where applicable), the report should specify the sampling rate and briefly describe the sampling design.*

*The revised file "Technical breakdown of estimated real costs" should be sent (together with the final implementation report) only in the case b. above, that is when the total costs decreased by more than 20% compared to the initial estimated ones for at least one of the data collections.*

***Combined survey (where applicable):***

- *Please provide justification if, due to changes in the implementation, the repartition key changed.*

Agreement number: 2019.0193

**ANNEX V – MODEL REQUEST FOR PAYMENT OF BALANCE**  
**REQUEST FOR PAYMENT<sup>10</sup>**

For the attention of the Head of Unit E1

The European Commission  
Directorate-General Eurostat  
Unit E1  
L-2920 Luxembourg

Reference number of the grant agreement: 2019.0193

Title of the grant agreement: **Integrated Farm Statistics 2020**

Number of request for payment: xxx

Period covered by the request for payment: xxx

Starting date of the action: xxx

Ending date of the action: xxx

Dear Sir/Madam,

Please find attached the final report on implementation of the action (Annex IV of the grant agreement).

The requested amount of EC contribution in the form of single lump sum amounts to:

**EUR xxx**

- The following pre-financing payment has been received from the Commission:

**EUR xxx**

I (We) hereby request the final payment for which the amount is to be determined by the Commission in accordance with Article II.25 of the grant agreement mentioned above.

The payment should be made to the following bank account:

I (We) hereby certify that the information contained in this request for payment is full, reliable and true and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully,

[Signature; name and function]

Enclosures:

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<sup>10</sup> To be filled in by the beneficiary and send by e-mail only to the following address

**ANNEX VI – MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON THE  
FINANCIAL STATEMENTS**

Not applicable



Agreement number: 2019.0193

**ANNEX VII – MODEL TERMS OF REFERENCE FOR THE CERTIFICATE ON  
THE COMPLIANCE OF THE COST ACCOUNTING PRACTICES**

Not applicable

**ANNEX VIII – MODEL TERMS OF REFERENCE FOR THE OPERATIONAL  
VERIFICATION REPORT**

Not applicable

Agreement number: 2019.0193

## ANNEX IX – TECHNICAL BREAKDOWN OF ESTIMATED REAL COSTS

SUMMARY OF TECHNICAL BREAKDOWN OF ESTIMATED REAL COSTS	
Title of the action	Integrated Farm Statistics 2020
Name of the applicant	Czech Republic - Czech Statistical Office
<b>TOTAL COSTS (incurred by what is required by the EU regulations)</b>	<b>441182,00</b>
<b>I. Core structural data</b>	<b>316989,91</b>
<b>II. Core structural data for holdings in frame extension</b>	<b>0,00</b>
<b>III. 'Labour force and other gainful activities' module</b>	<b>46685,07</b>
<b>IV. 'Rural development' module</b>	<b>897,00</b>
<b>V. 'Animal housing and manure management' module</b>	<b>76610,03</b>
<b>A. NON-ELIGIBLE part of TOTAL COSTS</b>	<b>0,00</b>
Share of total costs that are not eligible being incurred before the formal start of the action in the grant agreement	0,0%
<b>B. ELIGIBLE part of TOTAL COSTS (GLOBAL COSTS in the Decision document), to be used to calculate the Union contribution</b>	<b>441182,00</b>

Full information on each of the costs incurred by what is required by the EU regulations of the “Technical breakdown of estimated real costs” is annexed to the application (Annex III): ref. ARES(2019)2261518 and ARES(2019) 4156437.

**ANNEX X**  
**DECISION AUTHORISING THE USE OF A SINGLE LUMP SUM CONTRIBUTION**  
**FOR THE CORE STRUCTURAL DATA, FRAME EXTENSION AND MODULE**  
**DATA COLLECTIONS UNDER THE INTEGRATED FARM STATISTICS**  
**PROGRAMME**

Agreement number: 2019.0193



EUROPEAN COMMISSION  
EUROSTAT

Directorate E: Sectoral and regional statistics  
The Director (acting )

**DECISION authorising the use of a single lump sum contribution for the core structural data, frame extension and module data collections under the Integrated Farm Statistics Programme**



Having regard to Regulation (EU) 1091/2018<sup>11</sup> of the European Parliament and of the Council of 7 August 2018 on Integrated Farm Statistics (IFS) and repealing Regulations (EC) No 1166/2008 and (EU) No 1337/2011, and in particular Article 13(1) thereof,

Having regard to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union<sup>12</sup>, and in particular Articles 125, 181 and 182 thereof,

Whereas:

(1) In accordance with Article 181(3) of the Financial Regulation, the use of lump sums, unit costs or flat-rate financing shall be authorised by way of a decision of the authorising officer responsible ensuring respect for the principle of sound financial management, in particular the appropriateness of the respective amounts with regard to the required outputs and/or results, as well as reasonable compliance with the principles of co-financing and no double funding.

(2) In accordance with Article 182 of the Financial Regulation, a single lump sum may cover the entire eligible costs of an action and may be determined on the basis of the estimated budget of the action. Compliance with the principles of economy, efficiency and effectiveness shall be verified ex-ante at the time of evaluation of the grant application.

(3) Experience gained in the use of lump sums, unit costs and flat-rate financing has shown that such forms of financing significantly simplify administrative procedures and substantially reduce the risk of error.

(4) A single lump sum is a suitable form of financing for standardised and recurrent actions.

(5) The core data, frame extension and module data collections for the Integrated Farm Statistics is a recurrent action for which the use of a single lump sum is considered a suitable form of financing and for which a thorough definition of required outputs (data collections) is possible.

(6) The single lump sum aims at simplifying the administrative procedures for both, the European Commission and beneficiaries.

THE FOLLOWING HAS BEEN DECIDED:

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<sup>11</sup> OJ L200, 7.8.2018, p.1-29

<sup>12</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p.1).

*Sole Article*

The use of the Union contribution in the form of single lump sum contribution is authorised for the 2020 core structural data, the frame extension as well as data collection for the modules:

- Labour force and other gainful activities,
- Rural development and
- Animal housing and manure management

under the Integrated Farm Statistics programme, for the reasons and under the conditions set out in Annex.

Done at Luxembourg,

Christine Wirtz  
Sub-delegated Authorising Officer  
(*e-signed*)

## Annex

### 1. Forms of Union contribution

Recipients of Union funds shall declare the entire eligible costs exclusively on the basis of a single lump sum contribution for the 2020 core structural data, frame extension and module data collections actions under the Integrated Farm Statistics programme.

The amount of the single lump sum contribution shall be calculated in accordance with point 3.

### 2. Justification

#### 2.1. Nature of the supported actions

Beneficiaries for the data frame collections under the Integrated Farm Statistics Programme are the National Statistical Institutes (NSIs) and other national authorities as identified in Article 5 of Regulation (EC) No 223/2009 which undertake to organize and implement the data collections in compliance with Regulation (EU) 2018/1091 on integrated farm statistics, hereafter referred to as the Regulation. The data collections aim to provide information on the structure of agricultural holdings (number of holdings, land use, livestock numbers, management, farm labour input) as well as on production methods, rural development methods, agro-environmental aspects etc.

The NSIs and other national authorities will collect the data by means of statistical surveys (census surveys, sample surveys), use of administrative data sources (e.g. the integrated administration and control system, the system for the identification and registration of bovine animals, the system for the identification and registration of ovine and caprine animals, the vineyard register, organic farming registers, administrative sources associated with specific rural development measures) or use of other sources, methods and innovative approaches (e.g. modelling to estimate specific variables).

The methodological parameters (such as the relevant populations and the precision requirements which determine the necessary sample sizes under anticipated response rates) and the outputs (the number of records for the different data collections and a quality report for all data collections of the same reference year) are clearly outlined in the Regulation, thereby making the action suitable for an output-based approach.

The grant action is a recurrent action for which historical data on costs is available for the last rounds of farm structure surveys<sup>13</sup>.

#### 2.2. Risks of irregularities and fraud and costs of control

##### *Risks of irregularities and fraud*

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<sup>13</sup> Grant agreements signed in 2010, 2013 and 2016 for which budgeted and accepted eligible costs per Member State are available.

Grant beneficiaries for the data collections under the Integrated Farm Statistics programme are public or semi-public bodies as identified in Article 5 of Regulation (EC) No 223/2009. Those recurrent beneficiaries dispose of reliable accounting systems and their activities are subject to potential external controls by national auditors. Based on the results of ex-ante and ex-post controls carried out so far, as well as on the characteristics of the targeted population (public or semi-public bodies), the risk of fraud in managing the grants is assessed as low.

Detailed information on the parameters and estimated costs of the data collections provided by the beneficiaries is assessed by the evaluation committee and checked for coherence with regard to:

- the parameters of the data collection,
- the costs of other beneficiaries with comparable parameters,
- and also to historical costs for the 2010, 2013 and 2016 rounds of farm structure surveys.

Additional safeguard is provided by the fact that the single lump sum is limited to the maximum amounts set in the Regulation for each Member State.

The risks of irregularities and fraud is further limited by the output-based approach. The single lump sum is paid in case the data collections are carried out in compliance with the Regulation. The methodology under point 3 foresees quantitative and qualitative controls of the records. Based on the outcome of the controls, a reduction of the Union contribution can be applied as outlined under 3.3 Assessment for the payment of the balance.

#### *Cost of controls:*

The single lump sum contribution covers the entire eligible costs of the action. At the end of the action, beneficiaries only have to send the data and the quality report to Eurostat and prepare a Final technical implementation report in which they have to report specific information necessary for the Commission to apply the quantitative and qualitative controls. They no longer have to submit a financial statement, thereby significantly reducing the administrative burden for beneficiaries and the cost of control for the Commission.

As concerns the error rate, the use of a single lump sum contribution considerably contributes to reducing the main source of errors (lack of supporting documents in the form of time sheets).

The correct application of the method to calculate the single lump sum contribution is assessed by the evaluation committee and checked for coherence with historical data.

### **3. Method to determine the amounts of single lump sum contributions**

In accordance with Article 182(2) of the Financial Regulation, the single lump sum contribution is based on the estimated budget of the beneficiary. The single lump sum contribution covers the following 2020 data collections under the Integrated Farm Statistics Programme:

- Core structural data collection in accordance with Article 5 of the Regulation
- Frame extension in accordance with Article 6 of the Regulation
- Module data collections in accordance with Article 7 of the Regulation:
  - Labour force and other gainful activities module
  - Rural development module
  - Animal housing and manure management module

### 3.1 Reference data

The reference data consist of:

- Beneficiary's estimated budget of the action: Each applicant is requested to fill in a detailed "Technical breakdown of estimated real costs" (see annex 1) for each data collection in line with the "Guidelines on Technical breakdown of estimated real costs" (see annex 2).

Estimates are provided for the different phases of data collection:

- Preparation and design;
- Data collection;
- Data processing, validation and compilation;
- Data analysis and dissemination.

- In addition, historical data on budgeted and claimed costs for the 2010, 2013, and 2016 rounds of farm structure surveys will be used as reference data against which to assess the estimated budget provided by the beneficiary.

### 3.2 Calculation of the amount of the single lump sum contribution

The single lump sum contribution is determined based on the estimated budget of the action:

Applicants are requested to fill in the "Technical breakdown of estimated real costs" and to provide detailed information on the parameters of each of the data collections, which have a direct impact on the costs:

- The number of holdings in the gross sample is one of the key factors that largely determine the cost. The gross sample is complemented by information on the overall response rate and the expected number of respondents/ non-respondents.
- The number of variables collected and transmitted to Eurostat determines how demanding and consequently how long and complex the data collection process for one reporting holding is (on average).
- Different data collection modes generate different costs. In the data collection process, most countries use more than one mode of data collection. This is why beneficiaries are requested to give an approximate share of data collected by each of the modes.
- Other parameters such as the share of the variables collected from administrative sources, editing costs etc.

A distinction is made between fixed costs and variable costs, taking into account that variable costs for data collections depend very much on the sample size and number of variables and



that a certain amount of fixed costs arise independently of the sample size and number of variables.

The single lump sum contribution is determined based on the sum of the **total costs** of all relevant data collections i.e. **global costs** in the summary sheet of the "Technical breakdown of estimated real costs". The evaluation committee will assess the estimated budget against the following criteria:

- 1) The amount of fixed costs for each data collection is checked with regard to:
  - The parameters of the data collection and for the frame extension and modules the implementation of the data collection;
  - The share of the fixed costs in total costs for a given applicant;
  - The fixed costs for the other data collections of a given applicant;
  - Fixed costs of other applicants with comparable parameters (taking into account of course differences in salary levels etc.).
- 2) The total variable cost per record for each data collection is checked for coherence with regard to:
  - The parameters of the data collection;
  - The total variable cost per record for the other data collections of a given applicant;
  - The total variable cost per record of other applicants with comparable parameters (taking into account of course differences in salary levels etc.).

The same coherence checks are carried out with regard to the total variable costs per variable.

The total variable cost for each data collection is checked for coherence with regard to:

- The share of variable costs in total costs for a given applicant;
- The total variable costs for the other data collections of a given applicant;
- Total variable costs of other applicants with comparable parameters (taking into account of course differences in salary levels etc.).

Depending on the outcome of the coherence checks under 1) and 2), the evaluation committee might suggest an adjustment of the amount of budgeted costs to the Authorizing Officer.

- 3) Coherence check with regard to historical data:

The total budgeted costs are checked for coherence with regard to historical data on budgeted and claimed costs for the 2010, 2013, and 2016 rounds of farm structure surveys. Particular attention will be paid to any material differences between budgeted costs and claimed costs in the past: In case claimed costs for a given applicant were on average more than 10% lower than budgeted costs<sup>14</sup>, the evaluation committee might

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<sup>14</sup> Average over the 2010, 2013 and 2016 rounds of farm structure surveys. Unless the lower claimed costs are justified by e.g. a change in parameters such as data collection modes.

suggest an adjustment of the amount of budgeted costs to the Authorizing Officer, also depending on the outcome of the coherence checks under 1) and 2).

4) Establishing the amount of EU co-financing:

The co-financing rate of 75%, as specified in Article 13(3) of the Regulation, is applied on the sum of the **total costs** of all conducted data collections (**global costs** in the summary sheet of the "Technical breakdown of estimated real costs") accepted by the evaluation committee, i.e. to the amount after having proceeded to possible adjustments in accordance with steps 1) to 3).

5) Maximum Union financial contribution per Member State:

The single lump sum contribution covering all core data and module data collections for the reference year per Member State is limited to the maximum amounts per Member State as specified in Article 13(4) of the Regulation. If the established amount after application of the 75% co-financing rate as specified under 4) is above the maximum amount for a given Member State, the amount of the single lump sum contribution will be equal to the maximum amount as specified in the Regulation. In case the established amount is lower than the maximum amount, the single lump sum contribution is equal to the amount after application of the co-financing rate.

The single lump sum contribution for each beneficiary is established in euro and specified in the grant agreement.

### 3.3 Assessment for the payment of the balance

Eurostat will assess the deliverables and will apply quantity and quality related controls before payment of the balance.

**Quantity related reductions** are applied based on the fact that costs for data collections depend very much on the actual sample size and methodology applied. Moreover, quantity related reductions intend to limit the single lump sum contribution (calculated from global costs) by assuming that the core data on frame extension are collected on samples even if Member States decide to conduct a census on all farms. This is consistent with the Regulation which allows samples for core data on frame extension and emphasises the need to minimise response and administrative burden.

**Quality related reductions** are applied in case precision requirement set in the Regulation are not observed.

### 3.3.1 Quantity related reductions

The global costs in the summary sheet of the "Technical breakdown of estimated real costs" will be re-calculated in the following cases which can occur for any of the data collections<sup>15</sup>:

- *If the final number of records sent to Eurostat is reduced by more than 10%* compared to the initial estimated one (cell H27 in the relevant sheet). In such a case, for the data collection in question, the *total variable costs* (cell I68 in the relevant sheet) will be recalculated using the variable costs per record (cell I69 in the relevant sheet) and the final number of records sent to Eurostat. The global costs will be adjusted accordingly.
- *If there are changes in methodology which lead to decrease in total costs by more than 20% for a data collection* compared to the initial estimated one (cell I73 in the relevant sheet). Following the adjustment of certain input parameters by the beneficiary in the "Technical breakdown of estimated real costs" (input parameters specified in the "Technical specifications" (see annex 3)), the total costs for the data collection in question and then the global costs will be adjusted accordingly.
- *For the core data on the agricultural holdings included in the frame extension, if the final number of records sent to Eurostat exceeds 10% of the number of holdings in the data collection frame* (cell H17 in the relevant sheet), the *total variable costs* for this data collection will be reduced to a corresponding share of records of 10%, except for proper justifications (e.g. a less efficient sampling design used in the absence of necessary information). A low sampling rate is expected for farms in the frame extension given the increased homogeneity of the values of variables for small farms. Following the adjustment of the total variable costs for this data collection, the global costs will be adjusted accordingly.

In case of actual global costs lower than estimated at the time of proposal, it will be checked whether the reduction also has an impact on the single lump sum contribution (recalculation of step4 of 3.2), i.e. whether the reduced global costs after application of the co-financing rate are lower than the single lump sum contribution. If that is the case, the single lump sum contribution will be adjusted accordingly.

### 3.3.2 Quality related reductions

A **quality related reduction** is applied to the **single lump sum contribution** in case the quality of the data does not comply with the Regulation. More specifically, the reduction is applied *if the quality of the data does not meet the precision requirements set out in Annex V of the Regulation for more than 10% of the eligible cases* defined in the same Annex *for all data collections in the reference year*. The reduction will not be applied in case of proper justifications (e.g. variables not available in the sampling frame).

*An eligible case occurs when a certain variable has to meet a threshold of relative standard error at a certain territorial level. For example, for the Labour force and*

<sup>15</sup> Core, core on frame extension, each module

*other gainful activities module, if a NUTS2 region has at least 10 000 agricultural holdings in the relevant population of the module and the oilseeds represent at least 7.5% of the utilised agricultural area of the holdings in the NUTS2 region, then the relative standard error for the oilseeds in this NUTS2 region should not exceed 5%. The case of oilseeds for this NUTS2 region is an eligible case and the precision requirement for this eligible case shall be met.*

The reduction is applied to the single lump sum contribution as follows:

<i>Percentage (p) of the number of eligible cases that are non-compliant, computed over all data collections in the reference year</i>	<i>Corresponding reduction (%) of the single lump sum contribution</i>
10<p<20%	10%
20≤p<30%	20%
30≤p<40%	30%
40≤p<50%	40%
50≤p<60%	50%
60≤p<70%	60%
70≤p<80%	70%
80≤p<90%	80%
≥90%	90%

#### 4. Sound financial management, co-financing principle and absence of double financing

The different parameters outlined in the Regulation having an impact on the costs of the different data collections have been translated into a detailed "Technical breakdown of estimated real costs", thereby ensuring that costs are calculated according to a common, objective method.

Beneficiaries are requested to provide detailed information on the parameters and estimated costs of the data collections as outlined under 3.2.

The information is assessed by the evaluation committee and checked for coherence with regard to the following points as outlined under 3.2:

- the parameters of the data collection,
- costs of other beneficiaries with comparable parameters,

- and also to historical costs for the 2010, 2013 and 2016 rounds of farm structure surveys.

Based on the outcome of the assessment, the amount of the single lump sum is determined.

#### *Co-financing principle*

According to the Regulation, the Union financial contribution shall not exceed 75% of the eligible costs, subject to the maximum amounts specified in the same Regulation.

The single lump sum contribution is determined based on the global costs (over all core data and module data collections for the reference year) on which the co-financing rate is applied, thereby providing assurance with regard to the co-financing principle.

#### *Double financing*

The single lump sum contribution constitutes the only EU financial support for the data collections under the Integrated Farm Statistics programme. The detailed information on the parameters of the data collections allows checking that there is no overlap between the different cost components.

