

# Legal and Financial Status

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# Grant Agreement Preparation (GAP)

The GAP process requires administrative & coordination efforts, so :



if you want to have your Proposal turned into a signed Grant Agreement quickly!

## 1. Registration, Verification and Validation of Legal Entities

- Validation workflow
- Documents for validation
- The **L**egal **E**ntity **A**ppointed **R**epresentative (**LEAR**)

## 2. Financial Validation

- Financial Capacity Assessment
- Bank accounts

## 3. Mutual Insurance Mechanism

- Overview

# 1. Validation of Legal Entities

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Validation workflow and Documents  
The LEAR



- **All communication** from- and to- participants is managed through the **Participant Register**
- **Messages are notified via email** to the contact person (e.g. self-registrant or appointed LEAR)

European Commission <EC-NO-REPLY-GRANT-MANAGEMENT@nomail.ec.europa.eu>

to me ▾

## Europa / Funding & Tenders Portal notification

Dear User,

You have been granted the role of **Self Registrant** for the organisation arquicios.

In order to access your organisation data on the Funding & Tenders Portal/Supplier portal, you need to log in on the F&T Portal/Supplier Portal. If you did not have an EU Login yet, it was launched automatically for a separate e-mail with a hyperlink to finalise your account.

For more information on the Funding & Tenders Portal roles, please refer to the [Online Manual](#) if you participate in the [programmes managed on the Funding & Tenders Portal](#).

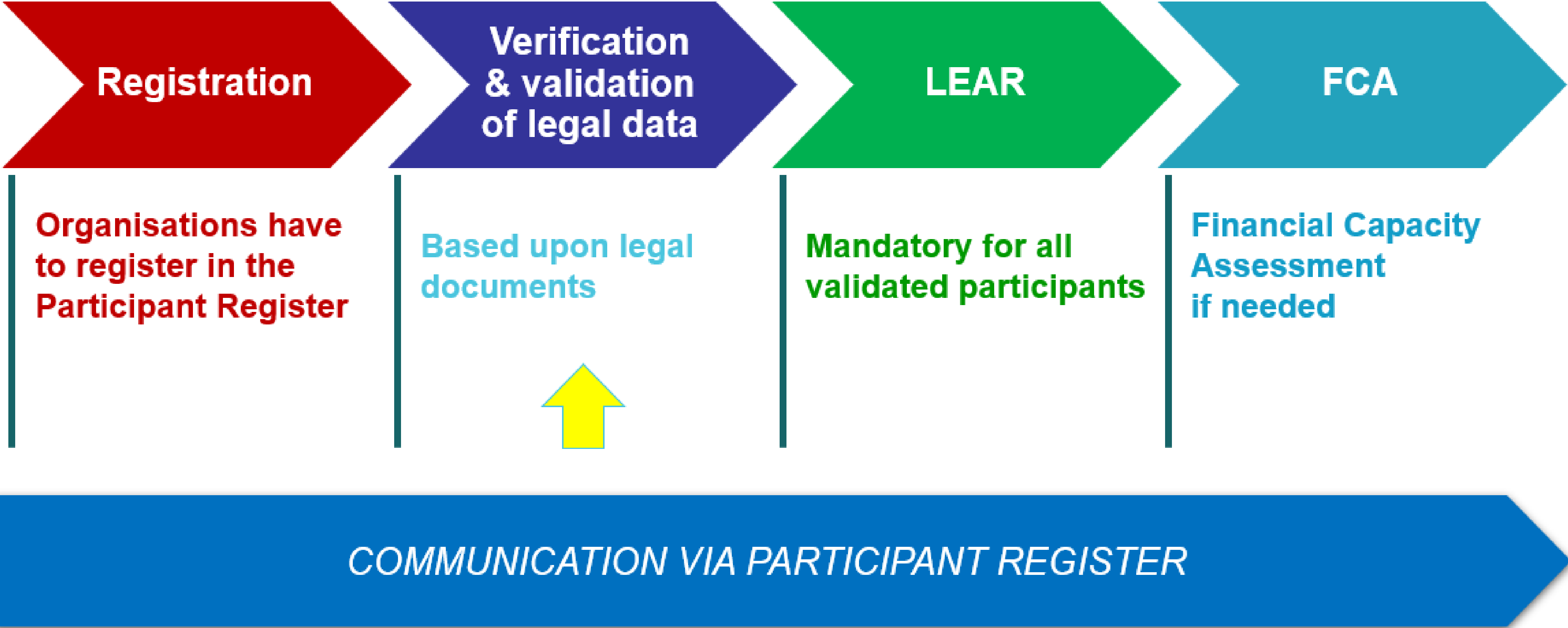
For more information on the roles for e-Procurement, please refer to the [e-Procurement wiki page](#), if you participate in a tender call.

With kind regards,

EU Single Electronic Data Interchange Area - F&T Portal team

This email has been auto-generated. Please do not reply to this account. Your email will not be read. For any inquiries please contact the Grants Procurement Systems Support +32 (2) 29 71063 or [EC-FUNDING-TENDER-SERVICE-DESK@ec.europa.eu](mailto:EC-FUNDING-TENDER-SERVICE-DESK@ec.europa.eu).

Validation Process Overview

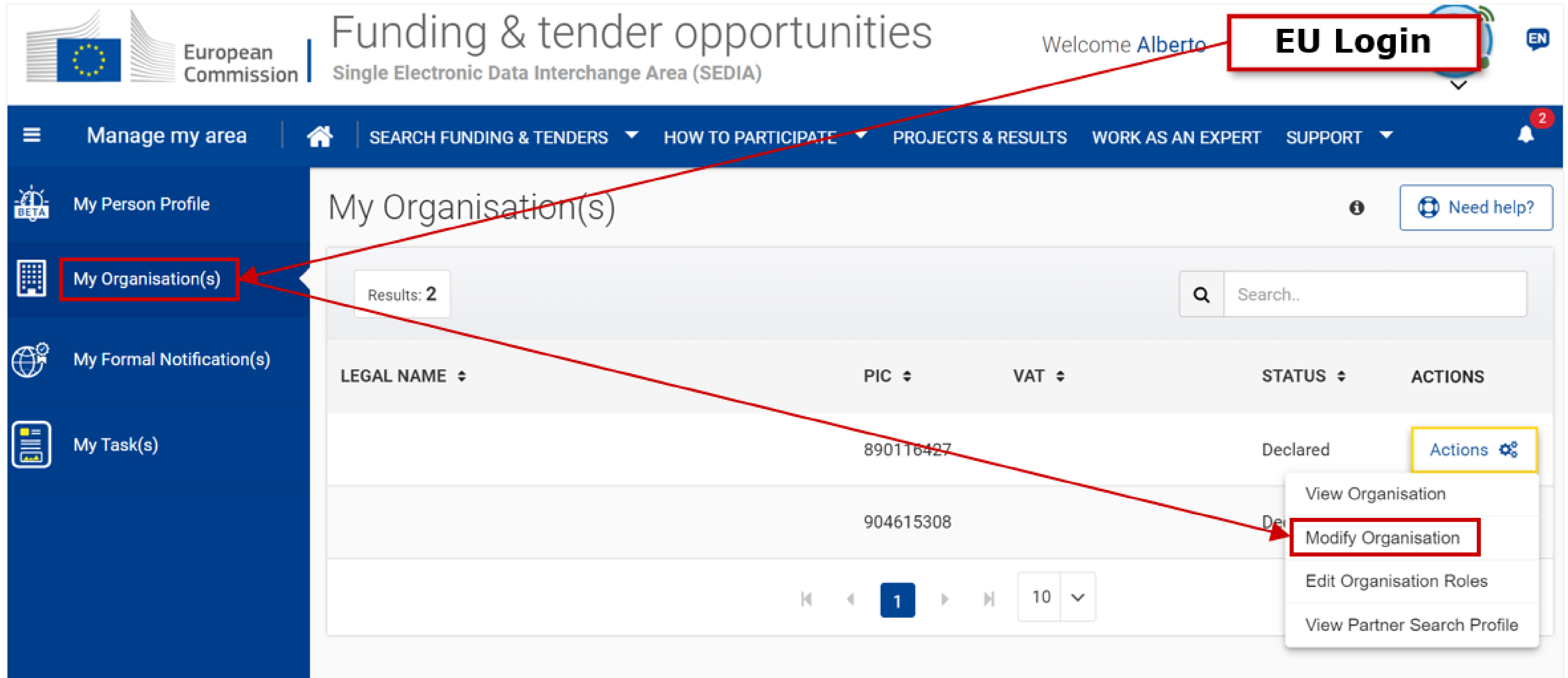


## Registration, Verification and Legal Validation

- Organisations need to **self-register to get a PIC** for the Proposal: “Declared” status
- Registration data is **verified** by the Validation Service before the signature of the GA: “Validated”
- **Validation** is always performed on basis of supporting documents, in accordance with EU Financial Regulation and the [Rules on Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#) for EU Grants and Tenders
- Data is then reused for future participations
- Validation is required for all beneficiaries and affiliated entities
- **Non-validated** entities/partners will block the GA preparation & signature.
- As of 20/09/2024 ~ **6 % of the participants** (14 out of 227 partic. in all GAPs) are **not yet validated:**  
8 Ongoing validations; 1 case of documents requested, 5 non-responsive “sleeping” entities



# How to log in the Participant Register



The screenshot shows the 'Funding & tender opportunities' portal. At the top right, the user is logged in as 'Alberto' and the 'EU Login' button is highlighted with a red box. In the left sidebar, the 'My Organisation(s)' menu item is also highlighted with a red box. The main content area displays a table of organizations with columns for 'LEGAL NAME', 'PIC', 'VAT', 'STATUS', and 'ACTIONS'. The 'ACTIONS' column for the first row contains a yellow 'Actions' button, which is open to show a dropdown menu. The 'Modify Organisation' option in this menu is highlighted with a red box. Red arrows indicate the flow from the 'EU Login' button to the 'My Organisation(s)' menu item and then to the 'Modify Organisation' option.

European Commission | Funding & tender opportunities | Single Electronic Data Interchange Area (SEDIA) | Welcome Alberto | **EU Login**

Manage my area | SEARCH FUNDING & TENDERS | HOW TO PARTICIPATE | PROJECTS & RESULTS | WORK AS AN EXPERT | SUPPORT

My Person Profile | **My Organisation(s)** | My Formal Notification(s) | My Task(s)

My Organisation(s) | Results: 2 | Search..

LEGAL NAME	PIC	VAT	STATUS	ACTIONS
	890116427		Declared	<b>Actions</b>
	904615308		Dev	

View Organisation | **Modify Organisation** | Edit Organisation Roles | View Partner Search Profile



# Requests **BY** the Validation Team

Organisation Data
Legal Information
Authorised users / LEAR 🚩
Bank Accounts
Financial capacity

Messages
Documents 3
SME

+ New message

Messages

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Read messages of your organisation and send messages to the EC ValidationServices.







Subject ↕	Message	Context ↕	Date ↕	Actions
PIC No 904615308 - LEAR appointment - Supporting documents	Dear Participant, We understand that you have r...	Other	08/07/2021	<div style="border: 1px solid #007bff; border-radius: 5px; padding: 2px 10px; display: inline-block;"> View</div>
PIC No 904615308 - Validation and LEAR appointment - Supporting documents	Dear Participant, Following the registration of...	Other	08/07/2021	<div style="border: 1px solid #007bff; border-radius: 5px; padding: 2px 10px; display: inline-block;"> View</div>

## Responses **TO** the Validation Team

 Documents (3)

Read and upload documents of your organisation. Please ensure their quality. Maximum allowed document size is 6Mb. Updates take immediate effect after you have clicked on "Submit for processing"

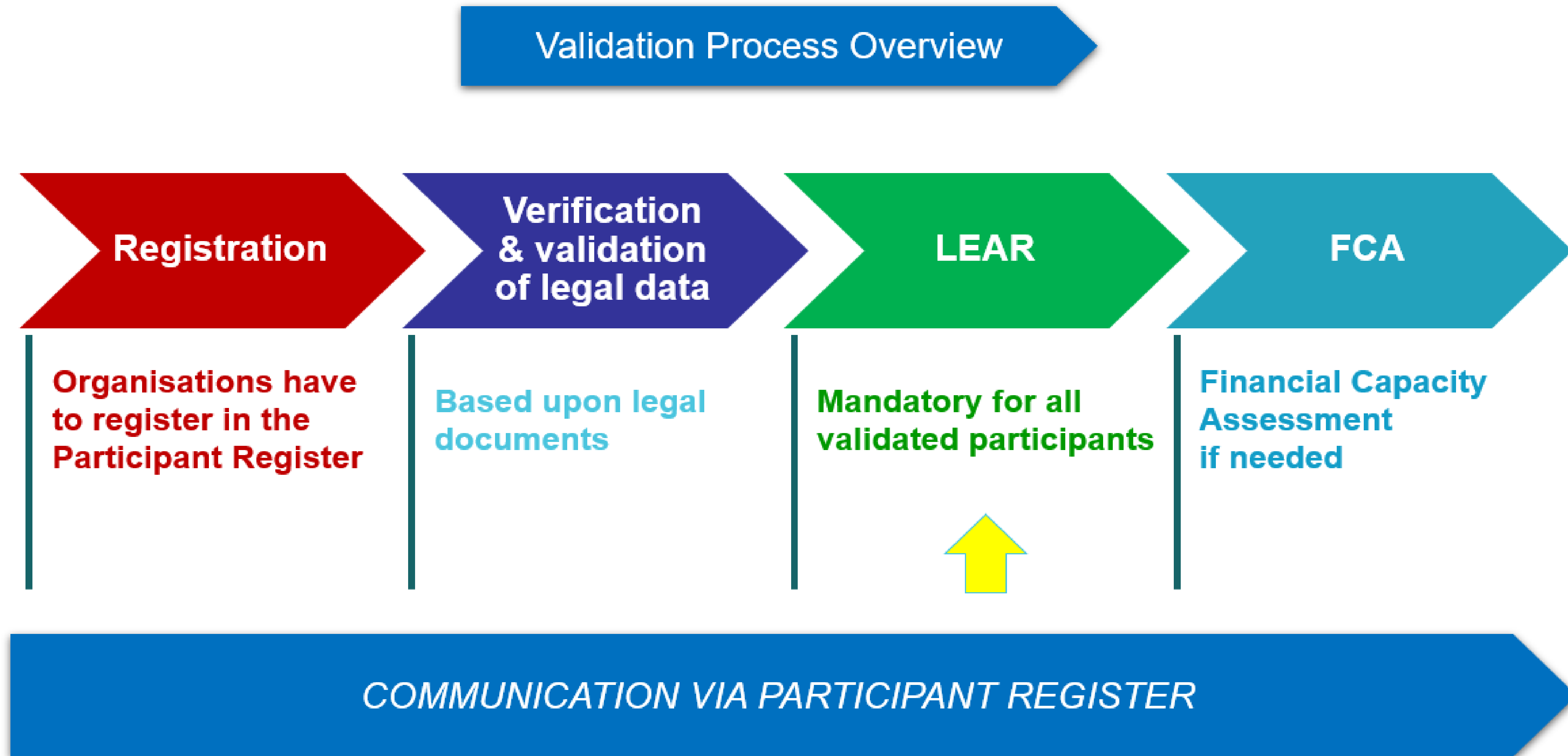
[+ Add new document](#)

Document type	Upload date	Status	Actions
 REGISTRATION DOCUMENT		REQUESTED	 Upload
 FEL FORM PRIVATE ENTITY		REQUESTED	 Upload
 STATUTES		REQUESTED	 Upload


## Legal Validation Documents

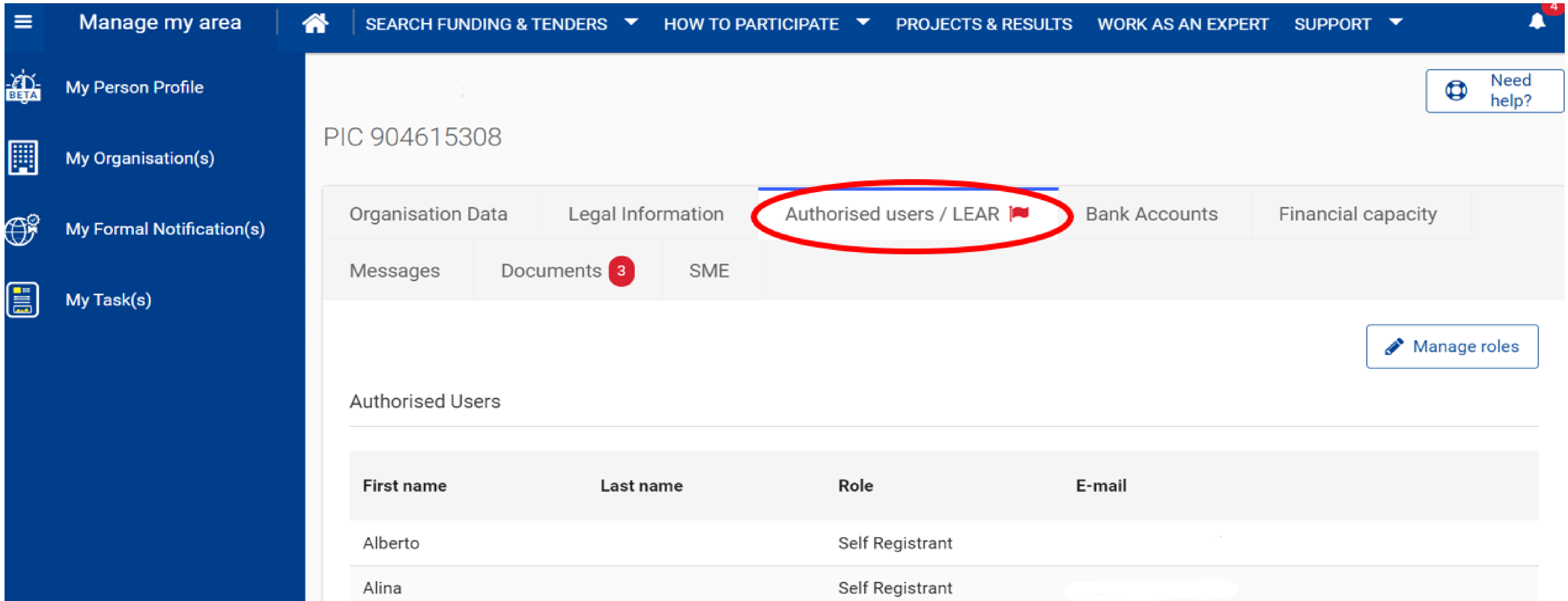
- ✓ **Legal entity form** ([template](#) to be completed, dated, stamped and signed)
- ✓ **VAT extract** (< 6 months). *If not registered for VAT – official proof of VAT exemption*
- ✓ **Entity/ company Registration extract** (< 6 months): for private law bodies
- ✓ **Law/decreed/decision**: for public law bodies
- ✓ **Treaty**: for international organisations
- ✓ **Statutes**: for non-profit organisations

- ✓ **Official**: delivered by official national authorities. They can NOT be replaced by self-declarations or by sworn or solemn statements before a judicial or administrative authorities, notaries or public officers
- ✓ **Uploaded by the participant** (as scanned versions) via the Participant Register
- ✓ **In any of the official EU languages**. Free translation in English is required for non EU languages



## Legal Entity **Appointed** Representative (LEAR)

- ✓ **The nomination & validation of a Legal Entity Appointed Representative (LEAR) for the organization is **mandatory**:** without LEAR the organisation cannot sign a Grant Agreement.
- ✓ **The Role of the LEAR is to:**
  - Notify the EU of any **changes in legal data/status of the organisation**;
  - Submit (upload) documents related to the Financial Capacity Assessment, if **FCA** required.
  - Nominate/update in the Participant Portal the legal representatives & signatories (**L-Signs**)
  - Nominate/update the Financial signatories (**F-Signs**) to submit financial reports
- ✓ **LEAR Nomination** can run in parallel with Entity validation, as per REA request for both. 
- ✓ Absence of LEAR will block GA preparation & signature, so give priority to LEAR nomination !
- ✓ As of 20/09/2024 ~ **6 % LEARs** (for 14 out of 227 participants) are not yet validated :
  - 4 Ongoing; 5 cases of documents requested, 5 non-responsive “sleeping” entities



The screenshot shows a web application interface with a dark blue navigation bar and a sidebar. The main content area displays the user's profile information and a list of authorized users.

**Navigation Bar:** Manage my area | SEARCH FUNDING & TENDERS | HOW TO PARTICIPATE | PROJECTS & RESULTS | WORK AS AN EXPERT | SUPPORT

**Sidebar:** My Person Profile (BETA), My Organisation(s), My Formal Notification(s), My Task(s)

**Profile Information:** PIC 904615308

**Navigation Tabs:** Organisation Data, Legal Information, **Authorized users / LEAR** (highlighted with a red circle), Bank Accounts, Financial capacity

**Messages and Documents:** Messages, Documents (3), SME

**Buttons:** Need help?, Manage roles

**Authorized Users Table:**

First name	Last name	Role	E-mail
Alberto		Self Registrant	
Alina		Self Registrant	

## How to appoint a LEAR

### LEAR







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Your organisation must now nominate a [Legal Entity Appointed Representative \(Legal Entity Appointed Representative, LEAR\)](#). Click the 'Add LEAR' button to provide the LEAR data and generate the documents to be printed and signed. Once signed, scan them and upload them along with the rest of supporting documents (copies of IDs for the LEAR and the organisation's legal representative appointing it, and the documents substantiating the empowerment of the latter). Once all necessary documents are uploaded, you will be able to 'Send LEAR for validation'. You will need to keep the original signed documents at your premises, in case of future audits or controls.



## How to appoint a LEAR ( documents to upload)

### Documents

Document Type	Document generated	Description	Scanned and uploaded documents	Status
LEAR Appointment Documents		Official "LEAR appointment letter" to be signed by Legal Representative and "Roles and Duties of LEARs" to be signed by both Legal Representative and LEAR.		
Declaration of consent to the terms of use of the F&T EES		Declaration of consent to the terms of use of the Participant Portal electronic exchange system, signed by the legal representative.		
Legal Representative authorisation		Document(s) proving that the legal representative(s) appointing the LEAR is/are empowered as such, which must clearly indicate the role/function within the organisation as legal representative(s) and identify and appoint a specific person (by indicating his/her personal data) as the person covering that specific role/function		
LEAR identity document		Official valid proof of identity (ID-card, Passport) carrying a photo and signature of the proposed LEAR		



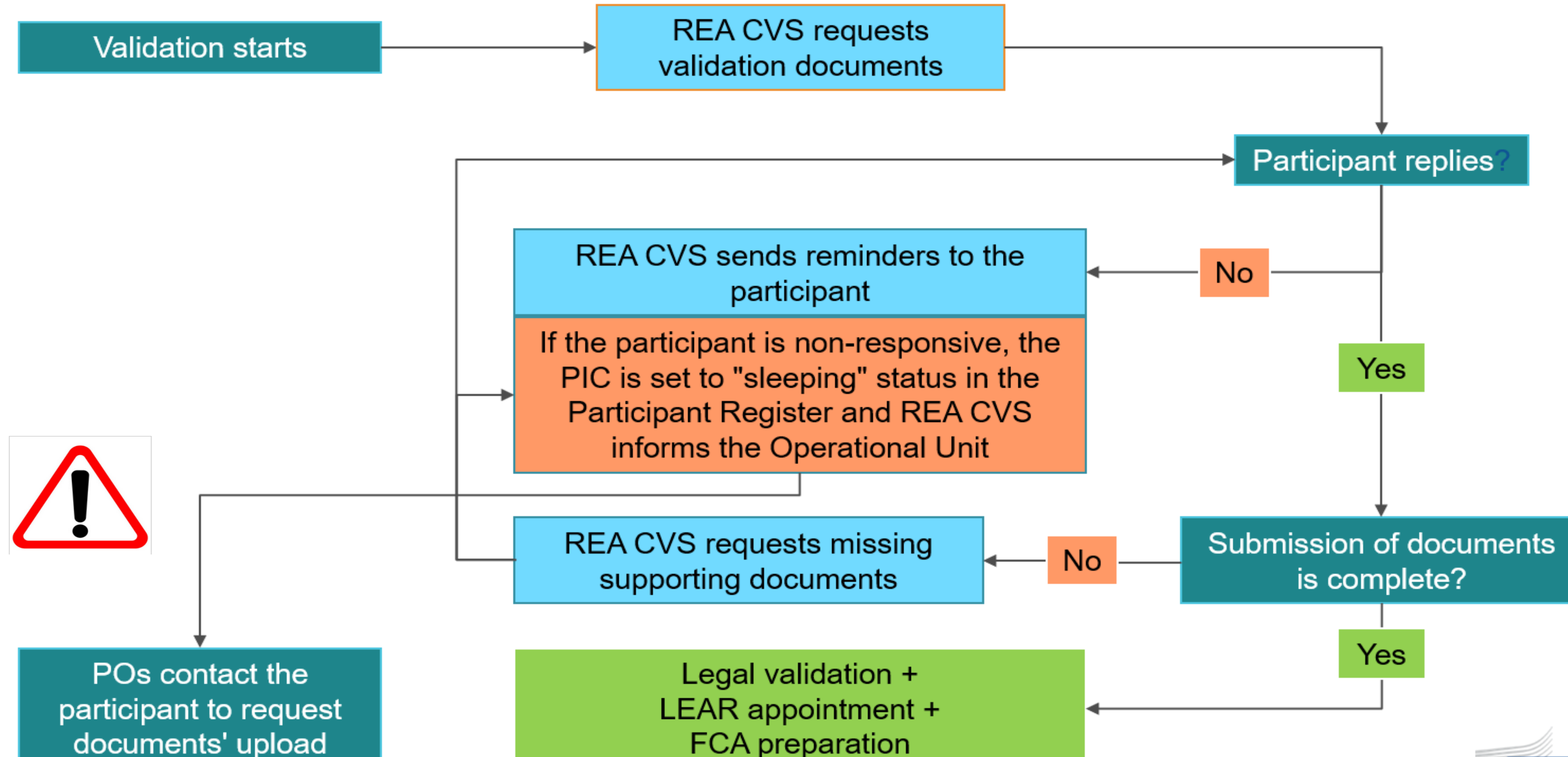
## Access Lost to Non-valid / Valid PICs

- In case the self-registrant person **left the organisation**, and no one has access to a **non-valid PIC**
  - ==> a new PIC needs to be created and REA CVS informed
- If the LEAR is not available anymore, and there are no Account Administrators for a **valid PIC**, a new LEAR needs to be appointed
  - ==> use the **LEAR recovery** procedure.

<https://ec.europa.eu/research/participants/urf/lear-recovery/request/>

# Validation Workflow

## Central Validation Service workflow



## 2. Financial Validation

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**Financial Capacity Assessment  
Bank Accounts**



Validation Process Overview

**Registration**

**Organisations have to register in the Participant Register**

**Verification & validation of legal data**

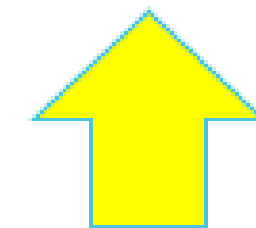
**Based upon legal documents**

**LEAR**

**Mandatory for all validated participants**

**FCA**

**Financial Capacity Assessment if needed**



*COMMUNICATION VIA PARTICIPANT REGISTER*

## The 4 steps of the Financial Capacity Assessment (FCA):

1. Legal entities subject to a mandatory verification of their financial capacity are identified

2. Requests from Validation team - for the Legal entities to provide (if not already available) their latest financial information and relevant supporting documents. Then, this information is verified by the validation services.

3. Required documents


4. Results

## Legal Entities subject to Financial Capacity Assessment

EU Financial Regulation: *Participants in EU grants must have sufficient financial capacity to implement their project.*

Financial capacity of Coordinators to be verified if Requested funding  $\geq$  EUR 500,000 unless COO is:

- a Public body; or
- a Higher or secondary education establishment; or
- a Legal entity whose financial capacity is guaranteed by a Member State or an associated country.

 Regardless of your role in project: if there are **doubts** on the financial capacity of one applicant (e.g. indication of weak financial capacity from other projects/sources, involvement in cases of serious administrative errors or fraud, overdue recovery orders, etc) => **FCA**

If the FCA must be checked, the entity will be contacted by Validation Service via its PIC account in the Participant Register

## Results from Financial Capacity Assessment & Protective Measures

If the result is **positive** (Good or Acceptable) => You can be the Coordinator

If the result is **negative** (Weak or Insufficient) **and** poses a risk for the project =>

Possible measures:

- Lower the prefinancing
- Replace the Coordinator
- Request joint and several liability of affiliated entities

The result is Weak or Insufficient for 2 GAPs. The FO and PO will address this issue.



- *Fyi:* You can check your financial capacity even during submission, or in GAP:

<https://ec.europa.eu/research/participants/lfv/lfvSimulation.do>

## Bank Accounts

- During GAP, coordinators can search for **available & validated** bank account(s) (BA) - to be used for the new project.
- If **no validated BA** exists, or you want to **use another BA**, the system displays an explanatory message on how to request the validation of a BA.
- Coordinators start the BA workflow by uploading the requested documents in Register
- Validation Service launch BA validation and will inform the Coordinator once validated



**Recommendation: ensure the bank account is in EURO!**

- Avoid currency exchange costs charged by the bank
- Risk payment is returned back





# Bank Accounts

Organisation Data	Legal Information	Authorised users / LEAR 	<b>Bank Accounts</b>	Financial capacity
Messages	Documents 	SME		



## Bank Account

Account number (IBAN or national account number), account name and bank name **must** clearly appear on the supporting document you will provide later in the process and **must** correspond. Please note that you should **always** use the IBAN if this is available.

### Bank Account

Bank account registered in \*

### 3. Mutual Insurance Mechanism (ex-Guarantee Fund FP7/H2020)

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## Mutual Insurance Mechanism (MIM)

**Insurance for beneficiaries as security against payment issues. Protects EU financial interest.**

- The beneficiaries' liability towards the Clean Hydrogen JU is limited to their own debts.
- Settlement of financial disputes between beneficiaries requires internal solution within consortium.

### ✓ Intervention during Ongoing project:

Beneficiary withdraws from the Grant **AND** does not/ is unable to repay the excess amount received  
-> MIM intervenes to repay the debt of the terminated beneficiary.

### ✓ Intervention After the end of the project:

JU's Recovery Order remains unpaid, so MIM intervenes to transfer the amount owed to the JU.

## Mutual Insurance Mechanism (MIM)

- ✓ 5% of max.GA amount retained at prefinancing payment -> released at final payment of balance
- ✓ MIM = internal fund that covers the risk of non-repayment by all beneficiaries
- ✓ The MIM Fund belongs to all beneficiaries, is kept by the European Investment Bank and is managed by European Commission (DG ECFIN invests funds on the financial markets)

# Resources currently accessible for projects:

[Rules on Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#)

[Funding and Tenders Opportunities Online Portal](#)

[Support - Online manual](#)

[Support - IT How to](#)

## Reference documents

The page reference documents of the programmes managed on the EU Funding & Tenders Portal including legal documents, work programmes, model grant agreements and guides for specific actions.

## Online Manual

Step-by-step online guide through the Portal processes from proposal preparation and submission to reporting on your on-going project. Valid for all 2021-2027 programmes.

## H2020 Online Manual

Step-by-step online guide through the Portal processes from proposal preparation and submission to reporting on your on-going project. Only valid for Horizon 2020.

## IT How to

IT support guide with step-by-step walkthroughs and videos.

## Glossary

A list of funding and tender definitions.

# Good luck with your GAP!



MIND THE GAP

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For further information

<https://www.clean-hydrogen.europa.eu/>

