

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!

Agenda of the Presentation

1. Registration, Verification and Validation of Legal Entities

- Registration of organisations
- Legal validation: documents
- Legal Entity Appointed Representative (LEAR)

2. Financial Validation

- Financial Capacity Assessment

3. Bank accounts

4. Information on beneficiaries in liquidation & Mutual Insurance Mechanism

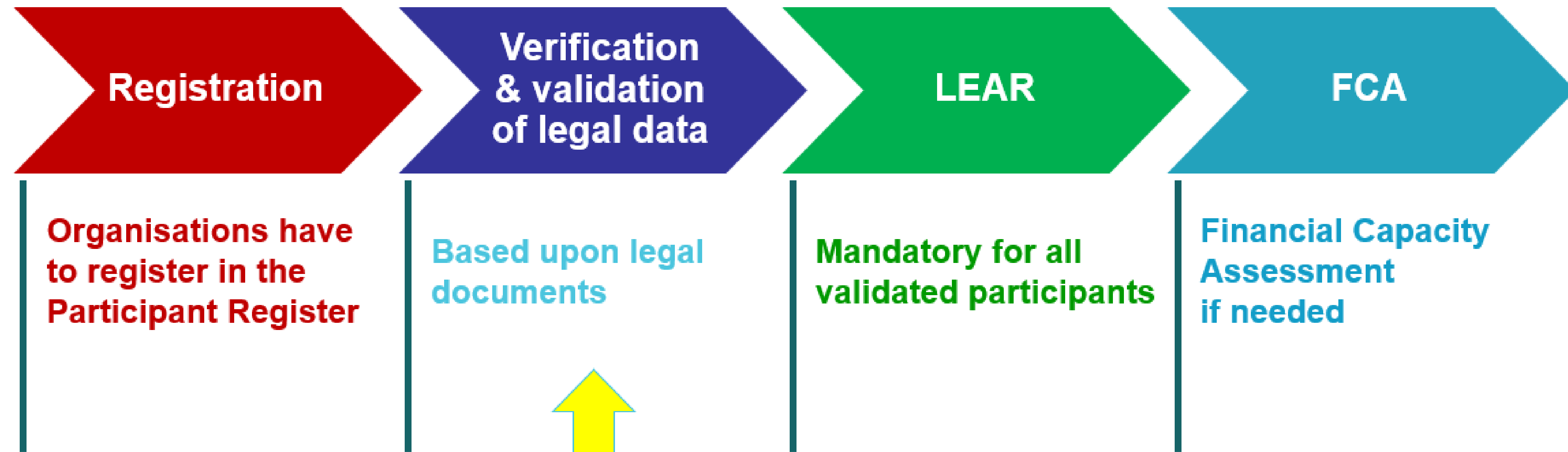
- Preventive measures and overview of MIM

5. Audits

1. Registration, Verification and Validation of Legal Entities



Validation Process Overview



COMMUNICATION VIA PARTICIPANT REGISTER

- **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@nomail.ec.europa.eu>

to Alberto, me ▾


Europa / Funding & Tenders Portal notification

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Dear Participant,

We understand that you have recently submitted an application/tender via the EU Funding & Tenders Portal.

In order to continue with the selection procedure, we would need you to appoint a Legal Entity Appointed Representative (LEAR) for your organisation.

 To appoint your LEAR, please follow the instructions available in the [Online Manual](#) and use the following forms (generated in the Participant Register):

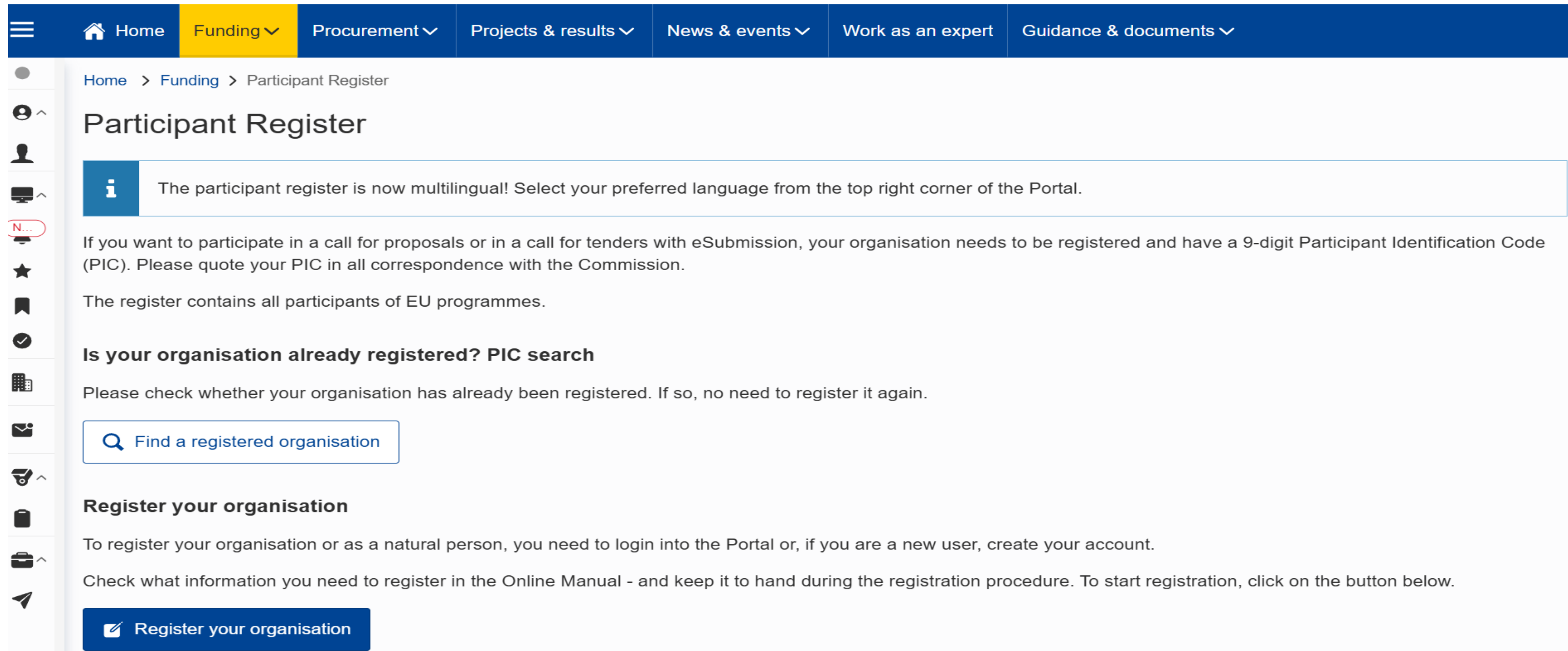
1. LEAR appointment letter and Roles and Duties of LEARs — must be completed, dated and signed (handwritten blue-ink original signature) by your legal representative and the LEAR. All pages of the document must be uploaded in the Participant Register
2. Declaration of Consent the EU Funding & Tenders Portal Terms and Conditions — must be completed, dated and signed (handwritten blue-ink original signature) by your legal representative and uploaded in the Participant Register.

In addition, please submit the following supporting documents:

1. Registration, Verification and Validation of Legal Entities

- 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 will block the GA preparation & signature.
- As of 30/09/2025, **5 % of the participants** (16 out of 320 participants in all GAPs) are **not yet validated**:
 - 4 Ongoing validation, 1 case of documents requested, 11 non-responsive/“sleeping” entities

1. Registration of organisations at proposal stage



The screenshot shows the 'Participant Register' page on the EU Funding & Tenders Portal. The top navigation bar includes links for Home, Funding (highlighted), Procurement, Projects & results, News & events, Work as an expert, and Guidance & documents. The breadcrumb trail is Home > Funding > Participant Register. The main heading is 'Participant Register'. An information box states: 'The participant register is now multilingual! Select your preferred language from the top right corner of the Portal.' Below this, a paragraph explains that participation in calls for proposals or tenders with eSubmission requires registration and a 9-digit Participant Identification Code (PIC). It also notes that the register contains all participants of EU programmes. A section titled 'Is your organisation already registered? PIC search' includes a search button labeled 'Find a registered organisation'. Another section titled 'Register your organisation' provides instructions on how to register and mentions the Online Manual. A prominent blue button labeled 'Register your organisation' is at the bottom of the main content area.

Registration

Validation & Verification of
Legal Data

LEAR

FCA

1. Legal Validation: Documents

- ✓ **Legal entity form** ([template](#) to be completed, dated, stamped and signed)
- ✓ **VAT extract** (< 1 year). *If not registered for VAT – official proof of VAT exemption*
- ✓ **Entity/ company Registration extract** (< 1 year): for private law bodies
- ✓ **Law/decreree/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

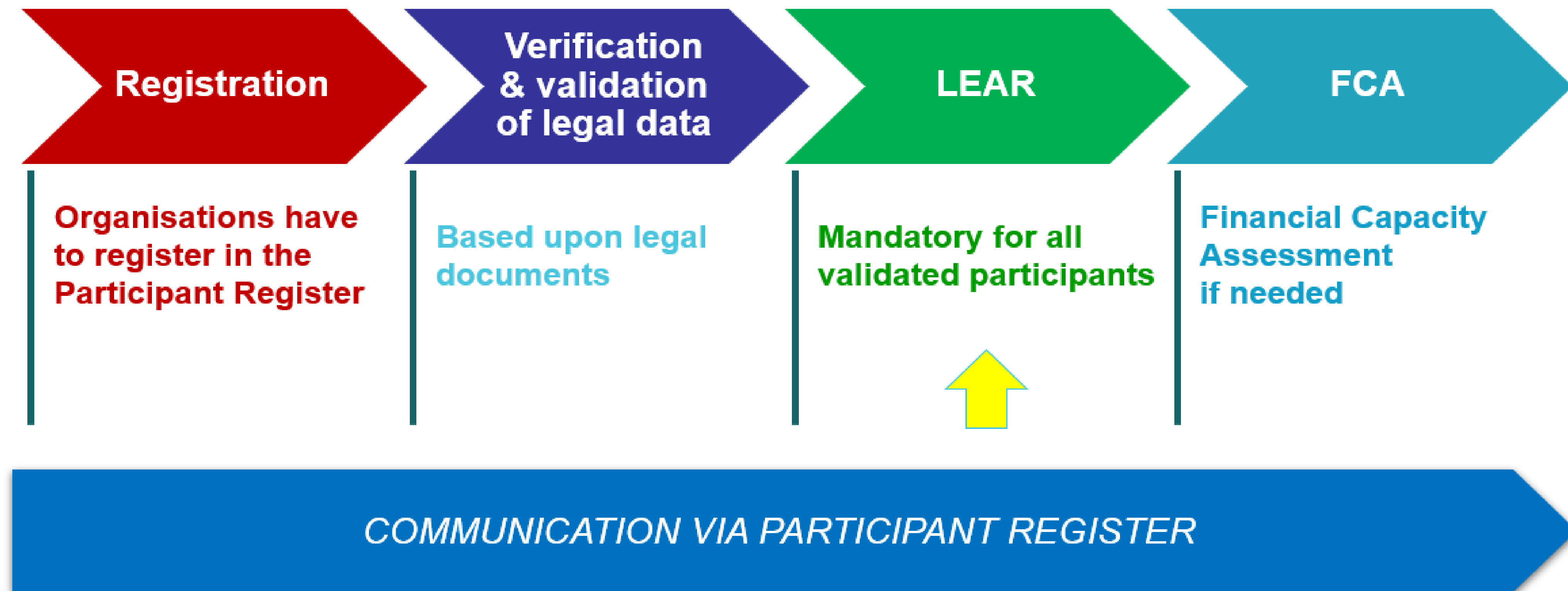
Registration

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Validation Process Overview



1. Legal Entity Appointed Representative (LEAR)

- **The nomination & validation** of a Legal Entity Appointed Representative (LEAR) for the organisation is **mandatory**: without LEAR, the organisation cannot sign a Grant Agreement.
- **The Role of the LEAR is to:**
 - Manage access rights of persons in the organisation
 - Notify the JU of any **changes in legal data/status of the organisation**
 - Submit Legal and Financial documents (e.g. Financial Capacity Assessment)
 - 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 30/09/2025, **7 % LEARs** (for 21 out of 292 participants) are not yet validated :
4 Ongoing, 6 cases of documents requested, 11 non-responsive/“sleeping” LEARs



1. 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 Central Validation Service is 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.

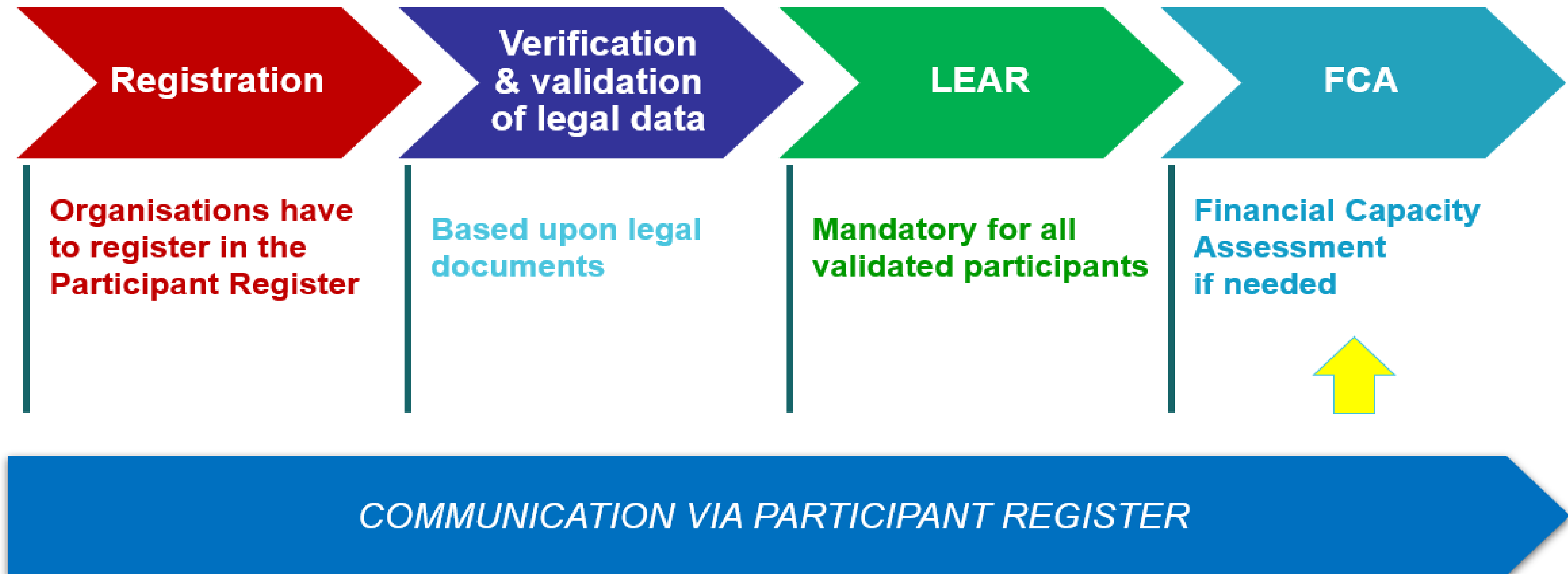
<https://ec.europa.eu/research/participants/urf/lear-recovery/request/>



2. Financial Validation



Validation Process Overview



2. Legal Entities subject to Financial Capacity Assessment (FCA)

Legal Basis:

- EU Financial Regulation: ***Participants in EU grants shall have sufficient financial capacity to implement their project.*** (Financial Regulation 2024, articles 199 & 201)
- Call for proposals: Admissibility conditions of General conditions.
- Rules on Legal Entity Validation, LEAR appointment and Financial capacity Assessment for EU Grants and Tenders.
- FCA of coordinators if Requested contribution \geq EUR 500,000.00 unless coordinator is:
 - * public body or
 - * higher or secondary education establishment or
 - * member state organisation or international organisation.
- FCA if there are grounds to doubt the financial capacity of one applicant.
- If the FCA must be checked, the entity will be contacted by the Central Validation Service.



- Balance sheet
 - Profit and loss account
 - Explanatory notes and/or annexes
- For the 2 most recent closed and approved financial years**
(in official language, dated and signed)
- If requested contribution > EUR 750,000.00, audit report to be approved by external auditor (FR 2024, article 199). If audit report not compulsory, a self-declaration will be needed.
 - Newly established entities: Business Plan

**The FCA is valid for 18 months
from the closing date of accounting period**

Registration

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LEAR

FCA



2. 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

In case the result is weak or insufficient, 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>



Registration

Validation & Verification of
Legal Data

LEAR

FCA

3. Bank accounts



3. Bank Accounts

- During GAP, coordinators can search for available & ***validated bank account(s)*** 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
- 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

4. Information on beneficiaries in liquidation & Mutual Insurance Mechanism

(ex-Guarantee Fund FP7/H2020)



4. Preventive measures to avoid loss of money by beneficiaries in liquidation or terminated beneficiaries

- Inform the Clean Hydrogen JU if any beneficiaries are at risk of liquidation or bankruptcy:

19.3 Information about events and circumstances which impact the action

The beneficiaries must immediately inform the granting authority (and the other beneficiaries) of any of the following:

- (a) **events** which are likely to affect or delay the implementation of the action or affect the EU's financial interests, in particular:
 - (i) changes in their legal, financial, technical, organisational or ownership situation (including changes linked to one of the exclusion grounds listed in the declaration of honour signed before grant signature)
- If excess of prefinancing paid, Clean Hydrogen JU -> Lodge the claim as a creditor with the liquidator. Legal deadline is short.
- Objective: safeguard the funds, ensuring that money is not lost if it's legally claimed and can be returned to the project.

4. Mutual Insurance Mechanism (MIM)

Insurance to protect EU financial interest. The Mechanism covers any **UNPAID** recovery orders = loss in the EU budget.

- 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.

4. 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)

5. Audits



5. Audits

- **Actual Cost Projects (prior to Call 2024):**
Subject to financial audit by DG RTD, European Court of Auditors (ECA), European Anti-Fraud Office (OLAF) & European Public Prosecutor's Office (EPPO)
(MGA Article 25 - Checks, reviews, audits and investigations, including extensions of findings)
- **Lump Sum Projects (Call 2024 onwards):**
Not subject to financial audits.
- ✓ However, beneficiaries may be audited by JU, ECA, OLAF & EPPO for:
technical reviews & assessment of the proper implementation and compliance with non-financial obligat° (e.g. IPR, visibility of JU funding, ethics)
(MGA Article 25 - Checks, reviews, audits and investigations, including extensions of findings)
- ✓ Possible consequences if improper implementation or non-compliance:
 - For open projects: grant reduction
 - For closed projects: recovery of funds.

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!



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For further information

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

