Your organisation: legal status and financial capacity

Coordinators’ Day on Grant Agreement Preparation

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Financial Validation of Participants
REA Validation Services (REA VS)

- Verifies the legal existence and the legal status of the participants.
- Validates the Legal Entity Appointed Representatives (LEAR).
- Prepares the Financial Capacity Assessment.
- Validates legal changes of validated participants requested by LEARs.
- Performs ex-post status verifications (e.g. SME checks).
- Assesses Universal Takeovers of validated participants.
- Creates Legal Entities and Bank Account Files in cooperation with DG BUDG.
Registration of an organization (at proposal stage)

If you want to participate in a project proposal, your organisation needs to be registered and have a 9-digit Participant Identification Code (PIC). Please quote your PIC in all correspondence with the Commission.

The register contains all participants of EU programmes.

Is your organisation already registered? PIC search

Please check whether your organisation has already been registered. If so, no need to register it again.

Register your organisation

To register, you need to login in the Portal or, if you are a new user, create your account.

Check what information you need to register in the Online Manual - and keep it to hand during the registration procedure. To start registration, click on the button below.

You can suspend the registration process at any time; the data entered can be saved as draft and you can continue your registration later. To return to your registration, please login and get into My Organisation(s) in the My Area section. Incomplete, draft registrations are automatically suspended.
How to register a participant

Welcome to the Participant Register

Welcome to the Participant Register
The Registration Wizard will guide you through the process of registration.

- Please keep the basic legal information (Registration extract, VAT data) of the organisation at hand so you can fill in the forms quickly and correctly.
- The registration process normally takes about 5-10 minutes to complete. The system will automatically save the information provided during registration in case you want to exit the wizard. Your data will be restored the next time you will access the Participants Register.
- At the end, it will assign and display the PIC (Participant Identification Code) of your organisation.

Registration completed

New Participant Identification Code (PIC) in a “declared” status

Identification (duplicate check)
(e.g. Legal name, VAT number)

Organisation data
(e.g. Legal form, legal address)

Contact info
(e.g. Name, address, phone of the “self-registrant”)
Legal Validation

Registration data are verified by REA Validation Services before the signature of the Grant Agreement or the Contract.

The Legal Validation of a Participant in the Single Electronic Data Interchange Area (SEDIA) is done once, when the entity has to sign its first contract or grant agreement.

It is reused for future participations in EU grant and procurement actions.
Validation Rules

- Validation is always performed on the basis of supporting documents, in accordance to EU Financial regulation and the Rules on Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment for EU Grants and Tenders.

- In H2020 Validation is required for all beneficiaries and linked third parties. PICs of third parties, frequently included in the consortium during the GAP, must be introduced in the Participant Portal Grant Management Service (PPGMS).
Supporting documents

- **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.

- Certain documents (e.g. registration extract, VAT extract) must be **not older than 6 months**.

- **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 existence and independence

‘Legal entity’ means any natural or legal person created and recognised as such under national law or international law, that has legal personality and that may, acting in its own name, exercise rights and be subject to obligations.

If the organisation does not have legal personality, it is validated only if:

- has representatives who have the capacity to undertake legal obligations on its behalf and
- can offer guarantees for protecting the EU’s financial interests equivalent to those offered by legal persons.

If the organisation does not have its own independent legal personality and does not meet the above criteria, it must use the PIC of the legal entity to which it is associated (e.g. University Department, Branch of a multinational company).
Legal Status

Supporting documents define the legal status of the applicant. Why is legal status important?

- Programmes may have differences in terms of funding rates (e.g. non-profit entities)
- Programmes/calls may establish specific eligibility criteria (e.g. SME)
- 'public bodies', 'international organisations' are by default exempted from the Financial Capacity Assessment. 'Secondary and/or higher education establishments' are also exempted in H2020.
Legal Validation Documents

- **Legal entities form** (template to be completed, dated, stamped and signed)
- **VAT extract** (< 6 months)
  - If not registered for VAT – **proof of VAT exemption**
- **Registration extract** (<6 months) – for private law bodies
- **Law/decree/decision** – for public law bodies
- **Treaty** – for international organisations
- **Statutes** – for non-profit organisations
In the Single Electronic Data Interchange Area, the appointment of the Legal Entity Appointed Representative (LEAR) is mandatory.

The LEAR:

- Notifies the EU of changes in legal data/status;
- Submits legal and financial documents if required;
- Nominates 'Account Administrators' and individuals authorised to sign:
  - Contracts/grant agreements and their amendments (Legal signatories i.e. LSIGN)
  - Financial statements (Financial signatories, i.e. FSIGN)
- Informs own staff about the organisation's PIC
Communication
(e.g. Request to submit documents or to appoint a LEAR)

All communications to and from participants is exclusively managed through the Participant Register.

Europa / Funding & Tenders Portal notification

Subject:

Message date: Thu Jul 18 18:36:48 CEST 2019

An important message has been sent to you by the Validation Services.

The message and its associated documents are available in the "Messages" section of the Beneficiary Register. You can access the Beneficiary Register by selecting your Organisation in "My organisations" page of the Participant Portal.

Documents in attachment:

Kind Regards,

The Validation Services

Messages are notified via e-mail to the contact person (i.e. self-registrant or the appointed LEAR)
How to appoint a LEAR

EU Login
Request to appoint a LEAR

Message in the activity log
LEARN key info

- Name and email shall match name and email of the linked EU Login account.
- New LEAR or new email = new EU Login account.
LEAR data

- PIN code sent by service-desk via postal mail
- Urgent request for PIN code:
  - send an email to EC-SEDIA-SUPPORT@ec.europa.eu OR
  - Provide phone number (used only for PIN code)

**Mobile phone number to receive PIN code**: +3232323232
LEAR appointment documents

1. LEAR appointment letter (duly signed by both the legal representative and the LEAR).

2. Declaration of Consent to the use and the terms of the Funding and Tenders Portal (duly signed by legal representative)

3. Official proof of identity (ID-card, passport, with photo and signature) of the legal representative and the LEAR

4. Proof of empowerment of the legal representative

Scanned version of these documents shall be uploaded in the Participant Register.

Originals of 1 and 2 must be kept in the entity's premises.
Financial Capacity Assessment

• In general, under H2020, the financial capacity is checked if:
  
  ➢ The beneficiary is a **coordinator**, **and**
  ➢ The requested EU **funding** for the project is \( \geq € 500\,000 \)

• Applicants for mono-beneficiary grants are not considered as 'coordinators' 

• A Financial Capacity Assessment can be performed on other beneficiaries at the request of the EU service in charge of the project
**FCA assessment**

- At proposal stage, coordinators are asked to self-declare their financial capacity. A **self-check tool** available in the PP embeds the same calculations of the formal FCA. Those results are not binding for EU services and, if needed, a FCA will be performed by the REA VS against supporting documents.

- For H2020, 5* Ratios are displayed online (Liquidity, Financial Autonomy, Profitability (2), Solvency) with a specific (0-2) and global (0-10) score and result (Insufficient, Weak, Acceptable, Good).

- Final decision on the participation of an applicant with a 'weak' FCA result (based on the ratios) is taken by the EU services responsible for each individual project.

* Only two ratios are applicable for natural persons.
FCA Supporting documents

- Balance sheet
- Profit and loss account
- Explanatory notes and/or annexes that form part of the above financial statements (if available).
- External audit report if requested EU-contribution exceeds €750,000

Once completed, the assessment remains valid for 18 months
Validation Services Workflows

Validation Starts

REA VS requests Validation documents

REA VS sends reminders to the Participant

If the participant is non responsive the PIC is set to "sleeping" status in the Participant Register and REA VS informs the Operational Unit (POs)

Participant replies?

Yes

No

REA VS requests missing supporting documents

Submission of documents is complete?

Yes

No

POs contact the Participant to request documents' upload

Legal Validation + LEAR Extended Mandate + FCA preparation
Bank Accounts

• If needed, during the Grant Agreement Preparation, Participant can search for available bank account(s) in PPGMS. If no account exists, PPGMS displays an explanatory message on how to request the validation of a BA.

• Coordinator contact shall inform the LEAR to start BA entry request (upload of documents via the Participant Register).

• REA VS will launch BA entry creation and informs LEAR when the Bank Account File is completed.
Guidance Documents

- Rules on Legal Validation, LEAR appointment and financial capacity assessment

- Online Manual, IT How to, IT and RES Helpdesk and specific FAQs on the Funding and Tender Portal
  https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/support
~7500 Entities validated in **143 countries**
Thank you for your attention!

Questions?