



FUEL CELLS AND HYDROGEN
JOINT UNDERTAKING

Legal and Financial Validation

Guarantee fund

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Outline of the presentation



1. Validation of Legal Entities

- Validation workflow
- Documents for validation
- The Legal Entity Appointed Representative (LEAR)

2. Financial Validation

- Financial Capacity Assessment
- Bank accounts

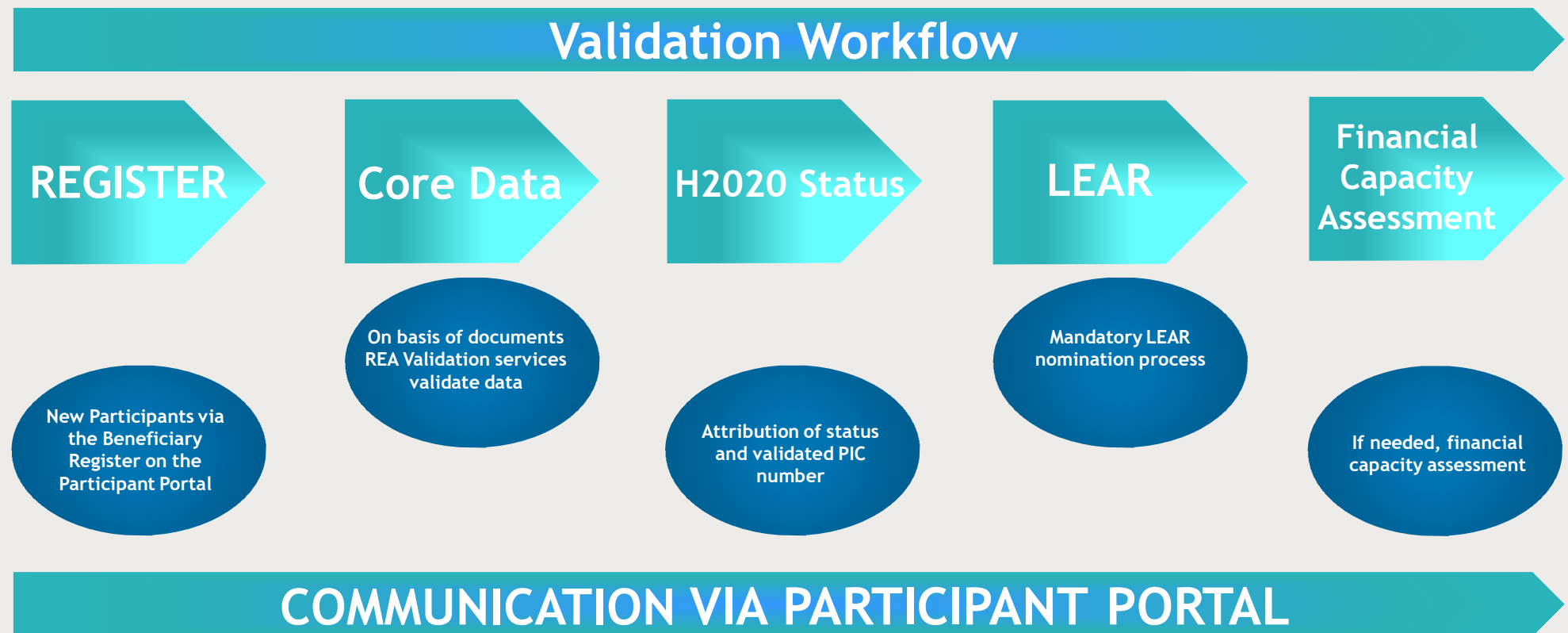
3. Guarantee Fund

- Overview



1. Validation of Legal Entities

Validation Workflow



1. Validation of Legal Entities

Documents for validation – Legal existence and H2020 status



- Legal entity identification form (duly completed and signed)
- Official VAT document (or proof of VAT exemption, if applicable)

Depending on the type of organization:

- SME
 - Registration extract not older than 6 months
 - Balance sheet and Profit and Loss accounts
 - Staff head count expressed in annual working units
- Research organization
 - Official document attesting that one of the main objectives of the organization is carrying out research or technological development
- Non-profit organization
 - Official document attesting that the organization has a legal or statutory obligation not to distribute profits to shareholders or individual members
- Secondary or higher education establishment
 - Official document that the organization is recognized as such by the national education system and is entitled to deliver diplomas recognized by the State



1. Validation of Legal Entities

The Legal Entity Appointed Representative (LEAR) – Roles



The appointment of a Legal Entity Appointed Representative (LEAR) is **mandatory. Without LEAR it is not possible to obtain the grant. Role of the LEAR:**

- Notifies the EU of changes in legal data/status;
- Submits documents related to Financial Capacity Assessment if required;
- Nominates/update in the Participant Portal the names of the legal representatives and signatories for the organisation
- Nominates/update in the Participant Portal the persons who may sign financial statements



No LEAR nomination may cause delays in the whole validation process and the signature of the GA, thus give priority to LEAR validation



1. Validation of Legal Entities

The LEAR – Documents for validation



- Letter of Appointment (dated and signed by legal representative and the LEAR)
- Declaration of consent to the Participant Portal Terms and Conditions (dated and signed by the legal representative)
- Valid proof of identity of the legal representative and the LEAR
- Proof of empowerment of the legal representative



Upload scanned versions, but keep the originals of the LEAR appointment letter and the declaration of consent available at any time for checks or audits!



1. Validation of Legal Entities


The LEAR – Validation by REA validation services



REA confirms the appointment by sending to the LEAR:

- the activation instructions by e-mail
- the account activation PIN code either by post or by SMS if the LEAR's mobile phone number was provided



Should you encounter any problems with the LEAR appointment, please contact the Validation Services via the messaging service in the My Organisations menu, clicking on the  (Modify Organisations) action button of the Participant Portal.



1. Validation of Legal Entities

LE and LEAR validation status-of-play



Acronym	Type	Partner ID	Legal Name	LE Validated	LEAR Validated
HEAVENN	PARTICIPANT	925968306	Nederlandse Aardolie Maatschappij BV	PENDING	PENDING
HEAVENN	PARTICIPANT	899957659	Gemeente Emmen	PENDING	PENDING
HEAVENN	PARTICIPANT	936792827	Gemeente Hoogeveen	SLEEPING	SLEEPING
HEAVENN	PARTICIPANT	916248033	European Research Institute for Gas and Energy Innovation - ERIG a.i.s.b.l	PENDING	PENDING
HEAVENN	PARTICIPANT	899655795	U.V.O. Vervoer B.V.	SLEEPING	SLEEPING
HEAVENN	PARTICIPANT	899654437	Nederlandse Particuliere Rijnvaart-Centrale Coöperatie U.A.	SLEEPING	SLEEPING
HEAVENN	PARTICIPANT	899646386	Hydrogen Ireland Association	SLEEPING	SLEEPING
MultiPLHY	PARTICIPANT	905229318	Hansen & Rosenthal KG	SLEEPING	SLEEPING
VIRTUAL-FCS	PARTICIPANT	899646095	Banke ApS	SLEEPING	SLEEPING
THyGA	PARTICIPANT	950521140	ARGB	SLEEPING	SLEEPING
PRHYDE	PARTICIPANT	899833887	Nikola Motor Company	PENDING	PENDING
ShipFC	PARTICIPANT	922294431	CAPITAL EXECUTIVE SHIP MANAGEMENT CORP.	PENDING	PENDING



2. Financial Validation

The four steps of the financial capacity assessment



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

These Legal entities provide – if not already available – their financial information and relevant supporting documents covering the last closed financial year; the information is then verified by the validation services

REA validation services proceed with financial analysis and provide with ratios

On the basis of the above, FCH JU takes the appropriate decisions and measures



2. Financial Validation

Legal entities subject to financial capacity assessment



Categories of Legal entities **not** subject to Financial Capacity Assessment:

- natural persons in receipt of scholarships
- public bodies
- international organisations
- higher or secondary education establishments
- legal entities guaranteed by a Member State or associated country

All other legal entities subject to Financial Capacity Assessment if:

- Coordinators **AND**
- the requested FCH JU funding for the action is \geq EUR 500,000



Financial Capacity Assessment can also be performed ad hoc on any beneficiary if based on available information there are grounds to doubt the financial capacity (e.g. indication of weak financial capacity from other sources, involvement in cases of serious administrative errors or fraud, recovery order for an outstanding amount issued by an EU body on which the payment is significantly overdue, substantial findings in EU audits within the last 2 years that put in doubt the financial capacity)



2. Financial Validation

The documents needed for the Financial Capacity Assessment



1. Profit and loss account
2. Balance sheet
3. Explanatory notes/annexes of the above financial statements
4. Audit report if your requested FCH funding is superior to EUR 750,000

Financial capacity assessment to be carried out on the last two closed financial years

You can check your financial capacity yourself by using the H2020 Financial self-check tool:

<http://ec.europa.eu/research/participants/portal/desktop/en/organisations/lfv.html>



2. Financial Validation

Conclusions of financial capacity assessment and protection measures



Result		Protection measures
Negative	Insufficient	<i>The Legal Entity cannot participate, except in duly justified reasons to be considered by the Authorising Officer.</i>
	Weak	<ul style="list-style-type: none"> <i>The LE cannot be coordinator but can participate in the project</i> <i>The LE may be subject to additional monitoring (e.g. through additional reviews or on-the-spot checks)</i>
Positive (*)	Acceptable, Good	<ul style="list-style-type: none"> <i>The LE can be excluded from the coordination but can participate in the project</i> <i>The LE may be subject to additional monitoring (e.g. through additional reviews or on-the-spot checks)</i>
Positive	Acceptable, Good	<i>None</i>
<p>(*) Financial capacity assessment is positive (acceptable or good), but:</p> <ul style="list-style-type: none"> <i>Indication of weak financial capacity from other sources</i> <i>involvement in cases of serious administrative errors or fraud</i> <i>recovery order for an outstanding amount issued by an EU body on which the payment is significantly overdue</i> <i>substantial findings in EU audits within the last 2 years that put in doubt the financial capacity</i> 		



2. Financial Validation

Bank account



- Bank accounts have to be validated in advance of any payment by the EU

- You will have to fill in the Participant Register the basic information required to identify the bank account and upload relevant supporting documents.



Ensure the bank account is in EURO!



3. Guarantee Fund

Overview



- 5% of the maximum GA amount will be retained at prefinancing payment and will be paid to the consortium at final payment of balance
- The GF is an internal fund that covers the risk of non-payment by H2020 beneficiaries
- The Fund belongs to all beneficiaries, is kept by the European Investment Bank and is managed by the European Commission (DG ECFIN invests funds in the financial markets)
- **Benefits:**
 - Reduced Financial Capacity Assessment
 - Limited protection measures following weak Financial Capacity Assessment (e.g. no reduction on pre-financing, no trust accounts, no bank guarantees...)



Legal & Financial Validation

H2020 online manual



The H2020 Online Manual is published on the Participant Portal
http://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/applying-for-funding/register-an-organisation_en.htm

It includes a dedicated section on the legal and financial validation rules as well as the LEAR role and tasks

Register in the Participant Register

If you want to participate in a project proposal, your organisation needs to be registered in the [Participant Register of the Participant Portal](#) and have a 9-digit Participant Identification Code (PIC).

You can verify whether your organisation is already registered and has a PIC on the Participant Portal '[Participant Register](#)' page. If not, you can start the registration process on the same page and, once completed, get the PIC to be quoted in your proposal and in any correspondence with the Commission.

If your proposal is successful, you will receive a notification that your proposal is selected for funding. When needed, the Commission will ask you to:

- provide supporting documents to confirm the information declared during the registration of your organisation ([validation of the legal entity](#))
- appoint a "Legal Entity Appointed Representative" (the so-called "[LEAR](#)")
- provide supporting documents to verify the [financial viability](#) of your organisation





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