



## A New political context at EU level

- **Political guidelines of President Juncker:** strengthening European citizens' security is a priority. Europe must become a security provider.
- **State of the Union speech in 2016:** announcement of the creation of a European Defence Fund and the need to go towards a European Defence Union. Part of the ideas around the future of Europe debate.
- **European Defence Action Plan** adopted in 2016, the Commission announced the initial parameter of a possible European Defence Fund, and started the Preparatory Action on Defence Research with a budget of €90m for 3 years.
- On **June 2017**, Commission launched **the European Defence Fund**: A two step approach
  - Two initial programmes in the current budget (the Preparatory Action and the European Defence Industrial Development Programme+ scaled up funding new MFF)
  - Scaled up funding for the new MFF: European Defence Fund
- **Following the EU Global Strategy:** closer cooperation in security and defence. Until the launch, December 2017, of the Permanent Structure Cooperation (PESCO) with 25 Member States, and 34 concrete operational cooperation projects



## Preparatory Action on Defence Research

- Budget: **EUR 90 million** for 2017-2019 in **grants**
- Funding: 100% direct eligible costs + indirect costs (flat rate of 25% of direct eligible costs)
- 2019 Work Programme and Calls for Proposals with **€25 million** for research in Electromagnetic Spectrum Dominance and Future Disruptive Defence Technologies



## European Defence Industrial Development Programme

- Budget: **EUR 500 million** for 2019-2020
- **Objective:** Support the competitiveness of EU defence industry by co-financing with Member States the development of defence capabilities (e.g prototype);
- **Rational for intervention:** EU money as an enabler of cooperation, will help to de-risk and kick start collaborative projects.
- Regulation adopted by the co-legislators on **18 July 2018**
- Work Programme (2019 / 2020) adopted on **19 March 2019**





## EDIDP Work Programme

- **€80 million** for the development of capabilities related to enabling operations, and enhancing protection and mobility of military forces, with a focus on unmanned systems;
- **€182 million** covering areas such as intelligence, cyber and space situational awareness and early warning, secured positioning, navigation and timing, European Command and Control (C2) or maritime surveillance;
- **€71 million** strengthening the ability to conduct high-end operations, e.g. upgrading or developing of the next generation of ground-based precision strike capabilities, of ground combat and air combat capabilities (aircraft and drones) and of future naval platforms.



## EDIDP Work Programme

- **€27 million** for projects covering the development of Defence technologies supported by Artificial Intelligence, Virtual Reality as well as to support Small and Medium Size Enterprises that target the development of innovative and future-oriented defence solutions.
- **€100 million** to support the development of the **Eurodrone** (European MALE RPAS), a crucial capability for Europe's strategic autonomy identified by the European Council in 2013 as a Union priority (Direct Award).
- **€37 million** to support the development of **ESSOR**, an interoperable and secure defence communication systems for operations (Direct Award).

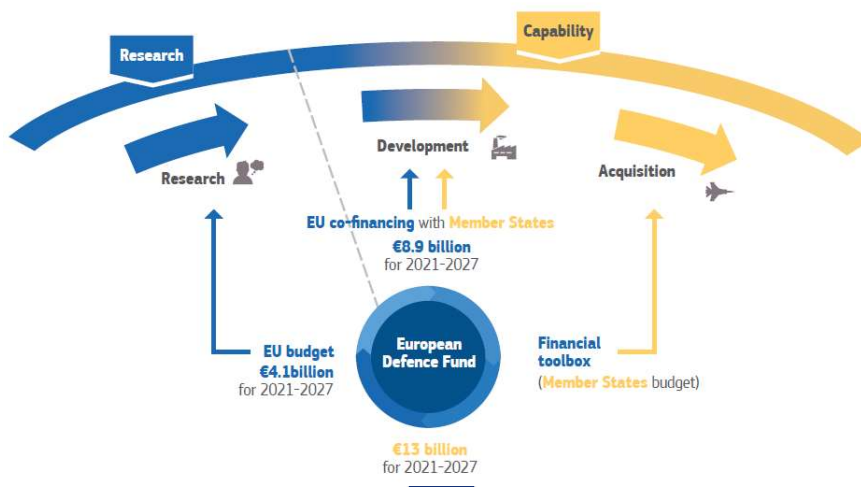




EDIDP – Open Calls for Proposals in 2019	Budget in million euro
Multipurpose unmanned ground system	30.6
Low-observable tactical RPAS, Euro-HAPS, European Detect and Avoid and Persistent earth observation	43.7
Cyber defence situational awareness, cyber threat hunting, modular and adaptive tactical networks	17.7
European Galileo PRS navigation receiver, European protected waveform for satellite communications	44.1
European Command and Control (C2) system from strategic to tactical level	20
Beyond Line Of Sight (BLOS) anti-tank capabilities	6.5
Airborne electronic attack and combat jet training platforms	12
Future naval platforms and related technologies	15
SMEs – Innovative and future-oriented defence solutions	7.5



## The European Defence Fund





## European Defence Fund 2021 - 2027

- **Budget: EUR 13 billion** for 2021 to 2027 (4.1bn for research actions and 8.9bn for development actions)
- **Integrated approach** covering the research and development activities – to strengthen the uptake of research results
- **Use of output based tools** such as single lump sums
- **Disruptive technologies:** dedicated support to ensure long term strategic autonomy for Europe
- Commission proposal adopted on 13<sup>th</sup> June 2018, currently beeing **discussed by the co-legislators** : text not yet finalised!



## What can be funded?

- Actions covering both **new** and **upgrade** of existing products and technologies in at least one of the following areas:
  - Activities aiming at new knowledge and defence technologies
  - Activities aiming at interoperability and resilience
  - Feasibility studies
  - Definitions / design studies
  - Prototypes**
  - Product tests
  - Qualification / Proof of suitability
  - Certification
  - Technologies to reduce life cycle costs
- 5% of the overall budget to benefit **disruptive technologies**





## Who can participate?

- **Cooperation projects** between at least **three legal entities** established in at least **three different Member States**
- Only **entities established in the Union** or in an associated country which are not controlled by third countries/companies
- Exception if conditions relating to the **security interests of the Union** and its Member States are met
  - No risk in the ability to perform the action (security of supply)
  - Classified information are not accessible to 3rd country entity (sensitive information protected)
  - No Transfer of IP (IPR remains in the EU)
- **Cooperation** with companies based outside the Union **possible**, but costs not eligible



## What are the award criteria?

- **Excellency**
- Contribution to **innovation and technological development** in the European defence industry
- Contribution to the **competitiveness and growth** of the defence industry
- Contribution to the **Union's security and defence interests**
- Contribution to the **cross-border participation of SMEs**
- Contribution to the **further integration** of the defence industry through joint operation, ownership or maintenance by Member States





## How high is the funding?

- **Co-financing approach** up to 100% of eligible cost, prototypes up to 20%, post-prototype actions up to 80%
- **25%** of the total direct eligible costs as **flat rate for indirect costs** or determined on the basis of **actual indirect costs**
- **10% PESCO bonus**
- **SME / mid-cap bonus**  
increase in the funding rate according to the proportion of cross-border participation of SMEs/midcaps in projects



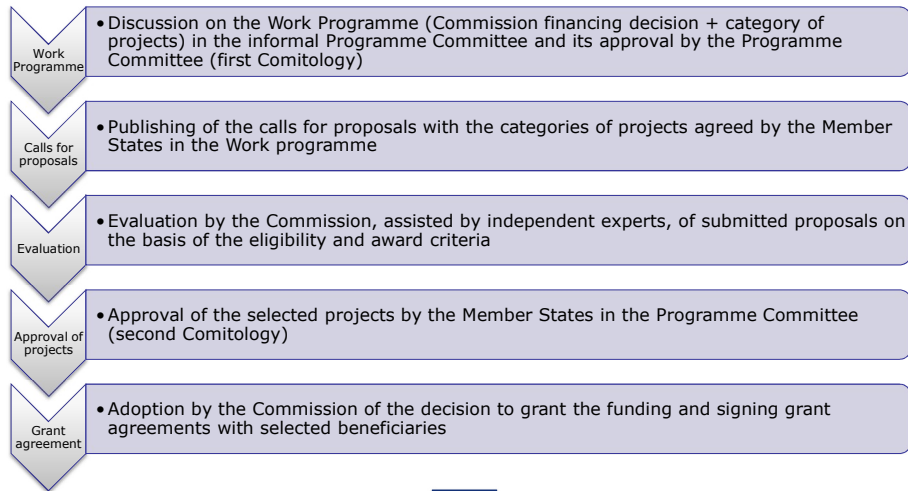
## What is the role of Member States?

- MS define **capability priorities** (e.g. CDP) as input for project categories and selection decision
- **Fund management:** EC and MS decide on Work Programme and Award Decision (**double comitology** for dev. actions)
- Only capability development projects with **harmonised capability requirements** and **common technical specifications**
- EU will only co-fund development of prototypes where Member States **intend to procure** final product and **co-finance** the development
- Exemptions for **non-EU-controlled companies** only with the consent of their Member States





## EDIDP implementation - process overview



## What is in for SMEs?

- **Balanced approach**  
EDIDP not only for large Member States and large companies – it provides opportunities for all EU's defence industry regardless of size and location within the EU.
- **SMEs in supply chains**  
A credible proportion of the budget (EDIDP regulation 10%) will benefit actions enabling cross-border participation of SMEs
- **SMEs in the consortium**  
Specific EDIDP project categories solely focused on consortia of SMEs
- **SME bonus and award criteria**  
Award criteria and bonus system for projects with substantial cross-border SME cost share







## European Defence Fund

### Next steps

1. EDIDP Calls for 2019 in the next days
2. EDIDP Calls for 2020 to be prepared in Expert Working Groups
3. Legislative procedure for the programme 2021-2027 ongoing

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*Thank you*