



THE EUROPEAN DEFENCE FUND

#EUDefenceIndustry

30 June 2021



A POWERFUL INSTRUMENT TO BOOST INDUSTRIAL DEFENCE COOPERATION THROUGHOUT EUROPE

The **European Defence Fund** incentivises and supports collaborative, cross-border research and development in the area of defence. The Fund will increase the EU's technological edge and develop the capabilities that are key for the strategic autonomy and resilience of the Union and its Member States and the protection of its citizens.

Complementing and amplifying Member States' efforts, the Fund promotes cooperation among companies and research actors of all sizes and geographic origin in the EU. In doing so, it will integrate further the European defence technological and industrial base, develop industrial skills and competencies as well as the innovation potential of Europe's industry.



A KEY ENABLER FOR A MORE SECURE AND COMPETITIVE EUROPE



By supporting innovative technologies and enhancing the competitiveness of the European defence technological and industrial base, Member States will get state-of-the-art equipment meeting their defence needs.



By pooling resources and defragmenting the EU defence industrial market, Member States will get better value for their investments and develop technologies and equipment that would be out of reach working independently.



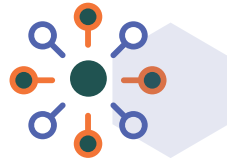
Offering support all along the research and development parts of the lifecycle to make sure that the results of research are not lost due to the lack of funding for developing prototypes and testing the technology.



A COLLABORATIVE TOOL TO REDUCE FRAGMENTATION AND INEFFICIENCIES



Lack of cooperation between Member States in the field of security and defence is estimated to cost between €25 billion and €100 billion every year.



Currently, the defence capability planning and around 80% of defence procurement is run on a purely national basis, leading to a costly duplication of defence capabilities.

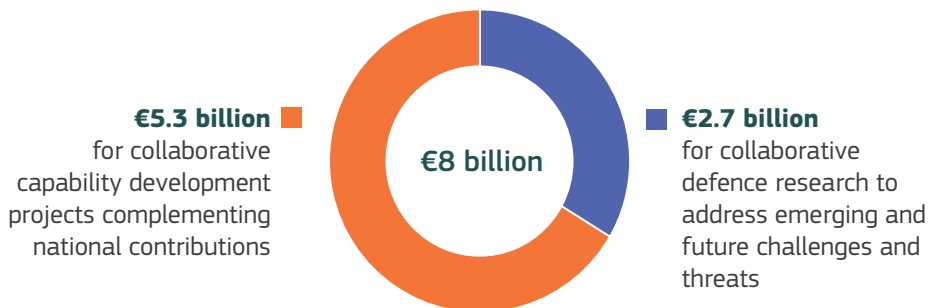


Only 9% of research and technology in the field of defence is conducted in cooperation between Member States.



A BUDGET MATCHING THE AMBITION

€8 billion from the EU budget is dedicated to the European Defence Fund for 2021-2027. The EU will become one of the top 3 defence research investors in Europe.



THE STEPPING STONES TO THE FUND

Two precursor programmes preceded the European Defence Fund, the **Preparatory Action on Defence Research (PADR)** and the **European Defence Industrial Development Programme (EDIDP)**.

With PADR, €90 million from the EU budget for 2017-2019 have been allocated to 18 defence research projects.

EDIDP has a budget of €500 million for 2019-2020. The 2019 EDIDP calls for proposals resulted in 16 projects funded. 26 new projects have been selected for funding following the second round of calls for proposals launched in 2020. 2 major capability projects (Eurodrone and Essor) have also been selected for direct award.



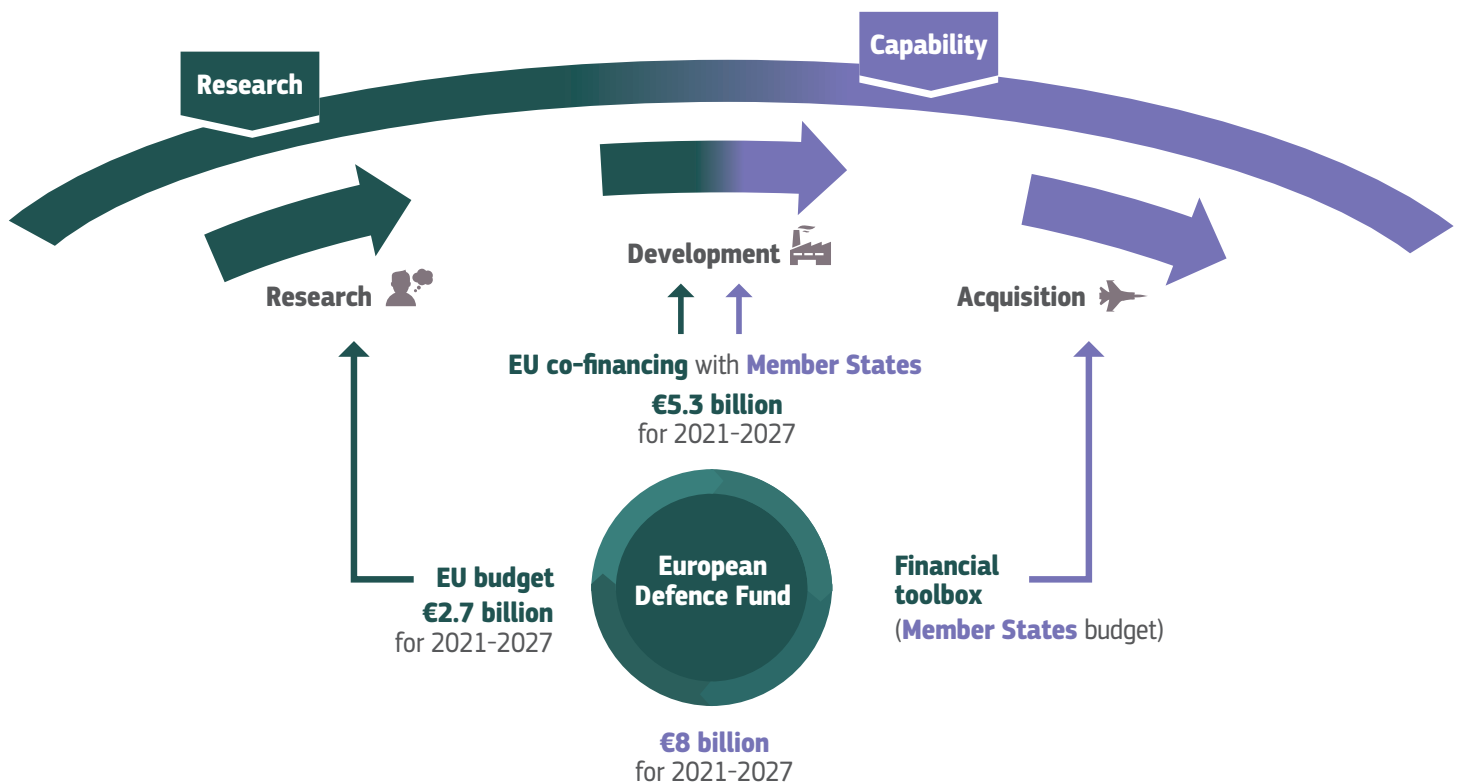


TAILORED SUPPORT TO ENTIRE CYCLE OF R&D PROJECTS

The Fund supports competitive and collaborative projects throughout the entire cycle of research and development for a bigger impact on the European defence capability and industrial landscape.

The Fund finances up to 100% of the total eligible costs of awarded projects, in particular through grants, including up to 35% of possible bonuses. Research activities could be funded up to 100% while development activities have different funding rates complementing Member States' or industrial investments, between 20%-80% from prototyping to certification.

However, the Fund does not cover the acquisition phase.



- In general **only collaborative projects** are eligible, with at least 3 participants from at least 3 different Member States or associated countries. For disruptive technologies, eligible projects should be composed at least from 2 participants from at least 2 Member States.
- **Projects will be defined along priorities set with Member States** aiming at contributing to the security and defence interests of the Union, in line with defence capability priorities agreed by Member States within the framework of the Common Security and Defence Policy and particularly in the context of the Capability Development Plan, and taking into account, where appropriate, priorities from other regional and international organisations (e.g. NATO).
- The Fund will incentivise the **cross-border participation of SMEs** by providing higher funding rates and favouring projects by consortia which include SMEs.
- **4-8% of the budget will be set aside to support innovative disruptive technologies for defence** that will boost Europe's long-term technological leadership and contribute to high-end defence products.
- To ensure that EU resources are put to good use, development of common prototypes will be funded only where **Member States intend to buy the final product or use the technology in a coordinated manner**. No capability will be owned by the EU.
- If eligible, activities developed in the context of **Permanent Structured Cooperation (PESCO)** may receive a higher EU funding rate, through possible bonus of additional 10% of eligible costs.



COHERENCE WITH OTHER EU DEFENCE INITIATIVES

- Ensuring complementarity between the European Defence Fund and the projects implemented within the framework of the Permanent Structured Cooperation (**PESCO**).
- Supporting other defence-related activities through the €5 billion **European Peace Facility**. The facility aims to increase the EU's support to peace operations by third parties worldwide; to cover joint costs of Common Security and Defence Policy military missions; to enable the EU to engage in broader actions aimed at supporting partner countries' armed forces with infrastructure, equipment or military technical assistance.
- A dedicated budget of €1.5 billion in the Connecting Europe Facility programme is to enhance the EU's strategic transport infrastructures to make them fit for **military mobility**.
- The **Action Plan on synergies between civil, defence and space industries** complements the European Defence Fund with the aim to avoid unnecessary duplication, enhance complementarity and ensure cross-fertilisation between civil and defence.



IMPLEMENTATION THROUGH ANNUAL WORK PROGRAMMES

The EDF is implemented through an annual work programme structured along 17 thematic and horizontal categories of actions which will remain stable during the Multiannual Financial Framework 2021-2027. The annual work programmes will lead to calls for proposals for collaborative research or development projects.

See: *EDF Calls 2021 Factsheet*

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 https://ec.europa.eu/defence-industry-space/index_en

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