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ANNEX

**ANNEX**

*to the*

**Commission implementing decision**

**on the financing of the instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) established by Regulation (EU) 2023/2418 of the European Parliament and of the Council and the adoption of the work programme for 2024-2025**

## ANNEX

### Work programme for 2024 – 2025 for EDIRPA - Regulation (EU) 2023/2418

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## 1. INTRODUCTION

On the basis of the objectives laid down in the EDIRPA Regulation, this work programme contains the actions to be financed and the budget breakdown for years 2024-2025 as follows:

- (a) for grants (implemented under direct management) (point 2);
- (b) for procurement (implemented under direct management) (point 3);

Legal basis

**Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA)**

Budget line(s)

Budget lines:

- BGUE-B2024-13.060100: EUR 268 733 368
- BGUE-B2025-13.060100: EUR 41 376 632

Objectives pursued

The objectives of EDIRPA are to foster the competitiveness and efficiency of the EDTIB by speeding up its adjustment to the new security environment and to foster cooperation in defence procurement processes between participating Member States and associated countries. In this perspective, actions involving cooperation for common procurement of the most urgent and critical defence products, including those revealed or exacerbated by the response to the Russian aggression against Ukraine, will be targeted by the funding priorities of the Work Programme. The latter shall in particular aim to ensure timely availability of sufficient quantities to fill the most urgent capability gaps, as referred to in Chapter 4 of the Joint Communication on Defence Investment Gaps Analysis of 18 May 2022.

Expected results

Overcoming the obstacles to common procurement and strengthening the cooperation among Member States or associated countries, in particular through the proportional sharing of technical and financial risks and opportunities based on a genuinely cooperative concept, as well as to greater interoperability.

Climate and biodiversity mainstreaming contribution - description of how the action(s) included in this work programme contribute to climate and biodiversity mainstreaming, in qualitative and quantitative ways

Not applicable.

## 2. GRANTS

The indicative amount of financial support for actions carried out by the Member States and associated countries under this work programme is EUR 309 600 000. See Appendix 1 for an overview of the calls for proposals, topics and budgets.

The EDIRPA Regulation is implemented through a single work programme covering the years 2024 and 2025.

The work programme identifies three calls with one topic each. The aim is to ensure the timely availability of sufficient quantities of the most urgent and critical defence products to fill the most urgent capability gaps.

### 2.1. EDIRPA-2024-FNLC-AMMO: Call for proposals on ammunition

Type of applicants targeted by the call for proposals.

Any eligible entity or entities as defined in Article 10 of the Regulation (EU) 2023/2418.

EDIRPA targets cooperation in defence procurement between at least 3 Member States or associated countries.

Description of actions involving cooperation for common procurement under EDIRPA (Article 12(3)(e) of Regulation (EU) 2023/2418) to be funded under the call for proposals, as well as of the objectives pursued and the expected results.

#### EDIRPA-2024-FNLC-AMMO-S2S: Common procurement of surface-to-surface ammunition

Any eligible action as defined in Article 8 of Regulation (EU) 2023/2418.

This topic aims at actions supporting common procurement of surface-to-surface ammunition for a wide range of capabilities/systems, including but not limited to small arms ammunition up to 12.7mm, as well as tank and anti-tank ammunition, mortars, rockets and artillery ammunition.

To achieve the expected impact, the estimated value of a common procurement proposed for actions under this topic should be around EUR 250 000 000 aiming to ensure the availability of sufficient quantities of the most urgent and critical defence products to fill the most urgent capability gaps. Nonetheless, this does not preclude submission and selection of a proposal covering different amounts.

The procurement shall be based on an agreement to be signed by the participating Member States and associated countries with a procurement agent. The cooperation shall be new or based on an existing framework that is enlarged in number participants.

Eligible actions are common procurement of systems or variants of systems. The common procurement can be organised as a framework contract.

#### Expected impact

The outcome should contribute to the replenishment of depleted stockpiles and to increase existing stockpiles. It is also intended to lead to increased interoperability among participants.

## Implementation

Direct management by the Commission.

Climate and biodiversity mainstreaming contribution - description of how this action contributes to climate and biodiversity mainstreaming in qualitative and quantitative ways

Not applicable.

## 2.2. EDIRPA-2024-FNLC-AMD: Call for proposals on air and missile defence

Type of applicants targeted by the call for proposals.

Any eligible entity or entities as defined in Article 10 of the Regulation (EU) 2023/2418.

EDIRPA targets cooperation in defence procurement between at least 3 Member States or associated countries.

Description of actions involving cooperation for common procurement under EDIRPA (Article 12(3)(e) of Regulation (EU) 2023/2418) to be funded under the call for proposals, as well as of the objectives pursued and the expected results.

### EDIRPA-2024-FNLC-AMD-CS: Common procurement of air and missile defence capabilities and systems

Any eligible action as defined in Article 8 of Regulation (EU) 2023/2418.

This topic aims at actions supporting common procurement for a wide range of capabilities/systems within air defence, air missile or missile defence. Included in this but not limited to (very) short range air defence systems ((V)SHORAD), man portable air defence systems (MANDPAD), high to medium air defence (HIMAD), ground to air ammunition, Counter Unmanned Air Systems (C-UASs), air surveillance radars and air defence radars.

To achieve the expected impact, the estimated value of a common procurement proposed for actions under this topic should be around EUR 250 000 000 aiming to ensure the availability of sufficient quantities of the most urgent and critical defence products to fill the most urgent capability gaps. Nonetheless, this does not preclude submission and selection of a proposal covering different amounts.

The procurement shall be based on an agreement to be signed by the participating Member States and associated countries with a procurement agent. The cooperation shall be new or based on an existing framework that is enlarged in number participants.

Eligible actions are common procurement of systems or variants of systems. The common procurement can be organised as a framework contract.

### Expected impact

The outcome should contribute to the reinforcement of air and missile defence capabilities of the participants. Furthermore, it should contribute to the replenishment of depleted stockpiles and to increase existing stockpiles. It is also intended to lead to increased interoperability among participants.

## Implementation

Direct management by the Commission.

Climate and biodiversity mainstreaming contribution - description of how this action contributes to climate and biodiversity mainstreaming in qualitative and quantitative ways

Not applicable.

### **2.3. EDIRPA-2024-FNLC-LSP: Call for proposals on Legacy Systems and Platforms**

Type of applicants targeted by the call for proposals.

Any eligible entity or entities as defined in Article 10 of the Regulation (EU) 2023/2418.

EDIRPA targets cooperation in defence procurement between at least 3 Member States or associated countries.

Description of actions involving cooperation for common procurement under EDIRPA (Article 12(3)(e) of Regulation (EU) 2023/2418) to be funded under the call for proposals, as well as of the objectives pursued and the expected results.

EDIRPA-2024-FNLC-LSP-PRLS: Common procurement of platforms and the replacement of legacy systems

Any eligible action as defined in Article 8 of Regulation (EU) 2023/2418.

This topic aims at actions supporting common procurement for a wide range of capabilities/systems of platforms and platform systems, including but not limited to tanks, armoured vehicles, support vehicles, combat platforms, soldier systems, or its sub systems and the replacement of legacy systems.

To achieve the expected impact, the estimated value of a common procurement proposed for actions under this topic should be around EUR 250 000 000 aiming to ensure the availability of sufficient quantities of the most urgent and critical defence products to fill the most urgent capability gaps. Nonetheless, this does not preclude submission and selection of a proposal covering different amounts.

The procurement shall be based on an agreement to be signed by the participating Member States and associated countries with a procurement agent. The cooperation shall be new or based on an existing framework that is enlarged in number participants.

Eligible actions are common procurement of systems or variants of systems. The common procurement can be organised as a framework contract.

Expected impact

The outcome should contribute to the reinforcement of platform systems for the participants, and possibly replace Soviet-era legacy systems as well as to replenish capabilities reduced by

donations to Ukraine and Moldova. It is also intended to lead to increased interoperability among participants.

## Implementation

Direct management by the Commission.

Climate and biodiversity mainstreaming contribution - description of how this action contributes to climate and biodiversity mainstreaming in qualitative and quantitative ways

Not applicable.

## 2.4. Additional information

The Commission is considering a total budget of EUR 309 600 000 for all calls with the following indicative overall amount of Union contribution for each funding priority:

- EDIRPA-2024-FNLC-AMMO: EUR 103 200 000
- EDIRPA-2024-FNLC-AMD: EUR 103 200 000
- EDIRPA-2024-FNLC-LSP: EUR 103 200 000

Several proposals may be funded under each topic.

Depending on the number and quality of received proposals and the requested Union financial contributions, the Commission may decide to reallocate budget between calls.

### Financing rate

Grants will take the form of financing not linked to costs, pursuant to Article 125(1)(a) of the Financial Regulation.

The calculation of the Union financial contribution per action is calculated as described in Appendix 6.

### Additional eligibility conditions

The minimum estimated value of a common procurement to be eligible for funding within each call is:

- EDIRPA-2024-FNLC-AMMO: EUR 120 000 000
- EDIRPA-2024-FNLC-AMD: EUR 150 000 000
- EDIRPA-2024-FNLC-LSP: EUR 150 000 000

### Award criteria and weighting

Submitted proposals will be scored against each of the following award criteria (score from 0 to 5, with increments of 0.5) using the weighting below:

<b>Award criteria as defined in Article 11 of Regulation (EU) 2023/2418</b>	<b>Weighting</b>
(a) number of Member States or associated countries	2
(b) estimated value of the common procurement	2
(c) strengthening of the competitiveness and to the adaptation, modernisation, and development of the EDTIB	2
(d) replenishment of stockpiles	2
(e) strengthening cooperation among Member States or associated countries,	1
(f) overcoming obstacles to common procurement	1
(g) competitiveness and adaptation of the EDTIB to structural changes	1
(h) participation of SMEs and mid-caps	1
(i) new cross-border cooperation	1
(j) quality and efficiency	1
<b>Maximum score:</b>	<b>70</b>
<b>Overall threshold</b>	<b>42</b>

There is no minimum pass score for individual criteria: only an overall threshold will apply for each of the topics.

See Appendix 2 for the list and definition of the award criteria referred to in Article 11 of **Regulation (EU) 2023/2418**.

### 3. PROCUREMENT

The global budgetary envelope reserved for procurement contracts



Description, including the objectives pursued and expected results

EUR 510 000

As referred to in Article 4 of the EDIRPA Regulation, funding may be used for technical and administrative assistance for the implementation of the instrument, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems. In particular:

- As referred to in Article 15(2) of Regulation (EU) 2023/2418, EDIRPA outreach actions will contribute to information and communication activities related to the instrument, to action taken pursuant to the Instruments and to the results obtained.
- Development and support of IT systems adaptations to EDIRPA specificities.
- Studies related to the EDIRPA evaluation as referred to in Article 14 of Regulation (EU) 2023/2418.

Implementation

Public procurements under direct management by the Commission.

Climate and biodiversity mainstreaming contribution – description of how this action contributes to climate and biodiversity mainstreaming in qualitative and quantitative ways

Not applicable.

**APPENDIX 1: OVERVIEW OF THE CALLS FOR PROPOSALS, BUDGET AND TOPICS FROM A THEMATIC PERSPECTIVE**

<b>Thematic</b>	<b>Call</b>	<b>Topic</b>	<b>Indicative total call budget</b>
Cooperation	EDIRPA-2024-FNLC-AMMO	EDIRPA-2024-FNLC-AMMO-S2S	EUR 103 200 000
Cooperation	EDIRPA-2024-FNLC-AMD	EDIRPA-2024-FNLC-AMD-CS	EUR 103 200 000
Cooperation	EDIRPA-2024-FNLC-LSP	EDIRPA-2024-FNLC-LSP-PRLS	EUR 103 200 000

**APPENDIX 2: DETAILS CONCERNING THE APPLICATION OF AWARD CRITERIA APPLIED IN THE EVALUATION OF THE PROPOSALS (ARTICLE 11 OF REGULATION (EU) 2023/2418)**

According to Article 11 of Regulation (EU) 2023/2418, the Commission shall evaluate proposals on the basis of the award criteria defined in paragraph 1 of such article.

This appendix provides further details concerning the application of such criteria, in particular:

- The elements that the Evaluation Committee defined in Appendix 3 will consider for the assessment of proposals submitted in response to EDIRPA calls for proposals;

<b>Award Criteria</b>	<b>Elements that will be looked at as part of the assessment of the proposal against the award criteria</b>
(a) the <b>number of Member States or associated countries</b> participating in each common procurement;	Number of Member States or associated countries that have committed to participate in the common procurement.
(b) the estimated <b>value of the common procurement</b> ;	<p><b>Common Procurement value</b></p> <p>Estimated value of the common procurement taking into consideration the targeted defence product in particular <i>vis-à-vis</i> the expected estimated value of common procurement set out in the work programme.</p> <p><b>Estimation of common procurement value</b></p> <p>Justification and description of the methodology used to calculate the estimated value of the common procurement in scope of the action.</p>
(c) a demonstration of the action’s contribution to the <b>strengthening of the competitiveness and to the adaptation, modernisation and development of the EDTIB</b> in order to allow it to address, in particular, the most urgent and critical defence-product needs, as referred to in Article 3(2), including with regard to delivery lead times, availability and supply;	<p><b>Shortfalls and limitations of delivery lead times and availability</b></p> <p>Description of the shortfalls and limitations for the timely delivery and availability of the targeted defence products and/or capabilities, in particular in response to the most urgent and critical defence-products needs, and how the action will contribute to their reduction or elimination.</p> <p><b>EDTIB modernisation-Long lasting effect</b></p> <p>Description of how the action will contribute to the competitiveness and efficiency of the EDTIB beyond the delivery of the defence product within the scope of the common procurement demonstrating a positive impact through creation of new market opportunities and accelerating the growth of the undertakings involved in the common procurement.</p> <p><b>Time to procure</b></p> <p>Provision of information on when the common procurement contract is expected to be fully in place (i.e. signature) and indication of the lead time for the delivery of the targeted defence-products. Description of the strategy and efforts of the consortium to ensure the speeding-up and timely completion of the common procurement contracts leading to final delivery.</p>
(d) a demonstration of the action’s contribution to the <b>replenishment of stockpiles</b> , including those depleted	<p><b>Replenishment, Replacement and Reinforcement</b></p> <p>Description of how and the extent to which the proposed common procurement will contribute to the availability of</p>

<p>as a result of the response to Russia’s war of aggression against Ukraine, to the replacement of obsolete equipment, and to the reinforcement of capabilities, as referred to in Article 3(2);</p>	<p>sufficient quantities of the most urgent and critical defence products needs through replenishment of stockpiles (e.g., those depleted by the shipments to Ukraine) including with equipment available on the market and/or replacement of obsolete systems (including Soviet legacy systems), and/or reinforcement of Member States’ defence capabilities, in particular in relation with the bottlenecks and shortfalls referred to in section 4 of the joint communication on Defence Investment Gaps Analysis.</p>
<p>(e) the extent of the action’s contribution to <b>strengthening cooperation among Member States or associated countries</b>, in particular through the proportional sharing of technical and financial risks and opportunities based on a genuinely cooperative concept, as well as to the interoperability of products procured under this Regulation;</p>	<p><b>Genuine cooperation</b> Describe the added value that action will bring to defence cooperation among the participant Member States or associated countries through the establishment of new cooperations in defence procurement among Member States or associated countries. Description and justification of the envisaged approaches and/or commitments for technical risks sharing (e.g., liability regime) and proportion of financial contribution to the common procurement (financial risk sharing) Identification of further cooperation opportunities among Member States or associated countries (inside and beyond the consortium) enabled by the action, e.g., common training, common maintenance. <b>Interoperability</b> Description of how the proposed action will contribute to the interoperability of the defence products procured and the associated capabilities.</p>
<p>(f) the action’s contribution to <b>overcoming obstacles to common procurement</b>;</p>	<p><b>Catalytic Effect</b> Description of the benefits and added value that the Union contribution will bring to overcome the obstacles faced by the consortium to implement the targeted common procurement action.</p>
<p>(g) the extent of the action’s contribution to the <b>competitiveness and adaptation of the EDTIB to structural changes</b>, including technological changes, through, <i>inter alia</i>, the envisaged creation or ramping-up of manufacturing capacities, the reservation of manufacturing capacities, and the security of supply;</p>	<p><b>Manufacturing ramp-up</b> Description, if applicable, of how the action will create and/or reinforce supply chains and/or manufacturing capacities, and which commitments are included in the common procurement to undertake complementary measures to support industrial ramp-up (e.g., measures to facilitate the reskilling/upskilling). <b>Demand Side adaptation</b> Description of how the common procurement contract will be implemented in order to satisfy changing demand and ensure availability in cases of unforeseen changes in the geopolitical and technological context (e.g., reprioritisation mechanisms, production KPI) including with the possibility to include reservation of manufacturing capacities with specific targets to be included as tender requirement/procurement contract.</p>
<p>(h) the <b>participation of SMEs and mid-caps</b>;</p>	<p><b>SMEs and Mid-caps involvement</b></p>

	<p>Description of how the foreseen cooperative procurement will be able to ensure participation of SMEs and mid-caps (e.g., contractual conditions).</p> <p>Estimation and justification of which proportion of the overall foreseen procurement contract will be allocated to SMEs and midcaps established in different Member States or associated countries.</p> <p>Description of the industrial and/or technological added value brought by SMEs and mid-caps to the targeted common procurement.</p>
<p>(i) the creation of <b>new cross-border cooperation</b> between contractors and subcontractors in the supply chains throughout the Union;</p>	<p><b>Scope of cross-border cooperation</b></p> <p>Description of how the proposed common procurement action will contribute to the creation and/or set-the basis for future cross-border cooperations between undertakings (contractor, subcontractors, and other undertakings in the supply chains) established in different Member States or associated countries.</p> <p><b>Supply-chain reinforcement</b></p> <p>Explanation of the added-value brought by the identified cross-border cooperation within the common procurement to the robustness, resilience of the supply chains throughout the Union.</p>
<p>(j) the <b>quality and efficiency</b> of the plans for carrying out the action</p>	<p><b>Work plan and work packages</b></p> <p>Description of the work-plan, and the timing and interrelations between Work Packages/Milestones.</p> <p>Description of activities, tasks, expected outcomes, deliverables, outputs, and outcomes of the different work packages proposed.</p> <p><b>Project and quality management</b></p> <p>Management structures and procedures including consortium set-up, cooperation and division of roles, and decision-making mechanisms.</p> <p>Description of the measures taken, and method used to monitor the project and its timely delivery including description of risk management methodology and identification of critical risks.</p>

### **APPENDIX 3: DESCRIPTION OF THE PROCEDURE FOR THE EVALUATION AND SELECTION OF PROPOSALS UNDER EDIRPA (ARTICLE 12(3)(G) OF REGULATION (EU) 2023/2418)**

The proposals submitted in response to EDIRPA call for proposals will follow a standard submission and evaluation procedure consisting of:

- one-stage submission (through the European Commission Funding and Tenders Portal)
- one-step evaluation carried out by an evaluation committee appointed by the Authorising Officer

The evaluation committee is composed by at least three persons selected among Commission statutory staff and complying with requirements of Article 150 of the Financial Regulation.

The evaluation committee will evaluate all proposals received in response of a call for proposals. The evaluation will be performed following the procedure described below:

#### **Evaluation Procedure**

The following procedures will be carried out during the evaluation:

##### Admissibility

Proposals are checked for formal requirements related to admissibility (e.g., formal submission requirements). Inadmissible proposals will be rejected.

##### Eligibility

Proposals are checked against the eligibility conditions which are specified in the call text (action, activities, consortium composition and beneficiaries etc.)<sup>1</sup>. Proposals which fail to meet any of the eligibility criteria will be rejected.

##### Scoring of award criteria

Proposals are assessed against the award criteria. The outcome of the assessment is a qualitative scoring of the proposal.

The award criteria and the associated specific aspects used by the evaluation committee are described in Appendix 2 and reflected in the proposal submission form.

The evaluation committee will score each proposal against each award criterion on a scale from 0 to 5 (half-points will be allowed). The total score of a proposal is the sum of the weighted scores of each award criterion. The proposals receiving a score above the threshold will proceed to next step of the evaluation process.

##### Ranking

Based on the scoring of the evaluated proposals, a **ranking list** for each call is established.

For proposals with the same score the ranking position is determined by:

- The score for criterion (a), number of Member States or associated countries involved in the action.
- If the scores for criterion (a) is equal, the score for criterion (b) (value of common procurement) will determine the order.
- If the scores for criterion (a) and criterion (b) are equal, the score for criterion (d) (replenishment, replacement, reinforcement) will determine the order.

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<sup>1</sup> As set by EDIRPA Regulation, eligible beneficiaries are public law bodies (i.e. public authorities of MS/associated countries, and procurement agents as defined in Article 2(5) EDIRPA. In line with Article 198(5) and Article 198(6) of the Financial Regulation, the verification of financial capacity does not apply to such entities, which may also be exempt from the verification of operational capacity.

- If the scores for criteria (a), (b) and (d) are equal, the score for criterion (c) (Strengthening EDTIB) will determine the order.
- If necessary, any further prioritisation will be based on the estimated value (in EUR) of the common procurement (highest value corresponding to higher ranking).

### Award and signature

The number of proposals proposed for award by the Commission within a specific call depends on the call conditions, budget availability, the proposals received, and the results of the ranking. When the call conditions allow that several actions may be funded, the highest ranked proposals will be awarded in the order of the ranking list within the limit of the budget available for the call.

A set of proposals complying with all criteria but not funded due to lack of budgetary appropriations can be placed on the reserve list. Proposals in the reserve list may be selected for grants if budgetary appropriation becomes available.

The Commission will reserve the right not to award all available funds or to redistribute them between calls, depending on the proposals received and the results of the evaluation.

**APPENDIX 4: DESCRIPTION OF THE MILESTONES AND THE ASSOCIATED AMOUNTS THAT ARE TO BE DISBURSED UNDER EDIRPA (ARTICLE 12(3)(H) OF REGULATION (EU) 2023/2418)**

The following Milestones are designed in such a way as to mark substantial progress in the implementation of actions, the results to be achieved and the associated amounts to be disbursed.

In order to address the most urgent and critical defence product needs, especially those revealed or exacerbated by the response to the Russian war of aggression, each grant awarded under EDIRPA should achieve all the identified Milestones **within a timeframe of 24 months from the signature of the grant agreement** with the Commission.

Milestone	Description	Results to be achieved	EU contribution
Commitment to commonly procure	This milestone corresponds to the agreement reflecting the number of participants to the common procurement and their commitment to jointly procure according to agreed modalities.	<p>Signature of an agreement by at least the minimum number of Member States (MS) or associated countries (AC) with the procurement agent</p> <p>The agreement formalises the following indicators:</p> <ul style="list-style-type: none"> <li>• the <b>number of Member States/AC</b> that will participate in the common procurement;</li> <li>• the <b>appointment</b>, by unanimity, of the <b>procurement agent (PA) empowered</b> to carry out the common procurement procedures (incl. necessary requirement checks, cf. below) and to conclude the contract(s) with the contractors (industrial stakeholders) <b>on behalf of</b> the participating MS/AC;</li> <li>• the <b>common procurement procedures</b>, i.e., the practical arrangements governing the common procurement and the decision-making process on the choice of the common procurement procedure, the assessment of the tenders and the award of the contract(s): <ul style="list-style-type: none"> <li>➤ the common procurement procedures and contracts must include the following <b>requirements concerning contractors and subcontractors</b> for the PA to verify: <ul style="list-style-type: none"> <li>▪ establishment in the EU/AC;</li> <li>▪ executive management structures in EU/AC;</li> <li>▪ not subject to control by non-associated third country/entity (PA to perform control assessment) or FDI screened: <ul style="list-style-type: none"> <li>• if subject to control and not FDI screened, request guarantee verified by MS/AC (template to be used included in tender conditions);</li> </ul> </li> </ul> </li> </ul> </li> <li>• the obligations and responsibilities of the PA, notably:</li> </ul>	20% of the EU contribution determined in accordance with the method set out in Appendix 6



		<ul style="list-style-type: none"> <li>➤ obligation to notify the Commission of contractors and subcontractors that have been subject to FDI screening and of contractors and subcontractors subject to non-EU control, with guarantees verified by MS/AC;</li> <li>➤ obligation to check that the defence product is not subject to restriction by non-associated third country, which limits the ability of the MS/AC to use that defence product: <ul style="list-style-type: none"> <li>▪ Exception for urgent and critical defence products if in use prior 24/2/2022 by the armed forces of a majority of MS/AC in the common procurement, and</li> <li>▪ MS/AC commit to studying the feasibility of replacing the components that cause the restriction with an alternative component.</li> </ul> </li> </ul>	
Industry/Market Engagement	<p>This milestone corresponds to the availability of the documentation for the implementation of the common procurement procedure by the procurement agent according to the modalities agreed by the participating Member States/AC.</p> <p>The common procurement documentation available to the targeted industrial stakeholders (either published or directly distributed to tenderers) should in particular reflect the agreed procurement strategy, the specific scope of the procurement and provide, if applicable, the Contract award criteria and technical marking scheme.</p>	<p>Finalisation and availability to industrial stakeholders of the full set of documentation that the selected procurement agent will share with the industry for the preparation of the offers.</p> <p>The indicators to be checked in the documentations are:</p> <ul style="list-style-type: none"> <li>• scope of the common procurement;</li> <li>• participation requirements for contractor and subcontractors specified by the EDIRPA Regulation;</li> <li>• availability of the common procurement documentation to the industrial stakeholders;</li> <li>• elements related to additional incentives as specified in the work programme and/or in the Call for proposals, if any (e.g., allocation of work share to SMEs, procurement of additional quantities for Ukraine and Moldova, characteristics which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry, etc.).</li> </ul>	15% of the EU contribution determined in accordance with the method set out in Appendix 6
Common Procurement contract(s) Signature	<p>This milestone corresponds to the availability of a legally binding document (e.g., a contract, multiple contracts) between the procurement agent and the</p>	<p>Signature of the common procurement contract (or multiple contracts) between the procurement agent and the contractors on behalf of the minimum number of Member States/AC required by Article 8(1), point (c) of the Regulation.</p> <p>Indicators to be checked in the milestone are:</p>	15% of the EU contribution determined in accordance with

	industrial stakeholders (contractors to the common procurement).	<ul style="list-style-type: none"> <li>• Financial size of the common procurement within the scope of the EDIRPA grant;</li> <li>• Percentage of the value of the common procurement allocated to SMEs and mid-caps;</li> <li>• Cross-border cooperation between contractor and subcontractors involved in the common procurement;</li> <li>• Cost of components originating in the Union;</li> <li>• Procurement agent <u>may</u> procure additional quantities of the concerned defence product for Ukraine or Moldova;</li> <li>• Assessment of control status or FDI screening of contractors and subcontractors performed;</li> <li>• Reporting on notifications of control status or FDI screening of contractors and subcontractors performed.</li> </ul>	the method set out in Appendix 6
Common Procurement payment and/or delivery	This milestone corresponds to the evidence of operationalisation of the Common Procurement through at least one payment to the industrial stakeholders (contractor and subcontractors) by the minimum number of Member States required by Article 8(1), point (c) of the EDIRPA Regulation or a delivery to the minimum number of Member States required by Article 8(1), point (c) of the EDIRPA regulation	<p>At least one payment related with the signed common procurement contracts (of all or part of the value of the common procurement within the scope of the EDIRPA grant) made to the industrial stakeholders by the minimum number of Member States or the delivery of at least one of the commonly procured defence products to the minimum number of Member States.</p> <p>The milestone could also correspond to a delivery to less Member States/AC than the minimum number, under the condition that at least one payment by the minimum number of Member States as described above is already completed.</p> <p>The indicators to be checked are:</p> <ul style="list-style-type: none"> <li>• Demonstration that at least one payment related with the common procurement contract(s) implementation to the contractors has been done by the minimum number of Member States required by Article 8(1), point (c) of the Regulation or a delivery to the minimum number of Member States has been done by the contractors;</li> <li>• Ukraine or Moldova <u>are</u> one of the recipients of additional quantities of defence products in the procurement action.</li> </ul>	50% of the EU contribution determined in accordance with the method set out in Appendix 6

**APPENDIX 5: DESCRIPTION OF THE ARRANGEMENT FOR THE VERIFICATION OF THE MILESTONES DEFINED IN APPENDIX 4, THE FULFILMENT OF CONDITIONS AND THE ACHIEVEMENT OF RESULTS (ARTICLE 12(3)(I) OF REGULATION (EU) 2023/2418)**

Milestone		Arrangement for verification	Fulfilment of Conditions	Achievement of results
M1	Commitment to commonly procure	<p>Availability to the Commission of the Agreement (or part of it containing the information needed to check the fulfilment of conditions to be verified).</p> <p>The Commission shall be granted access to the information to be able to verify that all relevant conditions set in the work programme and grant conditions are met as well as the compliance with consortium eligibility conditions.</p> <p>Specific arrangements for verifications should be detailed in the grant agreement (e.g., the Agreement (or part of it) could be identified as grant deliverable<sup>2</sup> to be approved as part of the milestone acceptance).</p>	<p>Compliance with objectives set out in the work programme and grant agreement.</p> <p>Acceptance of the milestone by the granting authority.</p>	See Appendix 4 on results to be achieved for M1
M2	Industry/market engagement	<p>Availability of the proof that the common procurement procedure documentation is available to the industrial stakeholders and to the Commission of the common procurement documents (or the part(s) of it containing the information needed to check the fulfilment of conditions to be verified) as shared with industrial stakeholders.</p> <p>The Commission shall receive access to the information to be able to verify that all relevant conditions set in the work programme and grant conditions are met by the common procurement documents, as well as the compliance with the additional eligibility conditions set in the Regulation.</p> <p>Specific arrangements for verifications should be detailed in the grant agreement (e.g., the common procurement documents (or a subset of them) could be identified as grant deliverable<sup>3</sup> to be approved as part of the Milestone acceptance).</p>	<p>Compliance with objectives set out in the work programme and grant agreement.</p> <p>Acceptance of the milestone by the granting authority.</p>	See Appendix 4 on results to be achieved for M2

<sup>2</sup> Deliverables accessible by the Commission to the extent that it is necessary for it to discharge its obligations, through mutually agreed procedures with the originator in line with relevant Union and national law governing the handling of sensitive or classified information.

<sup>3</sup> Deliverables accessible by the Commission to the extent that it is necessary for it to discharge its obligations, through mutually agreed procedures with the originator in line with relevant Union and national law governing the handling of sensitive or classified information.

M3	Common procurement contract(s) signature	<p>Availability to the Commission of the signed contract(s) (or part of it containing the information needed to check the fulfilment of conditions to be verified).</p> <p>The Commission shall be granted access to the information to be able to verify that all relevant conditions set in the work programme and grant conditions are met by the signed contract(s) corresponding to the financial size of the common procurement as well as the compliance with the additional eligibility conditions set in the Regulation.</p> <p>Specific arrangements for verifications should be detailed in the grant agreement (e.g., the signed contract(s) (or part of them) could be identified as grant deliverable<sup>4</sup>).</p>	<p>Compliance with objectives set-out in the work programme and grant agreement, in particular in relation with the common procurement financial size, the industrial consortium compositions and the possibility of providing support to Ukraine and/or Moldova.</p> <p>Acceptance of the milestone by the granting authority.</p>	<p>See Appendix 4 on results to be achieved for M3</p>
M4	Common procurement payment and/or delivery	<p>Availability to the Commission of relevant evidence of the operationalisation of the common procurement contract(s).</p> <p>The Commission shall be granted access to the information to be able to verify that the EDTIB has been effectively engaged under the common procurement contract and according to the specified conditions (e.g., budget transferred between the Procurement Agent and/or Member States/AC to industrial stakeholders or delivery of defence products by the industrial stakeholders to the Member States/AC).</p> <p>Specific arrangements for verifications should be detailed in the grant agreement (e.g., the proof of payment and/or delivery (or part of them) could be identified as grant deliverable<sup>5</sup>).</p>	<p>Acceptance of the milestone by the granting authority, in particular in relation with the verification that the industrial consortium is effectively engaged through the contract(s).</p> <p>This could be demonstrated either through a proof of payment (initial, partial, total, final) by the procurement agent and/or Members States/AC or a proof of delivery (partial, total) of the defence products to one or more of the Members States/AC involved in the common procurement. Every Member State/AC involved needs to have at least conducted a payment or received a defence product within the duration of the EDIRPA grant.</p>	<p>See Appendix 4 on results to be achieved for M4</p>

<sup>4</sup> Deliverables accessible by the Commission to the extent that it is necessary for it to discharge its obligations, through mutually agreed procedures with the originator in line with relevant Union and national law governing the handling of sensitive or classified information.

<sup>5</sup> Deliverables accessible by the Commission to the extent that it is necessary for it to discharge its obligations, through mutually agreed procedures with the originator in line with relevant Union and national law governing the handling of sensitive or classified information.

## **APPENDIX 6: METHODS FOR DETERMINING AND, WHERE APPLICABLE, ADJUSTING THE EU FINANCIAL CONTRIBUTION UNDER EDIRPA (ARTICLE 12(3)(J) OF REGULATION (EU) 2023/2418)**

The EDIRPA Regulation, in Article 7<sup>6</sup>, establishes the use of funding not linked to costs for the grants financed under the instrument and the basis for calculation of the level of Union contribution attributed to each action.

The financial contribution shall be established taking into consideration the collaborative nature of the common procurement and the need to create the incentive effect necessary to induce cooperation. The EDIRPA Regulation also provides for incentives for procurement of a higher value and the inclusion of additional Member States or associated countries in an existing cooperation.

The payments should be based on the achievement of results by reference to milestones or targets of the common procurement process in order to create the necessary incentive effect.

### **Calculation of the Union contribution (maximum grant amount)**

The calculation of the Union contribution amount for each grant will be done following the provisions in the EDIRPA Regulation, determining a baseline percentage plus a set of additional incentives (top-ups) as follows:

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<sup>6</sup> Article 7

Use of financing not linked to costs

1. Grants shall take the form of financing not linked to costs, pursuant to Article 180(3) of the Financial Regulation.
2. The level of the Union contribution attributed to each action may be defined on the basis of factors such as:
  - (a) the complexity of the common procurement, for which a proportion of the estimated value of the common procurement contract and the experience gained in similar actions may serve as an initial proxy;
  - (b) the characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry; or
  - (c) the number of participating Member States and associated countries or the inclusion of additional Member States or associated countries in existing cooperations.
3. The Union financial contribution to each action shall not exceed 15 % of the amount referred to in Article 4(1) and shall be capped at 15 % of the estimated value of the common procurement contract per consortium of Member States and associated countries.

By way of derogation from paragraph 3 of this Article, the Union financial contribution to each action may amount to up to 20 % of the amount referred to in Article 4(1) and shall be capped at 20 % of the estimated value of the common procurement contract where at least one of the following conditions is met:

- (a) Ukraine or Moldova are one of the recipients of additional quantities of defence products in the procurement action, in accordance with Article 9(3).
- (b) at least 15 % of the estimated value of the common procurement contract is allocated to SMEs or midcaps as contractors or subcontractors.

The following methods for determining and, where applicable, adjusting the funding amounts under EDIRPA reflect the guidance provided in that Article 7, incentivise cooperation between Member States/associated countries to fulfil the objectives set out in the Regulation and take due consideration to the funding priorities aiming to ensure the availability of sufficient quantities of the most urgent and critical defence products to fill the most urgent capability gaps.

### STEP 1: EU contribution not linked to costs amount baseline:

The baseline Union contribution amount for the action will be calculated based on the complexity of the common procurement, for which a proportion of the estimated value of the common procurement contract and the experience gained in similar actions serve as an initial proxy (EDIRPA Regulation Art 7(2), point (a)).

The baseline amount will be calculated as 7% of the estimated value of the common procurement contract as provided in the grant agreement. This percentage is in line with the maximum flat-rate estimation of indirect costs for EU funded grant actions as specified in the Financial Regulation which represent a proxy of the administrative costs related to the collaborative nature of the common procurement.

<b>Baseline element</b>	<b>Basis in the EDIRPA Regulation</b>	<b>Baseline amount</b>
Estimated value of the common procurement contract as provided in the grant agreement.	Article 7(2), point (a) Article 12(3), point (c)	7% of the estimated value of the common procurement contract as provided in the grant agreement.

### STEP 2: Incentives to Union contribution not linked to costs.

The following elements included in the proposals submitted in response to a call for proposals will be assessed to complement the baseline amount calculated in step 1 through fixed “top-up” amounts:

<b>Incentive element</b>	<b>Basis in the EDIRPA Regulation</b>	<b>Top-up amount</b>
Characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry.	Article 7(2), point (b)	+ EUR 5M
Number of participating Member States or associated countries beyond the minimum.	Article 7(2), point (c) Article 12(3), point (c)	+ EUR 10M per each participating Member State/ associated country beyond the minimum.
Ukraine or Moldova are one of the recipients of additional quantities of defence products in the common procurement action.	Article 3(2)	+ EUR 10M
At least 15 % of the estimated value of the common procurement contract is allocated to SMEs or midcaps as contractors or subcontractors.	Article 3(1), point (a)	+ EUR 5M

### STEP 3: Applications of caps

In line with Article 7(3) of EDIRPA Regulation, the Union financial contribution to each action shall not exceed EUR 45 000 000 (i.e. 15 % of the financial envelope of the instrument) and shall be capped at 15% of the estimated value of the common procurement contract per consortium of Member States and associated countries.

By way of derogation (Article 7(4) EDIRPA Regulation), the Union financial contribution to each action may amount to up to EUR 60 000 000 (i.e. 20 % of the financial envelope of the instrument) and shall be capped at 20% of the estimated value of the common procurement contract where at least one of the following conditions is met:

<b>Conditions met by the procurement contract</b>	<b>Basis in the EDIRPA Regulation</b>	<b>Cap to the maximum grant amount</b>
Ukraine or Moldova are one of the recipients of additional quantities of defence products in the procurement action	Article 7(4), point (a)	The lower value between EUR 60M and 20% of the estimated value of the common procurement.
At least 15% of the estimated value of the common procurement contract is allocated to SMEs or midcaps as contractors or subcontractors	Article 7(4), point (b)	The lower value between EUR 60M and 20% of the estimated value of the common procurement.
None of the above	Article 7(3)	The lower value between EUR 45M and 15% of the estimated value of the common procurement.

The Union contribution (Baseline + Top-ups) will be calculated based on the assessment of information provided at application stage (i.e. proposal) in the application form, the budget table and supporting documentation.

During evaluation, relevant explanations or justification may be requested to the applicants to support the fulfilment of the conditions for Top-ups.

### **Reduction of the Union contribution**

The payment of the Union contribution is linked to milestones and achievement of corresponding results.

The conditions used to calculate the Union contribution are verified at milestones acceptance and if the conditions to be met are not fulfilled, the amount of Union contribution may be reduced. In particular:

- If the actual value of the common procurement implemented is less than 80% of the estimated value set out in the grant agreement, the baseline amount may be recalculated.
- If the conditions for top-ups are not fulfilled during implementation of the action, the corresponding top-up amount may be deducted from the Union contribution.

The cap may be reduced if the conditions for derogation of the default cap are not fulfilled during implementation of the action.

The recalculation of the Union contribution will be assessed on a case-by-case basis.

<b>Condition to be verified</b>	<b>Milestone</b>	<b>Maximum reduction if the condition is not fulfilled</b>
Value of the common procurement is less than 80 % of the estimated value of the common procurement as provided in the grant agreement.	M3	7% of the difference between the estimated (as provided in the grant agreement) and actual value of the common procurement contracts.
Characteristics of the cooperation which are likely to give rise to greater interoperability outcomes and long-term investment signals to industry.	M3	EUR 5M
Number of participating Member States or associated countries beyond the minimum.	M3	EUR 10M per each Member State/ associated country not part of the common procurement contract(s).
Ukraine or Moldova are one of the recipients of additional quantities of defence products in the common procurement action.	M1, M2, and M3	EUR 10M
At least 15 % of the estimated value of the common procurement contract is allocated to SMEs or midcaps as contractors or subcontractors.	M2 and M3	EUR 5M