



European Defence Fund

Opportunities for SMEs

Innovation think-tank of Cluster of Security and Defence of Latvia

14. April 2021

Getter Oper

European Commission
DG Defence industry and Space
Unit A3 – European Defence Fund – Capability development

Does not represent an official position of the European Commission and does not bind the Commission in any way.

The European Defence Fund (EDF)

- 2021-2027 with a budget of €7.95 billion
- To boost competitiveness, efficiency and innovation; and to support collaborative defence R&D and opening up supply-chains.
- Aligned with other defence initiatives, supporting capability needs of Member States.
- Ongoing preparations to launch first calls summer of 2021.

Background and the context

- Initiated by security concerns, fragmentation and ineffectiveness, dropped defence expenditure and that development costs of complex defence systems are beyond the reach of most Member States.
- Demand for more “Europe” in defence and strengthening EU cooperation.

2016

‘A Global Strategy for the European Union's Foreign and Security Policy’

Permanent Structured Cooperation (**PESCO**)

Coordinated Annual Review on Defence (**CARD**)

‘European Defence Action Plan’

European Defence Fund (**EDF**)

Preparatory Action on Defence Research



Regulation

Preparatory Action to prepare future programmes
Based on Horizon 2020 with some specificities



Duration

3 years (2017-2019) with projects running until mid-2023



Budget

€ 90 million allocated to calls for proposals published between 2017 and 2019



Objectives

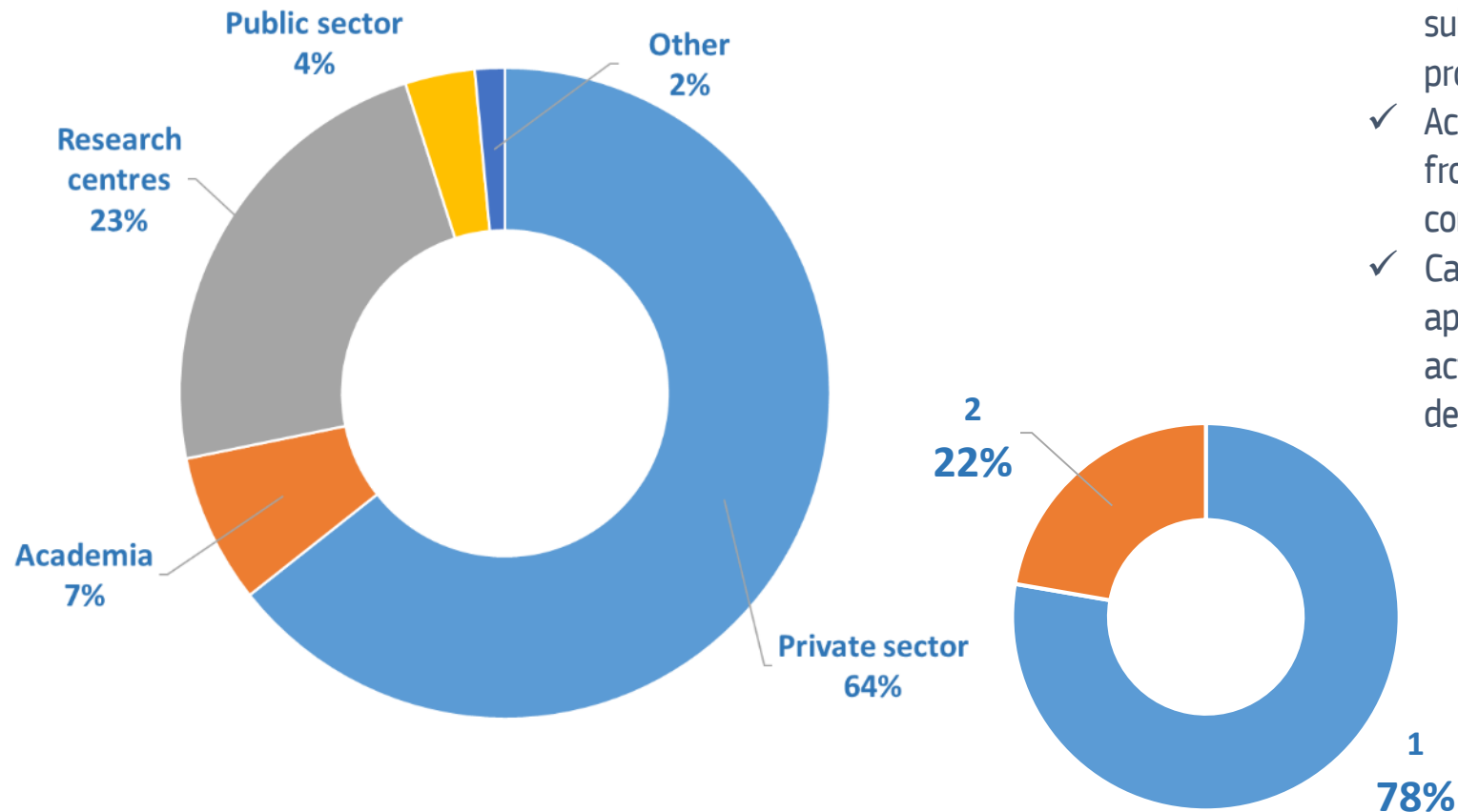
- ▶ Test mechanisms to prepare, organise and deliver EU-funded cooperative defence research
- ▶ Improve competitiveness and innovation of the European defence industry
- ▶ Stimulate cooperation amongst research & technological development actors across Europe

Preparatory Action on Defence Research

Structure of the working programme

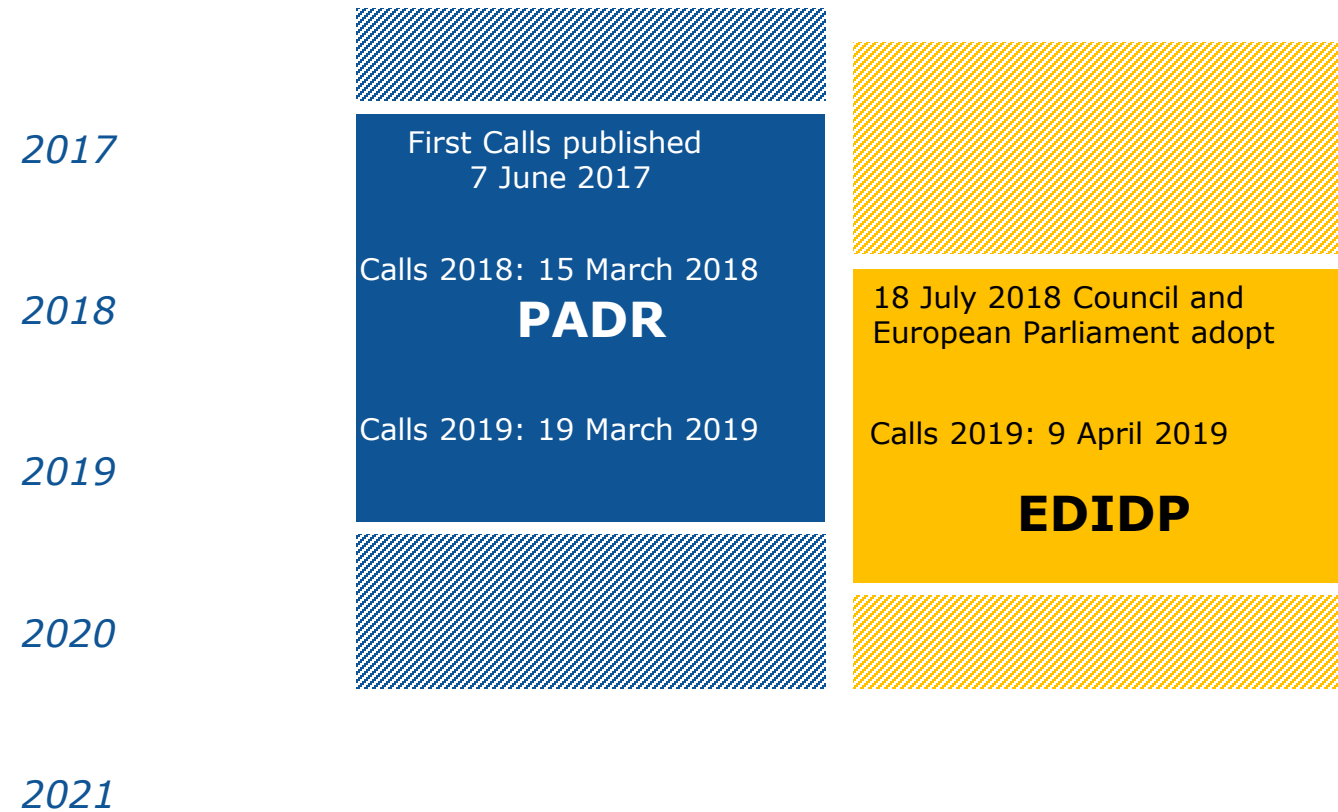
		Strategic clusters			
		C4ISR	Effects	Force Protection and soldier systems	Unmanned Platforms
Areas of Actions	Defence Research Demonstrator Project				Situational awareness (naval) 2017
	Critical Defence Technologies	System-on-a chip 2018	High-power laser effector 2018		
		Multifunctional RF system 2019			
	Future and Emerging Disruptive technologies	Disruptive Technologies 2019			
Standardisation and Interoperability			Protection, Soldier Systems 2017	Standards for unmanned systems 2019	
Strategic Technology Foresight					

Outcome of all PADR calls



- ✓ 889 entities from 26 MS and NO submitted 127 proposals
- ✓ Active participation from SMEs in 15 consortia
- ✓ Calls attracted applicants not active before in defence research

Paving the way for the European Defence Fund



European Defence Industrial Development Programme (EDIDP)



Regulation

Regulation 2018/1092 of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry



Duration

2 years: 2019-2020



Budget

EUR 500 million for the period 2019-2020



Objectives

- ▶ to foster the competitiveness, efficiency and innovation capacity of the defence industry, contribute to the Union's strategic autonomy
- ▶ to support and leverage the cooperation, including across borders. This cooperation shall be in line with defence capability priorities agreed by MSs
- ▶ to foster better exploitation of the results of defence research supporting the competitiveness of the European defence industry

Principles of the EDIDP

- **Collaborative:**
Consortium 3 from 3 (3 from 2 independent)
- **Security context:**
ensure security of supply, security of information, freedom to use/deploy and prevention of unauthorized technology transfer
- **Related to capability needs:**
Common priorities, PESCO bonus, common requirements, intention to procure, co-funding
- **SME + supply chain:**
award criteria, funding rates increased with SME participation



BOOSTING DEFENCE COOPERATION AND DEFENCE INDUSTRY - EDIDP 2019

HIGHLY ATTRACTIVE:

40 proposals from 441 entities
16 selected proposals from 223 entities

DEFENCE COOPERATION:

In average 14 entities,
7 Member States

BROAD COVERAGE:
24 Member States

EDIDP 2019
€ 200,5 million

COHERENCE :

PESCO projects = 80%
of 2019 EDIDP budget

SMES: 37%
83 SMES

ADDED-VALUE:
Key capability
priorities

#EUDefenceIndustry

Towards a European
Defence Union

**A STRONGER EUROPE
IN THE WORLD**



EDIDP 2020

Total Budget: €163,5 million

- 12 calls for proposals published in March 2020
- Deadline for submission of proposals 1 December 2020
- Evaluation in early 2021
- Award decision expected June 2021



EDIDP 2020: Total budget €163,5 millions



CBRN detection capabilities and medical countermeasures
€13,5 millions



Next generation ground-based precision strike capabilities
€7 millions



Underwater control contributing to resilience at sea
€22,5 millions



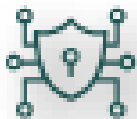
Ground combat capabilities
€9 million



Counter Unmanned Air Systems (UASs)
€13,5 millions



Air Combat Capabilities
€22 millions



Cyber situational awareness and defence capabilities, defence networks
€14,3 millions



Simulation and virtualization tools
€3,5 millions



Space Situational Awareness (SSA) and early warning capabilities
€22,5 millions



Defence technologies supported by artificial intelligence
€5,7 million

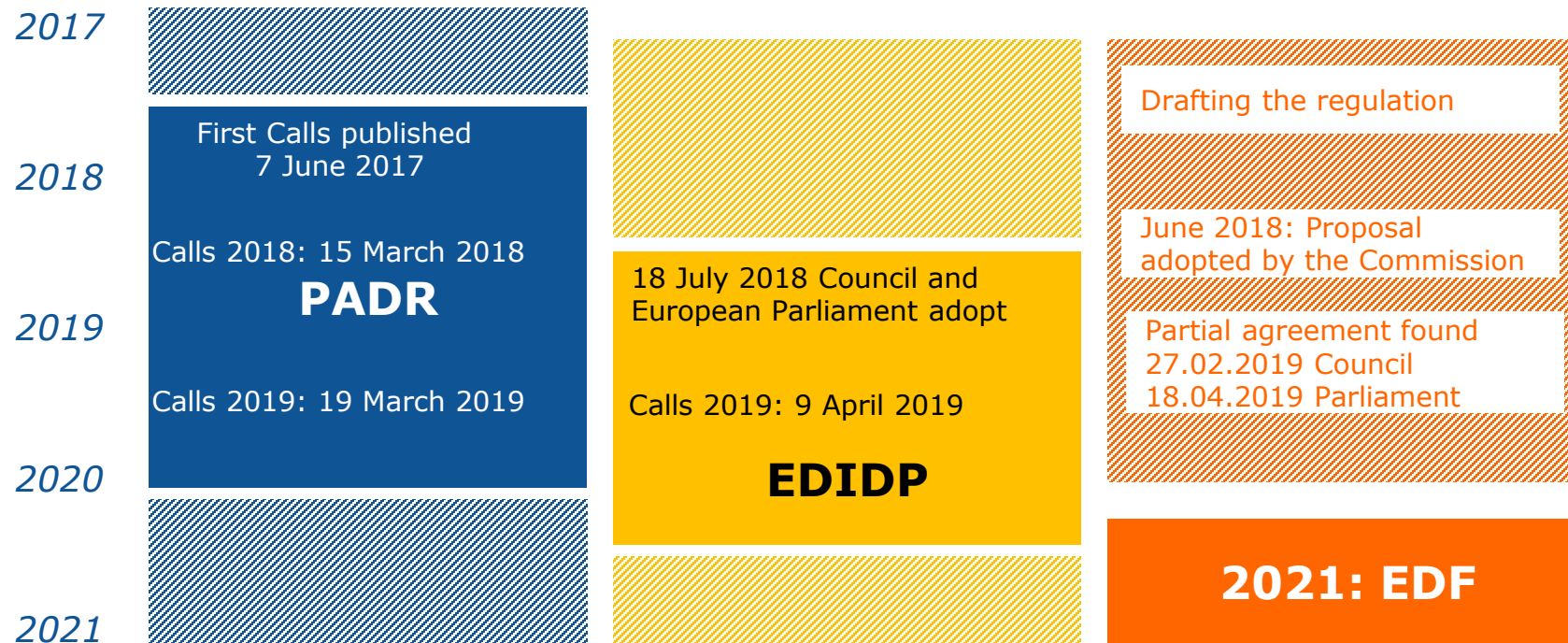


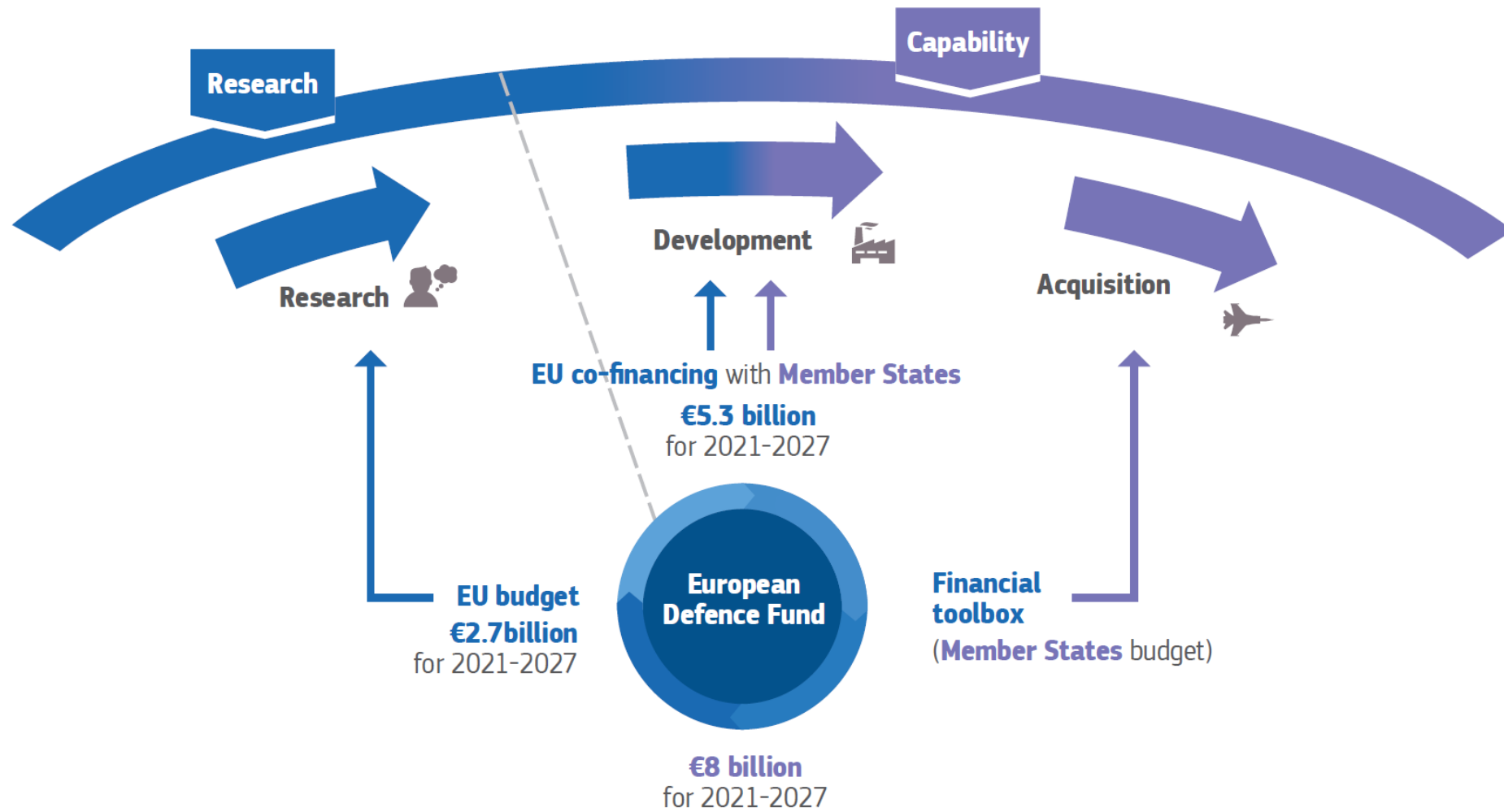
Maritime surveillance capabilities
€20 millions



Innovative and future-oriented defence solutions
€10 million

Paving the way for the European Defence Fund







EDF - Principles

Collaborative:

- at least 3 participants from 3 Member States or associated countries (NO)
- Advantages from (cross-border) participation of SMEs
- Based on priorities commonly agreed by Member States
- Member States' intent to buying the final product (prototype onwards)
- Possible funding bonus for PESCO projects

Innovative:

- **Disruptive technologies:** 4% to 8% dedicated support
- Bonus for SME participation
- Provisions on ethical principles

Funding rates

EU financing rate (without bonus):

- **Research:** up to **100%**
- **Prototypes:** up to **20%**
- **Post-prototype:** up to **80%**



25% flat rate for **indirect costs** or actual costs (following accounting practices)

Additional incentives (bonus):

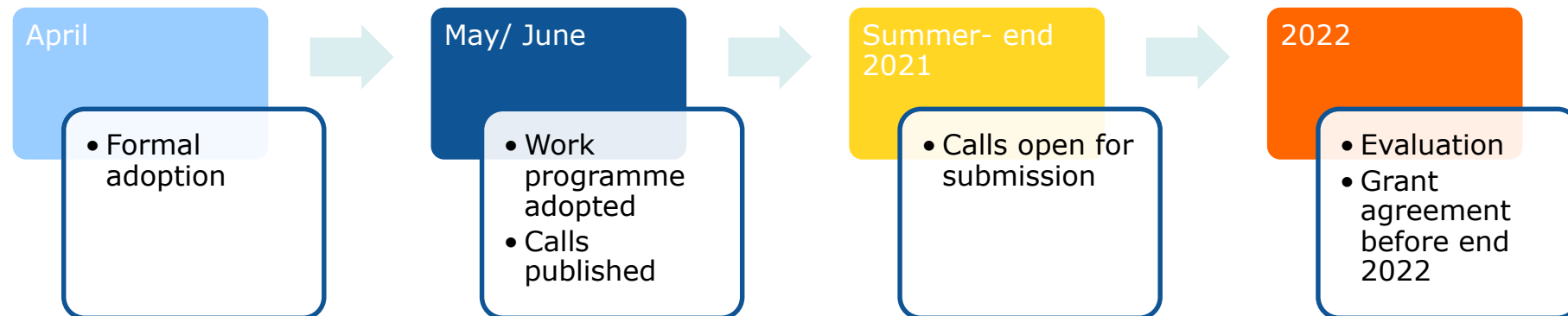
Cross-border participation of **SMEs/midcaps** – EU funding rate increasing with the level of cross-border participation of SMEs/midcaps in the projects (higher for SMEs)

PESCO (if eligible): +10% co-financing bonus

Evaluation criteria

- Contribution to excellence (i.e. advantages over existing products or technologies);
- Contribution to innovation (i.e. ground-breaking or novel concepts and approaches, new promising technologies or concepts previously not applied in the defence)
- Contribution to competitiveness and growth of EU defence undertakings
- Contribution to industrial autonomy of the EU defence industry and to the security and defence interests of the Union
- Proportion of budget allocated to SME (cross-border and not) that bring an industrial or technological added value (in any part of the supply chain)
- Contribution to the further integration of the European defence industry (i.e. demonstration of Member States commitment to jointly use, own or maintain the final product or technology) → for prototype or certification

State of Play

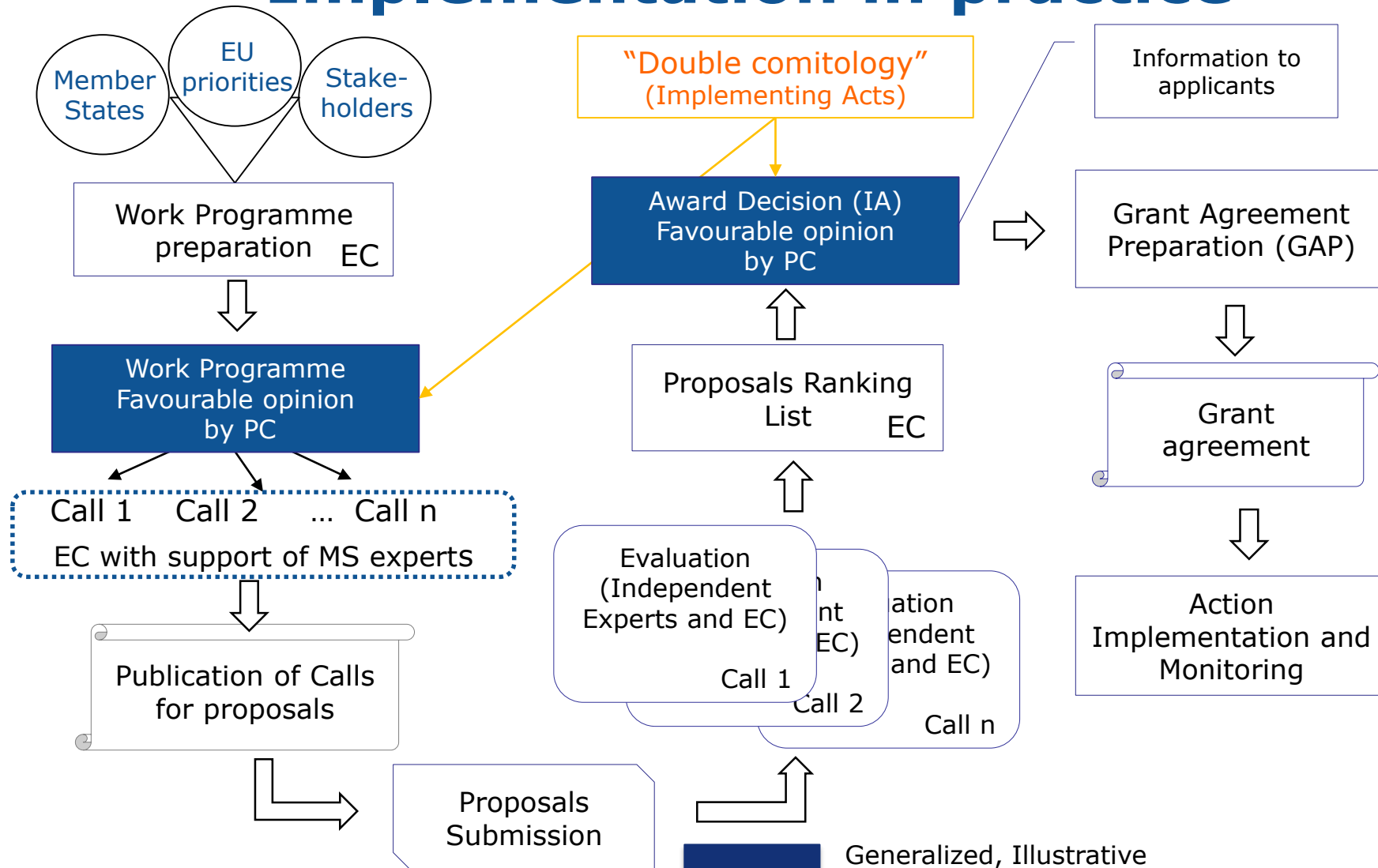


Timeline may change!

Currently: drafting the (annual) work programme (assisted by the expert group composed by the Member States representatives).

Ongoing discussions with the expert group on the content.

Implementation in practice



Inclusion of SMEs in EDF

- Dedicated calls for SMEs
- SME bonus & award criterion
- Connecting SMEs with wider defence community

SME open-calls

- Similar to EDIDP open-calls.
- Calls for research and development actions.
- Only SMEs can be beneficiaries, at least 3 SMEs (possible exceptions under negotiations).
- Budget limit per project may apply (under negotiations).

SME Outreach activities

- Enterprise Europe Network
- European Network of Defence-related Regions
- Network of National Focal Points
- EU EDF Info Day & National EDF Info Days
- Participation to exhibitions

Enterprise Europe Network

Sector Group Aeronautics, Space & Defence

- Focal point within EEN on Defence
- Supported innovative SMEs to reach out to defence community
- Chair: Emilien Watelet (emilien.watelet@id2move.eu)



Commission provides info-sessions and materials to EEN



Log in



EUROPEAN NETWORK OF DEFENCE-RELATED REGIONS

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www.endr.eu

35 organisations from 17 Member States

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ENDR brings together regional authorities, clusters and business to share experiences and best practices on dual use activities.

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BULLETIN BOARD

EVENT



ENDR Objectives

- **Bring together regional organisations and clusters to exchange good practices in**
 - integrating dual-use (defence-related) into their regional development strategies, in particular into RIS3
 - supporting defence-related SMEs
- **Inform regional organisations and clusters about funding opportunities**
 - so that they can in turn provide information and guidance to SMEs
- **Promote the regional clusters of excellence**

European Network of Defence-related Regions (ENDR)

- › Drones and counter drones for defence. Trends, opportunities and solutions. Le Havre (FR), 7-8 October 2021
- › Advanced materials for defence applications. Gothenburg (SE), 12-13 October 2021
- › Future skills for aerospace and defence industry. Rzeszow (PL), 21-22 October 2021
- › Soldier of the future – Interconnectivity between defence, space and cyber technologies. Copenhagen (DK), 9-10 November 2021

Useful links

- EDIDP regulation: [Regulation \(EU\) 2018/1092 on competitiveness and innovation in defence](#)
- EDIDP 2019 factsheet: (https://ec.europa.eu/commission/presscorner/detail/en/fs_20_1076)
- EDF: https://ec.europa.eu/growth/sectors/defence/european-defence-fund_en
- DG DEFIS: https://ec.europa.eu/defence-industry-space/index_en
- Funding and Tenders portal: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/>



Thank you!

Questions?