

CHECK AGAINST DELIVERY!

Denis Roger (EDA Director ESI) : Intervention SEDE – 25 January 2017

Preparatory Action in the field of Defence Research

[Introduction]

- I would like to thank you for your invitation to intervene in front of the SEDE subcommittee.
- Last time I spoke in front of your subcommittee was a little more than two years ago.
- At this time the Pilot Project and the Preparatory Action were just conceptual ideas. Today, thanks to an effective cooperation between the European Commission and the European Defence Agency, the Pilot Project is in its implementation phase and the Preparatory Action is close to its official launch.
- Thus, I will focus in my speech on all the progress we made, on the lessons learnt and on the remaining challenges.

[The challenges and objectives for Defence Research at EU level]

- As an introduction, I would like to recall the main challenges and objectives which influenced all our work in the setting up of these new schemes.
- Defence Research already existed in Europe, but was facing serious problems:
 - The main part of it was carried out at national level, but without fully exploiting the advantages of cooperation such as avoiding duplication, providing harmonisation and standardisation, or promoting future cooperative programmes.
 - EDA already achieved some success in promoting more cooperative research at EU level through its Capability Technology Working

groups, in short, CapTechs. About 190 projects for a total of 1 billion euros have been funded over the last 12 years, but in the absence of centralised budget and in the context of the financial crisis, with a permanent difficulty to motivate Member States to invest jointly.

- A good work has also been achieved with our Commission's colleagues to promote the exploitation of civil defence synergies, in line with the Conclusions of the December 2013 European Council, but legal barriers remains. In particular the fact that the applications of the technologies funded by Horizon 2020 must be exclusively civil prevents from going further.
- But the main problem is a financial one: combined investment of EU Member States in Defence Research declined by 30% in real terms over the last decade, while we are facing increasing new threats, as emphasised by the EU Global Strategy and its implementation Plan on Security and Defence published last year. I must stress that the overarching objectives of these documents, which must guide all our future actions, is the protection of European citizens and interests.
- In this context, the idea of centrally-funded defence research schemes at EU level brings a new hope.
- But this hope will be transformed into a reality only if the new schemes:
 - help answering key military Capability needs,
 - bring EU added-value,
 - reinforce the competitiveness of the European Defence Technological and Industrial Base,
 - and, essential point, are complementary and well-coordinated with existing defence research scheme, at national or multinational level, and certainly not a substitute to them.

[The implementation of the Pilot Project and the lessons already learnt]

- And here, I must, first of all thank very warmly the SEDE subcommittee and its members at the origin of the Pilot Project.

- This Pilot Project was a great idea!
- Although at small scale, this Pilot Project was a fantastic opportunity to test the interface between the European Commission and the European Defence Agency in the implementation of a centrally-funded defence research scheme at EU level.
- The Pilot Project, consisting of 3 Research Activities for a total of € 1,4 M, has been implemented through a delegation agreement signed on 16 November 2015 between the European Commission and the European Defence Agency.
- Within the structure of EDA and, in particular, the CapTechs groups, where experts from Member States, but also from Industry and RTOs, under the moderation of EDA, come together, we were able to identify potential topics of interest for the Pilot Project.
- EDA managed to consolidate the views of Member States about the potential options for topics to be covered, passed them to the Commission which made the final choice after additional consultation of Member States through its as-if Programme Committee.
- Finally three topics were selected:
 - Unmanned heterogeneous swarm of sensor platforms,
 - Inside building awareness and navigation for urban warfare,
 - Standardisation of remotely piloted aircraft system (RPAS) detect and avoid.
- In compliance with the delegation agreement, EDA drafted the technical requirements for each of these 3 topics which were validated by the European Commission, launched the calls, and organised the evaluations with the support of evaluators sponsored by Member States Ministries of Defence. The evaluation of the submitted proposals was successfully concluded during the summer and the ranked list was approved by the European Commission.
- After a short negotiation of the grant agreement with the top ranking consortia, they were, all three, signed on 28 October 2016.

- I must insist that, in spite of the fact it was a Première, in spite of the fact that the summer was probably the worst period to organise an evaluation, in spite of the ambitious objectives set by the delegation agreement, everything was concluded within the foreseen timeframe.
- In November 2016 we conducted kick off meetings with the consortia. The Pilot Project activities are now well under way and will be monitored throughout their life.
- Some lessons were already learnt from the Pilot Project, in particular, for instance the need to have some more innovative and adapted to defence specificities Intellectual Property Rules (IPR) or to have a wider pool of evaluation experts available.
- A few practical difficulties were encountered, which is normal for a scheme tested for the first time, but, thanks to an excellent team spirit between the Commission and EDA, they were all solved in real time.
- Consequently, we can say that this first trial of centrally-funded research scheme at EU level was already very satisfactory.
- We were, in particular very happy with the quality and the diversity of the proposals we received – 21 in totals – In particular, there was a good geographical balance – more than 80 different partners from 20 Member States – and a participation from various actors: industry - big and small – as well as RTOs and academia, which is excellent to foster innovation in Defence.
- In the end, among the winning consortia, one is led by a SME, one by a University and one by a RTO, but large groups are also involved as partners, which is probably an excellent and logical result given the limited size of the projects.
- For the Preparatory Action, the basic rule should be to draw the lessons already learnt from the Pilot Project, to keep the way of working when it demonstrated to be satisfactory and to improve what needs to be improved, while adapting to the increased scale.

- In particular, as it was the case for the Pilot Project, EDA had a key upstream role in consulting all stakeholders: government, industry and RTOs. Existing structures such as CapTechs and R&T PoCs and Director meetings were used, but also a series of dedicated workshops, including some with Industry and RTOs, were co-organised by the Commission and EDA.
- This upstream work enabled EDA to consolidate views and to pass them to the Commission as an input to the debates of its As-If Programme Committee.
- This input included, proposals for the types of projects to be covered, which were finally retained because consensual:
 - Technology Demonstration
 - Critical Defence Technology
 - Disruptive Technologies
 - Standardisation and Interoperability
- The idea of a study on future governance of Defence Research at EU level was also promoted.
- For the 4 R&T types of projects, EDA conducted meetings with MS and consulted industry in order to identify preferred research topics answering to common priority capability requirements and merge them into consolidated views from Member States.
- These proposals for topics to be covered, after validation by the EDA Steering Board, were sent to the European Commission as an official input to the As-if Programme Committee's discussions on the Work Programme of the Preparatory Action.
- As explained by Philippe Brunet, the Commission is now close to the finalisation of this Work Programme for 2017. I do believe that EDA upstream role saved time in the discussions of the As-If Programme Committee, but even more important is that this upstream work ensured that, whatever the final choice of topic to be covered is, these topics are linked to priority military capability needs of Member States.

- I must insist on this point, which is a key specificity of Defence Research. Since the market is a monopsony, the only buyer being the Ministries of Defence, it is absolutely essential to make sure that the technical requirements of the projects match the future Capability needs defined by Member States and reflected in the Capability Development Plan endorsed at the level of the Ministers of Defence.
- In accordance with article 45 of the Treaty on the European Union, EDA has a key role to play in guaranteeing this consistency between Capability and Research priorities.
- EDA now stands ready to sign a new Delegation Agreement with the European Commission relating to the Preparatory Action and building on the positive experience of the Pilot Project.
- But here, I must say a word about the scale issue. For the Pilot Project, the size was modest enough to be able to rely exclusively on existing structures. In particular the relevant CapTech moderators for the 3 topics finally selected had a key role in drafting the requirements, selecting the evaluators, organising the evaluations and now, in the monitoring of the projects.
- For the Preparatory Action, which is much bigger in terms of budget – the Commission envisages € 90 million over three years – and of number of projects – probably more than a dozen in total –, we have set up in EDA a dedicated Preparatory Action Unit in order to manage EDA’s upstream role and its forthcoming implementation role. It already includes 4 people and additional growth is anticipated once the delegation agreement is signed.
- It is important to anticipate the role of this unit after the signing of the delegation agreement. Of course, its first obvious short term role will be the practical implementation of the Preparatory Action Work Programme: launch of the calls, organisation of the evaluation and signing of the grant agreements.

- But we also need to have a longer term vision: a key success indicator of the preparatory Action will be the usefulness of the results for Member States' future Capability Development Programmes.
- Here again, EDA existing structures: CapTechs, relevant Project Teams or dedicated Working Groups, for instance in the field of standardisation, could contribute to make sure that the results are fully taken into account and to promote follow-on projects and programmes. This is what we call the "downstream role".
- This "downstream role" should not wait for the termination of projects. It is a continuous process and the more we will inform Member States of the progress of the projects, all along their running, the more effective this downstream role will be.
- In particular, this downstream role aiming at maximising R&T results uptake in Capability Programmes is of particular relevance in the context of the Capability window proposed by the Commission in its Defence Action Plan.
- The PA unit could also have a key role, in permanent coordination with the European Commission, to draw, in real time, the lessons learnt from the Preparatory Action that can benefit to the setting up of a potential wider future European Defence Research Programme.

[The key lessons already learnt and the challenges for the future]

- At this stage, I think useful to think about the lessons we already learnt from all that and their implications for the future challenges we have in front of us.
- As already mentioned, to maintain the link between Capability and the Research priorities is essential. This process must remain in the hands of Member States, which are sovereign as far as military capabilities are concerned.
- In the context of the Implementation Plan of the Global Strategy, positively echoed by Minister of Defence in the Foreign Affairs Council

Conclusions on 14 November, and of the revision of the Capability Development Plan they launched during the EDA Steering Board on the day after, it is essential to keep this link and EDA will now be working in parallel on the revision of the CDP and on its implications for Research Prioritisation.

- This is in line with the Council conclusions that called on EDA, in close cooperation with Member States, to develop proposals *“refining the link between existing processes on defence capability priorities, overarching R&T priorities and Key Strategic Activities [...] in order to promote investments and to inform the implementation of the European Defence Action Plan”*.
- The second important point is certainly to avoid duplicating existing structures. In the context of the Global Strategy, its implementation Plan on Security and Defence and of the Commission’s Defence Action Plan, additional funding opportunities for Defence will certainly be created.
- An overarching vision to ensure complementarity and exhaustiveness of the various existing and new funding opportunities is essential. The worst case scenario would be that each funding scheme defines its own priorities, without coordinating with the others or without being in line with key reference documents such as the Capability Development Plan.
- Last but not least, if you ask me what is the key achievement so far in all this process, I would immediately answer: the way of working between EDA and the European Commission.
- Late 2014, when I intervened in front of the SEDE subcommittee, I answered one of the questions received by saying that we had to invent a new way of working, intermediate between the “Intergovernmental way of working” used in EDA and the “Community way of working” used by the Commission.
- Today, I would say: we did it. For both the Pilot Project and the Preparatory Action, the upstream preparatory phase was carried out

in an intergovernmental manner, using in particular, EDA existing structures. The final decision making process was led by the Commission in a “Community” manner, using the as-if Programme Committee and the Comitology Rules.

- I do believe this was a very smart arrangement, building on the respective strengths. EDA structures and networks were used to ensure the consistency with Military Capability Requirements and other Defence Research activities. It enabled to consolidate options, but it would have been very difficult, in an intergovernmental framework, to converge quickly on a final Work Programme.
- That is why I am the first one to support the fact that we provided only options as an input to the Commission’s and its As-If Programme Committee and that we fully used the Commission’s experience of such structures to finalise the Work Programme by using the Comitology Rules.
- I do not want to prejudge the results of the study on future governance, which should investigate all the options in a neutral manner, but, on EDA side, for Defence Research, we have absolutely no problem with the use of Comitology rules, which give an appropriate control to Member States, as long as the topics discussed remain military capability driven.
- And this will be my Conclusion: for the future, let’s keep on working together and building on our respective strengths, in full respect of the respective roles granted by the Treaties.