

LONG TERM REVIEW OF THE AGENCY – CONCLUSIONS AND RECOMMENDATIONS

A REINFORCED AGENCY TO ENABLE MEMBER STATES TO DELIVER ON DEFENCE CAPABILITIES

1. In the wake of a changing European security environment, the EU Global Strategy provides a compelling assessment of the rapidly evolving security and defence environment and challenges in the face of which Europe is called to be an active security provider. This requires us to move towards a fully coherent and interoperable pool of European defence capabilities, defined and owned by Member States, and ensuring the sustainable ability to develop, modify, operate and replace the necessary defence capabilities.
2. The Implementation Plan of the EU Global Strategy in the area of security and defence as welcomed by the Council on 14 November 2016 as a proposal by the HR/VP and Head of the European Defence Agency, the release by the European Commission of a European Defence Action Plan on 30 November 2016 and the set of proposals on the implementation of the EU-NATO Joint Declaration endorsed by the Council on 6 December 2016, provide a coherent package of measures in support of such vision.
3. To acquire and maintain key capabilities, Member States will need to further enhance defence cooperation. In their “Bratislava Declaration” of September 2016 Heads of State and Government highlighted the Bratislava Roadmap and its call to strengthen cooperation on defence and to make better use of the options in the Treaties, especially as regards capabilities. In December 2016 Heads of State and Government reiterated their call for reinforcing cooperation in the development of required capabilities, including by committing sufficient additional resources while taking into account national circumstances and legal commitments.
4. While the EDTIB plays a key role in supporting Member States in actually delivering on the generation of present and future capabilities, it is also necessary to reach out to innovation holders beyond the traditional scope of defence industry.
5. Within the EU institutional framework, the Agency is the key implementing tool to translate the overall Level of Ambition into tangible output as regards the development of defence capabilities in cooperation with EEAS (incl. EUMS) and EUMC. Enabling Defence cooperation is the *raison d’être* of the Agency. Making full use of its potential is an essential prerequisite for European security and defence efforts. The Agency has to step up its contribution in line with its unique institutional setting in the Treaty on the European Union and its mandate provided for in the Council Decision on EDA.
6. Based on the changing security and defence landscape, the required freedom of action, the different calls on making full use of the Agency’s potential, and the need for taking stock of the Agency’s priorities, output and way of working after twelve years of its existence, the following conclusions and recommendations are put to the consideration of Ministers.

I. REINFORCING THE AGENCY'S MISSION – SERVING A RENEWED AMBITION

7. The Treaty frames the potential and the remit of action of the “*Agency in the field of defence capability development, research, acquisition and armaments*”, referred to as the European Defence Agency, including participation in defining a European capabilities and armaments policy. Within the EU institutional framework the Agency provides the intergovernmental platform of choice to enable Member States to cooperate in any phase of the lifecycle of a defence capability.
8. In line with Member States’ renewed ambition and commitment, and in support of the effective implementation of its mission, the Agency is to be reinforced along the following paths, in accordance with established EDA rules and procedures:

- **EDA as the major intergovernmental prioritisation instrument at EU level in support of capability development, coordinating with the EEAS (incl. EUMS) and EUMC in their respective areas of responsibility.**
- **EDA as the preferred cooperation forum and management support structure at EU level for participating Member States to engage in technology and capability development activities.**
- **EDA as facilitator towards the European Commission and EU Agencies, and as the interface upon Member States’ request, exploiting wider EU policies to the benefit of Defence and acting as a central operator with regard to EU funded defence-related activities.**

Intergovernmental Prioritisation

9. The Agency is to support Member States on the basis of their single set of forces, by providing for coherent prioritisation and proposing courses of action for multinational cooperation by Member States to guide and inform: (i) Member States’ cooperative activities be they led multinationally, as an EDA ad-hoc project/programme, or within PESCO subject to the relevant decisions and modalities; and (ii) EU funded activities (subject to the relevant decisions and modalities). This will be pursued notably on the basis of the following elements:
 - a) Developing a more output-oriented Capability Development Plan (CDP) addressing the entire capability landscape of Member States and leading to the preparation of cooperative programmes and elaboration of technology roadmaps to be translated into collaborative projects;
 - b) Linking the Capability Development Plan (CDP) with the Overarching Strategic Research Agenda (OSRA) and Key Strategic Activities (KSA) at European level within a coherent framework, providing integrated guidance on capability development, including on related R&T and industrial aspects while nurturing innovation in the defence sector;
 - c) Operating the Coordinated Annual Review on Defence (CARD) in view of performing an overarching assessment of the European capability landscape, including progress on the implementation of CDP priorities. This could entail EDA making recommendations whenever a multinational project is being considered;

- d) Reinvigorating cooperation with EEAS (incl. EUMS) and EUMC towards the CDP and CARD.

Technology and Capability Development at EU Level

10. The Agency is to strengthen its support to Member States as the management support structure in preparation of activities across the lifecycle of capability development ranging from R&T and development to critical enablers, exercise and training as well as support to operations, including also the industrial dimension. EDA is the major forum at EU level to support multinational capability development activities of Member States, including those generated either on an ad-hoc basis within the Agency framework or under its Operational Budget, other multinational grouping of Member States, under the umbrella of Permanent Structured Cooperation or funded by the EU budget respectively subject to the relevant decisions and modalities. This will be pursued notably on the basis of the following elements:
- a) Ensuring a capability-driven approach throughout all Agency activities, ensuring an integrated way of working among the capability, armaments and R&T communities;
 - b) Stepping up support in line with Member States' needs, in preparation of activities across the lifecycle of a capability project;
 - c) Reinforcing the number, size and impact of ad-hoc projects (including demonstrators and prototypes), taking benefit of incentives such as VAT exemption, possible EU funding contributions and of cooperation to be reinforced with actors such as OCCAR and ESA.

Interface towards the European Commission and EU Agencies

11. The Agency is to support Member States in ensuring consistency and coherence of approach on capability development taking into account other EU stakeholders contributions. It also is to support Member States in exploiting wider EU policies to the benefit of defence. This will be pursued notably on the basis of the following elements, without prejudice to direct contacts of Member States with the Commission and upon their request:
- a) Pursuing close working relations with the European Commission and, based on Member States' prioritisation conducted within the CDP-OSRA-KSA framework, recommending the allocation of funding to projects and programmes foreseen in the EDAP on the basis of prioritisation conducted by member States in the EDA, and acting as a central operator for EU funded defence-related activities, notably by implementing the envisaged future European Defence Research Programme (EDRP) and by promoting the coherent uptake of R&T results into development activities;
 - b) Engaging in the assessment and definition of EU regulations or policies of relevance to defence capabilities;
 - c) Enhancing capability development by taking advantage of synergies with other EU Agencies as appropriate.

II. MAKING THE AGENCY FIT FOR PURPOSE – FIRST STEPS

12. In view of delivering on the renewed ambition and generating efficient and effective output, the Agency requires: :
- a) increased efficacy in interacting with Member States, allowing for following their strategic guidance and ensuring their continuous buy-in;
 - b) effective relations with the Agency's stakeholders and partners;
 - c) more efficient and integrated way of working as ONE EDA, based on stronger prioritisation of activities with Member States;
 - d) resources allowing the Agency to fulfil the tasks given to it by Member States.

The implementing measures and principles highlighted hereunder serve one or more of those objectives and represent first steps whose implementation is to be assessed and complemented over time.

Towards Increased Efficacy in Interacting with Member States

13. Maintaining an EDA Interface at Strategic Level

Recognizing the benefit of the Long Term Review process in increasing ownership and transparency for Member States, maintaining a strategic-level interface with Ministers' senior representatives would help to facilitate strategic guidance, when needed, on cross-cutting EDA activities (including taking forward relevant LTR recommendations) and to facilitate consolidated national positions across the policy, capability, armaments and R&T dimensions. Relevant meetings would be held at least once a year, notably in view of discussing draft elements for the EDA Council guidelines so as to provide more consolidated input to Council working bodies.

- 14. Revising the sequence and format of meetings for more focused guidance while making enhanced use of written procedures, lowering the administrative burden for Member States and their Agency.** The objective is to increase attendance by Capability Directors, R&T Directors and National Armament Directors of EDA Steering Boards to discuss key orientations to take the Agency's work forward. The objective would be to reduce the overall number of meetings while ensuring that each subsidiary composition would meet in a hybrid format with a formal part (prepared by a Prepcom) to take any necessary decision and an informal part for open and substantive discussions. This would be complemented by reinforcing the role of PoCs in implementing the guidance from CAP Directors (CAP PoCs), NADs (NAD PoCs), R&T Directors (R&T PoCs) and from meetings of strategic level representatives (Central PoCs) by following up on the results of these meetings in more frequent PoC meetings throughout the year, and by making use of Steering Board written procedure as required. As of 2018, the indicative annual cycle of meetings dealing with EDA matters would be structured along the following lines:

- February: R&T SB/Directors Meeting (preceeded by PrepCom for decision items);

- March: Capability SB/Directors Meeting (preceded by PrepCom for decision items);
- April/May: SB MoDs (preceded by PrepCom);
- September: NAD SB/Directors Meeting (preceded by PrepCom for decision items);
- November: SB MoDs (preceded by PrepCom) – focusing on Resources, 3YPF, CARD when applicable.

Towards an Effective Relation with Stakeholders

15. Based on EDA's commitment to pursuing close working relations with the European Commission and EU Agencies regarding wider EU policies of relevance to defence (e.g. Research, Cyber, Energy, Space, SESAR), **urging the European Commission to make full use of the existing structures and networks of expertise of the Agency and to acknowledge its enhanced relevance for the identification, prioritisation and development into technical specifications of overarching capability and R&T priorities as well as their implementation regarding EU funded activities.**
16. As regards other stakeholders and partners:
- a) **Ensuring the seamless articulation with work performed by the EEAS (incl. EUMS) and EUMC** in view of contributing to the CDP and CARD and feeding the full picture of operational requirements into capability development as well as with relevant funding mechanisms in support to operations;
 - b) **Acknowledging the potential of the EDA-OCCAR relations to further evolve into a more structured and reciprocal approach** towards key European capability programmes, ensuring seamless coordination and coherence between both organisations. This could entail a review of the EDA-OCCAR Administrative Arrangement, leading over time to further rapprochement between EDA and OCCAR;
 - c) **Acknowledging the value of EDA engaging with multinational groupings of Member States**, provided they are designed to bring about new capabilities for them.
 - d) **Highlighting the coherence of output and timelines between EDA and NATO activities** as regards capability development in support of the single set of forces, avoiding unnecessary duplication either way, in full respect of the decision-making autonomy of both organisations.
 - e) **Acknowledging the rules and principles as regards the Agency's relations with Third States**, highlighting that such relations should support EDA's overall mission in line with Member States' interest, supporting the development of capabilities and CSDP as an open project and be based on transparency, reciprocity, interface role of the Agency, flexibility and considering each case on its own merit.
17. **Setting up a structured dialogue and enhancing engagement with European industry** at all levels in support of innovative Pooling & Sharing solutions, longer-term capability development and underlying innovation, as a contribution for informed Member States' decisions.

Towards a More Efficient Output and Way of Working

18. **Developing the Three-Year Planning Framework (3YPF) into a tool for increased prioritisation, output and impact:** moving towards stronger top-down prioritisation and identification of activities with critical mass and impact (including in budgetary terms) which would serve primarily overarching policy objectives and Council taskings, be linked to the CDP-OSRA-KSA, have a strong catalytic and leverage effect with regard to future ad-hoc projects, reap synergies with other stakeholders and provide a sustainable path of development in the longer term. This entails concluding activities, either passed over to lead nations/Member States or ceased if no longer supported by Member States.
19. **While always striving for consensus among Member States, acknowledging , in line with the EDA Council Decision, the potential value of QMV in support of more effective decision-making.** In full respect of the EDA Council Decision, there is full recognition that if a representative of a participating Member State in the Steering Board declares that, for important and stated reasons of national policy, it intends to oppose the adoption of a decision to be taken by qualified majority, a vote shall not be taken, and the appropriate procedures will be followed.
20. **Moving towards a considerably enhanced Agency's integrated way of working,** based on the development of integrated roadmaps (capability, R&T, armaments and industry, critical enablers, financial, legal) in support of identified priorities, backed by clearly identified and structured cross-Directorate teams.
21. **Implementing enhanced Project Management throughout the Agency for enhanced steering and effective assessment of the Agency's project portfolio.**

Adequate Resourcing

22. **Recognizing the importance of ensuring that the Agency has the required resources and expertise at its disposal,** keeping in mind the economies of scale generated by cooperative activities, the opportunities stemming from rising national defence budgets, and the future changes in EDA membership. **Without prejudging the outcome of future annual approval cycles of the EDA General Budget,** it is acknowledged that the renewed ambition and expectations towards the Agency may have resource implications.
23. While safeguarding the intergovernmental nature and decision-making of EDA, administrative costs for Agency activities derived from the EDAP are to be covered by the EU budget. It needs to be assessed further if and to what extent the EU budget should cover the Agency's administrative and operational expenditure.

KEEPING FLEXIBILITY IN ADAPTING TO A FAST-PACED ENVIRONMENT

24. Agreeing to revert by spring 2019 at Ministerial level in view of taking stock of the progress and assess the need for additional recommendations and further steps, including in view of the revision of the EDA Council Decision, the forthcoming Multiannual Financial Framework (MMF) and eventual change in membership.