

**CE intervention in SEDE Committee on the
State of play of the Pilot Project and the Preparatory Action
on Defence Research**

03 December 2019

[Introduction]

- Thank you, Madam Chair for the opportunity to address the SEDE Committee on the state of play of the Pilot Project and the Preparatory Action on Defence Research.
- As you all well know, the European Union Global Strategy initiated a series of initiatives with the potential to change the European defence landscape, including the European Defence Research environment.
- In that framework, the Pilot Project and the Preparatory Action on Defence Research are meant to pave the way for a strong R&T dimension of the future European Defence Fund in the next Multi-Annual Financial Framework.

[The Implementation of the Preparatory Action towards a European Defence Research Programme]

- As you will recall, the **Pilot Project** was introduced by the European Parliament in the EU budgets 2015 and 2016 with the aim of testing the most efficient use of spending for defence research in the EU framework, including the management by EDA of the EU budget. The Pilot Project was therefore entrusted to EDA by the European Commission through a Delegation Agreement which was signed on 16 November 2015. As a result, EDA became responsible for the management of the Pilot Project and its activities.
- This first step was taken with a small budget of only 1.4 M€. Nevertheless, that was an excellent start of the EU-funded Defence Research. I am now pleased to report that all three Pilot Project activities were successfully closed by the first semester of 2018, and all the entrusted activities within its Delegation Agreement were concluded in the first semester of 2019.
- With its three research activities, the Pilot Project provided a solid opportunity to test cooperation between the European Commission and EDA, and how to work together with industry and RTOs for defence research in

an EU framework. I wish to thank the SEDE Subcommittee for being at the origin of this Pilot Project, that has provided a first template for the activities that followed.

- The Pilot Project has also paved the way for the launch of the European Commission's **Preparatory Action on Defence Research (PADR)** in 2017.
- With its total budget of 90 M€ over three years, the PADR is a much bigger endeavour than the Pilot Project and was launched by the European Commission to demonstrate the added-value of EU-funded research in the defence sector. The PADR is therefore a genuine test-bed for proving the relevance of European defence research and for laying the foundations for the European Defence Fund. Also, this time, management of the programme was entrusted to EDA by the Commission through a Delegation Agreement that was signed in May 2017.
- The Delegation Agreement has foreseen a management fee for the costs directly related to implementation in order of 5% , and on top of that, the programme has directly benefited from the wider EDA expertise in the area of defence research in order to support the technical evaluation process and to ensure a highly-qualified monitoring of the actions at technical level .

- The PADR encompasses three work programmes over three years, while the research activities themselves to be concluded after this time frame up to 2023. The approved budget was 25 M€ for 2017, 40 M€ for 2018, and 25 M€ in 2019. This total amount of 90 Million euros allows us to further “test” various tools, topics and areas of research, thus improving our understanding of a productive future Research Dimension of the European Defence Fund.
- All in all, the PP and PADR have both led to concrete results in the areas that had been identified beforehand. With the PP now successfully concluded and the PADR being well on track, our assessment of the work done so far is very encouraging. The cooperation with the Commission is excellent and the reports from the Independent Observers have been very positive.
- But allow me to get into some more details of PADR activities for you.

[PADR SCOPE]

- In the first work programme in 2017, 24 proposals were received. PADR-financed projects were coming from three different areas:

- Technological Demonstrator for enhanced Situational Awareness in a Naval Environment,
- Force Protection for advanced Soldier Systems, and a
- Study for Strategic Technology Foresight.
- In the second work programme in 2018, 8 proposals were received. The activities financed covered:
 - High power laser effector
 - a second study on Strategic Technology Foresight, and the
 - activity on System on Chip which is expected to be signed early next year.
- Over the first 2 rounds of calls we have received applications which included entities from 26 countries.
- In 2017 we had 31% of SMEs, 32% of other larger industry participants and 17% of RTOs.
- In 2018 the percentage of SMEs was 19%, 39% of other larger industries and RTOs 20%.
- The last work programme in 2019 included the topics:
 - Electromagnetic Spectrum Dominance,
 - Future Disruptive Technologies and
 - Unmanned Systems.

- The Future Disruptive Technologies call includes areas such as Artificial Intelligence for defence, Quantum technologies for defence applications and Autonomous positioning, navigation and timing. The deadline for the submissions of proposals for the calls managed by EDA was on 28th of August 2019.
- The evaluation of 2019 Calls is on-going, and expected to be concluded in early 2020.

[LESSONS LEARNT REGARDING MODALITIES incl. EDA support in view of future EDF]

- When it comes to lessons learnt in the process, allow me to indicate some specific observations on the implementation of the PP and PA that we have drawn together with Member States and shared with CION, that we should take into account as we shape the future EDF in research dimension.
- While testing the collaboration between EC and EDA and the impact of EU funding, certain modalities regarding Intellectual Property Rights, handling of EU Classified Information and special reports are also being tested. For example, regulating Intellectual Property Rights must strike a balance between guaranteeing a necessary flow of information and protecting information generated

with EU funding while making sure that the Ministries of Defence, which are the targeted final users of the technologies, have appropriate access rights.

- The process also tested ways to hold consultation with stakeholders, how to finalise descriptions of topics as well as the absolute necessity of taking defence specificities into consideration. Unlike in the civilian R&T, we need to consider the military requirements in the topics description or foresee follow-on activities due to the difficulties of the technology uptake in the defence sector. Developing unsuitable systems with unsuitable technical specifications, not adapted to the needs of the European Armed Forces, would be a loss of taxpayers money.
- When it comes to EDA, the lessons learnt show that the role of EDA in EU funded defence research can be threefold, encompassing the implementation process, the downstream activities, as well as the upstream ones. That is to say;
 - Upstream: supporting Member States and the European Commission in the preparation of the work programme on the basis of EDA's prioritisation tools.

- Implementation: European Commission entrusted the implementation of the two activities (PP & PADR) to EDA through a Delegation Agreement. As a result, EDA managed the activities from the launch of the calls to the monitoring of the projects.
- Downstream: to best exploit the results of the R&T projects within the EDF context and support the uptake of the results.

[UPSTREAM]

- EDA played a crucial ‘upstream role’ in supporting Member States and the European Commission in the preparation of the PADR work programmes. The Agency’s contribution stretched from organising coordination meetings to consult Member States and assessing topics submitted by Member States to facilitating prioritization, clustering and narrowing down of topics.
- This was possible thanks to EDA’s prioritisation tools, such as the revised Capability development Plan (CDP) and Overarching Strategic Research Agenda (OSRA), which should also inform the development of the future Work Programme of the EDF, as referred in the proposal of a regulation establishing the EDF.

- A fully-fledged Research Dimension of the EDF needs to be done via a portfolio approach, and the EDA R&T Planning process, with OSRA as its main pillar, can serve such an approach as needed. At a time of growing demand and growing defence investments across our MS, EDA structures and expertise should not be duplicated, and non-defence considerations should be avoided.

[IMPLEMENTATION]

- The smooth and successful proceeding and management of the PP and PADR calls for proposals and of the projects have shown that the Agency is fully fit for the purpose of handling specific and relevant parts of the implementation role as required. The Agency is able to scale up the resources needed for the management of all the implementation tasks, including the expert monitoring of the research actions.
- On the practical implementation, EDA and the Commission share the general assessment that the original rationale and objectives of the PP and the PADR are largely met to date, demonstrating that EU funding can effectively support EU defence research needs, based

on a structured cooperation between the Commission and EDA.

- Considering the preparatory character of the action, the first two work-programmes have been implemented successfully; the Calls were swiftly launched and opened; the response to the Calls was overall satisfactory; the evaluation was professionally handled; five grant agreements of the 2017 calls and two grant agreements of the 2018 calls were concluded in due time. One last grant agreement is still under preparation for administrative reasons related to the protection of classified information. The activities of the calls 2019 are now well under way.

[DOWNSTREAM]

- Moreover, a downstream role in order to best exploit the results of the R&T projects within the EDF context could be also envisaged. The uptake by MS of the results of research conducted within the EDF will be, in fact, the ultimate measure of its success. This can be done via follow-on projects within the EDF, via EDA ad hoc projects or through national or multilateral capability projects. The uptake is a necessity to transform research into future military capabilities. Only this will make our

defence industry more competitive while serving capability needs of our Armed Forces. As an example, a follow-on of Pilot Project EuroSWARM is now in preparation as an EDA Cat B project.

- Taking into account all these elements, EDA contributed to the choice of relevant topics and the associated technical requirements, handled the implementation of a research programme and supported the identification of follow-on activities. In particular, EDA assisted with the definition and the prioritization of research areas and topics as an input to the debates in its As-If Programme Committee, ensuring that they respond to capability priorities agreed by Member States in the CDP.
- Therefore, I can say that EDA has successfully played an upstream, downstream and an implementation role for the PP and in the PADR. In addition, the PP and PADR demonstrate that this institutional arrangement is productive.
- Moreover, based on the PADR and in view of the EDF, EDA has already supported Member States to set up their General common position as input to a Scoping Paper for the Research Dimension of the EDF. Based on an EDA Steering Board Decision, EDA provided this input paper to

the European Commission accompanied with a first batch of Roadmaps for the Technology Building Blocks of OSRA relevant for the EDF.

- The pMS' General Common Position advocates a Capability-Oriented Defence Research. The document is providing a list of proposed critical defence technologies clusters and disruptive technologies for defence themes. In the document, a portfolio approach is proposed to ensure synergies between emerging and disruptive technologies and the capability-driven research. Furthermore, a clear linkage between research and capability dimensions are ensured by means of OSRA's TBBs.
- Following this example, the MS are considering to task EDA to develop an input paper for the European Commission Scoping Paper on EDF on its capability dimension.
- In that context it is also worth mentioning that upon MS initiative EDA has set up an informal forum which we call EDIDP/EDF marketplace. Within this forum EDA provides a platform for MS to present and consolidate possible project proposals which could later be submitted to

EDIDP and future EDF, including then also for R&T project proposals.

[INSTITUTIONAL RELATIONS]

- Last but not least, a key achievement is the way of working between EDA and the European Commission. Throughout PP and PADR's development, it was confirmed that both sides are committed to work together to make EU funded Defence Research a success.
- EDA established a set of procedures and a way of work aligned with CION which will be also in place for any future task that might be decided upon.
- The sharing of expertise from both institutions, EDA with its large defence background, and the European Commission with a wide know-how, from support to different sectors of the European market, creates a combination of skills that are instrumental for the success of the PP and the PADR.

[CLOSURE]

- In conclusion, I believe that the PP and PADR have proven to be very useful testbeds in view of a future EDF and a testimony of the advantages of EU-funded defence research.

- What this endeavour promises to demonstrate is that a competitive and innovative European Defence Industry based on cooperation can eliminate fragmented research and yield effective results.
- The evidence so far demonstrates that today EDA has the right mechanisms, skills and background to support this work upstream, in the implementation and downstream.
- This is in sharp contrast with the scepticism that existed 3 years ago about EDA's ability to conduct and implement in a satisfactory manner the PADR.
- Thank you for your attention, and I stand ready to answer your questions.