

European Defence Fund



EUROPEAN DEFENCE FUND DOSSIER

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INTRODUCTION

The European Defence Fund, or EDF, funds collaborative research and development of defence capabilities across the European Union. It aims to strengthen the EU's strategic autonomy. It supports projects that improve interoperability, reduce duplication, and accelerate the deployment of critical technologies.

The EDF operates through annual work programmes that publish calls for proposals. Projects typically require multinational consortia. The fund finances both research actions and development actions, including prototyping and testing. The EU evaluates proposals on excellence, impact, and implementation. The fund co-finances activities, so participants must match part of the budget.

For industry, the EDF creates a predictable channel for long term defence R&D. For SMEs, it opens buyer-aligned opportunities and access to larger consortia. The fund rewards technological specialisation, demonstrable maturity, and clear contribution to capability needs. It also exposes firms to stringent security, IP, and export control requirements.

For your company, the EDF matters in three ways. It offers funding to derisk advanced technology development. It offers partnership paths to prime contractors and other member states. It signals EU priorities where commercial demand may grow. You should view the EDF as both a source of project financing and a strategic indicator of capability trends.

WHAT IS THE EDF?

The European Defence Fund is the European Union instrument that pools funding to support collaborative defence research and development across member states. It targets projects that require cross-border cooperation. The fund seeks to accelerate capability development, reduce duplication, and increase interoperability among European armed forces.

The EDF operates at the intersection of policy and industry. Policy makers use it to steer research toward identified capability gaps. Industry uses it to derisk advanced

development and to form multinational consortia that can scale production and exports. The fund sits alongside but remains distinct from other EU research instruments. Unlike civilian research programmes, the EDF focuses on defence outcomes and on technologies that have military relevance.

The legal and institutional basis for the EDF frames its scope and rules. The instrument is governed by EU decisions and work programmes that define yearly priorities, eligible actions, and evaluation criteria. Governance engages the European Commission, national authorities, and defence agencies. Calls for proposals are published in work programmes. Each call specifies eligible activities, timelines, and required consortium composition.

The EDF funds two principal types of actions, research actions and development actions. Research actions cover concept studies and early-stage technology research. Development actions finance prototyping, testing, and steps toward certification. Funding is provided as grants that normally require co-financing. Projects usually demand multinational consortia that combine industry, research organisations, and end users.

Eligibility extends to entities established in eligible EU member states and associated countries. The fund accepts proposals from large firms, small and medium enterprises, research centres, and defence agencies, subject to call rules. The fund enforces strict security, intellectual property, and export control obligations. These conditions aim to protect sensitive technologies and to ensure that results remain accessible to participating member states.

The EDF aligns its investments with EU defence priorities. It favours capabilities that support strategic autonomy, resilience, and inter-operability. Typical thematic areas include digitalisation, autonomous systems, cyber defence, sensors, and critical materials. The fund also supports industrial cooperation that strengthens the European defence supply chain.

For a SITES, the EDF is a strategic lever. It signals where public demand will grow. It offers funding that reduces technical and financial risk. It creates partnership pathways to prime contractors and to national ministries. It also introduces compliance burdens you must manage early, such as security clearances and IP arrangements.

HOW THE EDF WORKS?

The European Commission manages the European Defence Fund and adopts annual work programmes that define priorities, topic descriptions, budgets, and call schedules (European Commission, 2025). The Commission publishes call texts and all related documents on the Funding and Tenders portal where applicants find legal rules, eligibility conditions, and submission deadlines (European Commission, 2025).

The European Defence Agency provides technical advice and supports alignment of EDF topics with member states capability needs. The Agency can also be entrusted with indirect management of selected actions to strengthen coherence between policy and implementation (European Defence Agency, 2024). National authorities contribute operational requirements and may attach national clearance conditions to awarded projects (European Commission, 2024).

Calls appear as discrete topics inside the annual work programme. Each call sets the type of action sought, for example research actions or development actions, the permitted funding modality, and any requirements on consortium composition. Many EDF calls require multinational consortia with partners established in different eligible member states or associated countries (European Commission, 2024).

The EDF uses several funding modalities. Grants remain the principal instrument. Research actions can be funded through lump sum grants or cost-based grants depending on the topic. Development and capability actions often require lower EU co-funding and expect participant co-financing or other financial contributions (European Commission, 2024). The LS-RA-SMERO call is an example of a research action implemented via lump sum grants, where payments link to predefined deliverables and milestone verification (European Commission, 2024).

Evaluation follows published criteria. The standard evaluation headings are excellence, impact, and implementation. The call text specifies scoring weights and minimum thresholds. Independent experts perform technical assessment and the Commission finalises award decisions based on ranked evaluations (European Commission, 2025).

Security, export control, and intellectual property obligations are integral to award and execution. Calls require proportionate security measures adapted to project sensitivity. IP arrangements must balance participant exploitation rights with member states access to

results. National export control rules may apply to specific deliverables and can affect grant signature and execution timelines (European Commission, 2024; European Defence Agency, 2024).

The procedural timeline runs from call publication, to proposal submission, to eligibility checks, to expert evaluation, to ranking and award decision, and finally to grant preparation and signature. Work programmes provide indicative dates, but applicants should prepare for multi-month intervals between submission and contract signature (European Commission, 2025).

For companies the practical consequences are clear. You must screen calls quickly against your technological maturity and roadmap. You must assemble eligible partners across member states. You must prepare deliverable-level descriptions when responding to lump sum topics. You must start security, IP, and national clearance preparations early to avoid delays. Firms that preposition templates, partner agreements, and accounting workbooks perform better in competitive EDF calls (Zabala, 2025).

EDF CALLS AND PROCEDURES

The European Commission manages the European Defence Fund and sets the annual work programmes (European Commission, 2025). The Commission defines topics, budgets, deadlines, and the rules that govern each call (European Commission, 2024). The Commission publishes calls and all call documents on the Funding and Tenders portal (European Commission, 2025).

The European Defence Agency supports the Commission with technical input. The Agency can also act as an implementing partner when the Commission entrusts actions to it (European Defence Agency, 2023). Member states and defence authorities provide operational guidance and align priorities with national capability needs (European Commission, 2024).

Calls appear as discrete topics within a work programme. Each call sets eligibility, the type of action sought, and the expected output. Calls require proposals that respond to the published scope and deliverables (European Commission, 2024). Many calls require

multinational consortia. The rules on consortium composition and eligible participants feature in each call text (European Commission, 2025).

Evaluators apply published criteria to score proposals. The usual criteria are excellence, impact, and implementation. Calls include scoring thresholds and weighting information in the call text (European Commission, 2024). Independent experts assist the Commission in evaluation and ethics screening when needed (European Commission, 2025).

Funding is normally provided as grants. Research actions may receive higher co-funding rates than development actions. Development and capability activities commonly require partial co-financing from participants. Work programmes and call templates specify maximum rates and eligible cost categories (European Commission, 2024; European Commission, 2025).

Projects must comply with strict security, export control, and intellectual property rules. Calls require proportionate security measures based on sensitivity. IP arrangements must balance participant rights with member states access to results (European Commission, 2024). National authorities may request additional clearances for defence-relevant deliverables (European Defence Agency, 2023).

Timelines follow a standard sequence. The sequence runs from call publication to proposal submission, evaluation, ranking, and award. After selection, the Commission moves to grant preparation and signature. Work programmes give indicative dates for each phase (European Commission, 2025).

For your company this requires readiness. You must be ready to mobilize partners when a call opens. You must document costs, legal status, and security measures quickly. You must plan for co-financing and for integration into a multinational delivery schedule. Preparing these elements in advance improves your chances in competitive evaluations (European Commission, 2024).

EDF POLICY AND STRATEGIC PRIORITIES

The European Defence Fund directs EU funding to close capability gaps that member states identify as strategic priorities. It aims to increase Europe's strategic autonomy, to foster interoperability, and to reduce duplication of national efforts (European Commission, 2025).

The fund prioritises a set of technology and capability domains. Recent work programmes emphasise ground combat, air combat, space, cyber, sensors, energy resilience, and environmental transition. The 2025 work programme also highlights critical technologies and industrial resilience as funding priorities (European Commission, 2025; European Commission, 2025).

EDF policy links capability investment to broader EU defence goals. The European Defence Agency supports the identification of shared needs and aligns EDF topics with agreed capability priorities. This coordination aims to ensure funded projects respond to real operational shortfalls and to national requirements (European Defence Agency, 2024).

Industrial policy and supply chain resilience form a central strand of EDF strategy. The fund targets projects that strengthen European value chains, that boost competitiveness, and that make scale up to production more feasible. The Commission and analysts note the need to close financing and production gaps that hinder industrialisation of successful R&D outputs (Bruegel, 2024; European Commission, 2025).

The EDF contains explicit measures to support SMEs and mid-caps. The EU Defence Innovation Scheme and SME-focused calls lower entry barriers and allocate set aside funding. These measures aim to broaden the supplier base and to accelerate innovation diffusion into larger defence programmes (European Commission, 2025).

The EDF also seeks to improve cooperation between EU initiatives. It complements national procurement, PESCO projects, and civilian research programmes while remaining distinct in its defence focus. The Commission uses the fund to channel collaborative R&D that can feed into joint capability programmes and into member state acquisition plans (European Commission, 2025; ELIAMEP, 2025).

Policy design recognises legal and practical constraints. The fund operates within the EU's industrial and internal market competences, not as a substitute for national defence procurement sovereignty. Analysts highlight tensions between the fund's ambitions and legal or strategic limits to EU action, and they stress the need for predictable pathways to scale and procurement after R&D succeeds (Vroege, 2023; Bruegel, 2024).

Recent regulatory and package measures aim to reduce administrative burden and to speed intra-EU transfers of defence items. These measures seek to remove practical frictions that slow down collaborative projects and subsequent deliveries. The omnibus and economic security initiatives published in 2025 respond to this need for faster, clearer procedures (Cassidy Levy, 2025).

For your company the policy implications are direct. Align product development to EDF thematic lines. Demonstrate interoperability and user relevance in proposals. Show how your work strengthens supply chains or reduces strategic dependencies. Prepare SME or mid-cap evidence when calls target smaller firms. Anticipate that funded R&D must show a credible route to production and to user uptake. These elements increase proposal competitiveness and reduce execution risk (European Commission, 2025; European Defence Agency, 2024).

These strategic priorities are implemented through cooperation between EU institutions, national authorities, industry, and research partners, as detailed below.

COUNTRIES AND STAKEHOLDERS

The European Defence Fund (EDF) is a flagship initiative of the European Union (EU) that unites the EU, its Member States, and associated countries in a shared framework for defence research and capability development. Its success depends on structured cooperation between EU institutions, national authorities, industry, and the research community across Europe.

Participating Countries

The EDF is open to all **27 EU Member States** and to officially **associated states** that have signed participation agreements with the European Commission.

EU Member States (27):

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

Associated States:

As of 2025, the EDF allows participation from Norway as an associated state under the European Economic Area (EEA) framework. Negotiations are ongoing for the possible association of Iceland and Liechtenstein under specific security conditions. Switzerland and the United Kingdom are not associated with the EDF due to regulatory and security alignment constraints.

All participating entities must be established in an EU Member State or in an associated state, and they must not be controlled by non-associated third countries unless formally authorised through a specific security assessment by the European Commission and the Member States.

This condition ensures that strategic technologies, intellectual property, and defence-sensitive information remain under European jurisdiction, supporting the EU's objective of strategic autonomy and collective security.

Institutional Stakeholders

EDF governance is shared among several EU and national institutions that ensure strategic coherence and operational oversight:

- **European Commission** - Serves as the managing authority. It prepares the annual work programmes, publishes calls for proposals, oversees evaluations, and signs grant agreements.
- **European Defence Agency (EDA)** - Provides capability-based input and aligns EDF projects with the EU Capability Development Plan (CDP) and Member State defence priorities.
- **European External Action Service (EEAS)** - Guarantees that EDF initiatives complement the EU's Common Security and Defence Policy (CSDP) and broader external action objectives.
- **European Parliament and Council of the EU** - Exercise political and budgetary oversight, ensuring that EDF actions align with EU legislative and financial frameworks.
- **National Ministries of Defence** - Represent Member States in the EDF Programme Committee, identify operational needs, and often act as end users or co-funders of EDF-supported projects.

Industrial and Research Stakeholders

The EDF promotes collaboration between European defence industries, SMEs, and research organisations located within the EU and associated states.

- **Prime contractors and system integrators** such as Airbus, Leonardo, Thales, BAE Systems (EU entities), Saab, and Rheinmetall lead major cooperative projects.
- **Small and Medium-sized Enterprises (SMEs) and mid-caps** provide innovation, components, and agile technologies essential to next-generation systems.
- **Research and Technology Organisations (RTOs) and universities** contribute scientific expertise, testing capacity, and pre-competitive research essential for capability maturation.
- This ecosystem reinforces the European defence technological and industrial base (EDTIB) and ensures a balanced distribution of innovation capacity across all Member States and associated partners.

End Users and Beneficiaries

The primary end users of EDF outcomes are the armed forces and defence ministries of EU Member States, which integrate EDF-funded capabilities into national and multinational programmes.

Secondary beneficiaries include defence companies, research institutions, and technology centres that gain access to funding, partnerships, and participation in Europe-wide industrial value chains.

Cooperation Dynamics

EDF projects must include at least three independent entities established in three different EU Member States or associated states. This requirement ensures cross-border cooperation and promotes industrial and technological cohesion across Europe. Through this model, the EDF builds mutual trust, interoperability, and long-term partnerships among European defence actors. It supports a truly European approach to capability development, where benefits are shared, risks are reduced, and innovation is distributed across the Union.

EDF ACTIVITIES AND PROGRAMS

The European Defence Fund (EDF) delivers its objectives through a structured portfolio of programmes and activities that cover the full spectrum of defence research and capability development. These activities are designed to promote cross-border collaboration, accelerate innovation, and strengthen the European Defence Technological and Industrial Base (EDTIB).

Scope and Objectives

EDF activities aim to:

- **Enhance the EU's strategic autonomy** by investing in key technologies and capabilities.
- **Support industrial competitiveness** and the resilience of the European defence supply chain.
- **Foster cooperation** among EU Member States and associated countries to reduce fragmentation and duplication.
- **Encourage innovation**, particularly through the participation of small and medium-sized enterprises (SMEs) and research organisations.

Types of Activities

The EDF supports two main categories of actions: Research Actions and Development Actions. Each category responds to a specific stage in the defence capability life cycle.

- **Research Actions (RA):**

These activities finance exploratory research, concept studies, feasibility assessments, and technology maturation. They focus on high-risk, high-gain projects that advance knowledge in emerging defence domains such as artificial intelligence, space surveillance, quantum sensing, and advanced materials. Research actions are typically 100% funded by the EDF to stimulate participation and reduce financial barriers.

- **Development Actions (DA):**

These activities cover prototyping, testing, qualification, and certification stages that bring technologies closer to operational use. Development actions often require co-financing from participants to ensure commitment and cost efficiency. Examples include prototype drones, next-generation radar systems, secure communication platforms, and cyber-defence infrastructure.

In both categories, projects must demonstrate a clear path to capability deployment and interoperability among European armed forces.

Thematic Priorities and Programme Areas

The EDF organises its funding around key thematic domains that align with the EU's Capability Development Priorities. The main focus areas include:

- **Air Combat Systems:** Next-generation fighter aircraft technologies, unmanned aerial systems, and air surveillance.
- **Ground Combat and Mobility:** Armoured vehicle upgrades, soldier systems, robotics, and land mobility enhancements.
- **Maritime Defence:** Anti-submarine warfare, naval communication, sensors, and ship protection systems.
- **Space Capabilities:** Satellite communication, space situational awareness, and dual-use technologies for defence applications.
- **Cyber Defence:** Resilience of networks, detection tools, and rapid response capabilities against cyber threats.
- **Energy and Environment:** Energy efficiency for deployed forces, sustainable materials, and environmental resilience.
- **Disruptive Technologies:** Artificial intelligence, quantum technologies, autonomous systems, advanced sensors, and secure data processing.

Each thematic area is detailed annually in the EDF Work Programme, published by the European Commission on the Funding and Tenders portal.

Programme Instruments

The EDF employs a combination of financial and cooperative instruments:

- **Grants** are the primary form of support, either as lump-sum or cost-based funding.
- **Blending and financial facilities** allow combination with other EU programmes or private financing instruments to scale industrialisation.
- **Prizes and challenges** encourage innovative solutions from SMEs and start-ups.
- **Strategic projects** may be coordinated with **Permanent Structured Cooperation (PESCO)** initiatives or **NATO-compatible capability programmes**.

This multi-instrument approach ensures that funding supports both innovation and practical deployment.

Flagship Programs and Examples

Several EDF-funded programmes have emerged as flagships of European defence cooperation:

- **EURODRONE (Medium Altitude Long Endurance RPAS):** Jointly developed by several Member States to provide a European alternative to non-EU systems.
- **TWISTER (Timely Warning and Interception with Space-based TheatER surveillance):** Focused on missile defence and early-warning technologies.
- **EDIDP Precursors:** Projects initiated under the European Defence Industrial Development Programme that have transitioned into EDF frameworks, such as the OCEAN2020 maritime surveillance project.
- **Defence Innovation Scheme (EUDIS):** A dedicated sub-programme to support SMEs, start-ups, and dual-use innovation with simplified application procedures.

These projects illustrate how EDF funding accelerates multinational cooperation and technological sovereignty within the EU.

Participation Requirements

Each EDF call specifies:

- The type of action (Research or Development).
- The number of required participants (minimum three entities from three different EU or associated states).
- The co-financing rate.
- Evaluation criteria (excellence, impact, implementation).

Participants must comply with security, intellectual property, and export control rules, ensuring that sensitive technologies remain within the EU and associated states.

Strategic Impact

EDF activities have a direct strategic impact by:

- Advancing Europe's readiness to respond to emerging threats.
- Building a coherent defence innovation ecosystem across all Member States.
- Enabling the industrial scaling of successful research outcomes.
- Reducing dependency on external suppliers in critical technologies.

Collectively, these programmes position the European Union as a more capable, autonomous, and cohesive defence actor.

EDF ACTIVITIES AND PROGRAMS

The European Defence Fund (EDF) has become the cornerstone of the European Union's collective defence capability development. By financing collaborative research and innovation, it strengthens Europe's industrial base, supports technological sovereignty, and promotes interoperability across national forces. Its design combining research, development, and industrial cooperation ensures that defence investments serve both strategic and economic objectives. As the EU continues to face complex security challenges, the EDF will remain a key instrument for translating policy ambitions into operational capabilities, reinforcing the Union's strategic autonomy and resilience.

CONCLUSION

The European Defence Fund (EDF) has become the cornerstone of the European Union's collective defence capability development. By financing collaborative research and innovation, it strengthens Europe's industrial base, supports technological sovereignty, and promotes interoperability across national forces.

Its design combining research, development, and industrial cooperation ensures that defence investments serve both strategic and economic objectives. As the EU continues to face complex security challenges, the EDF will remain a key instrument for translating policy ambitions into operational capabilities, reinforcing the Union's strategic autonomy and resilience.

TABLES AND CHARTS

EDF'S SIGNIFICANT IMPACT ON EUROPEAN DEFENCE R&T

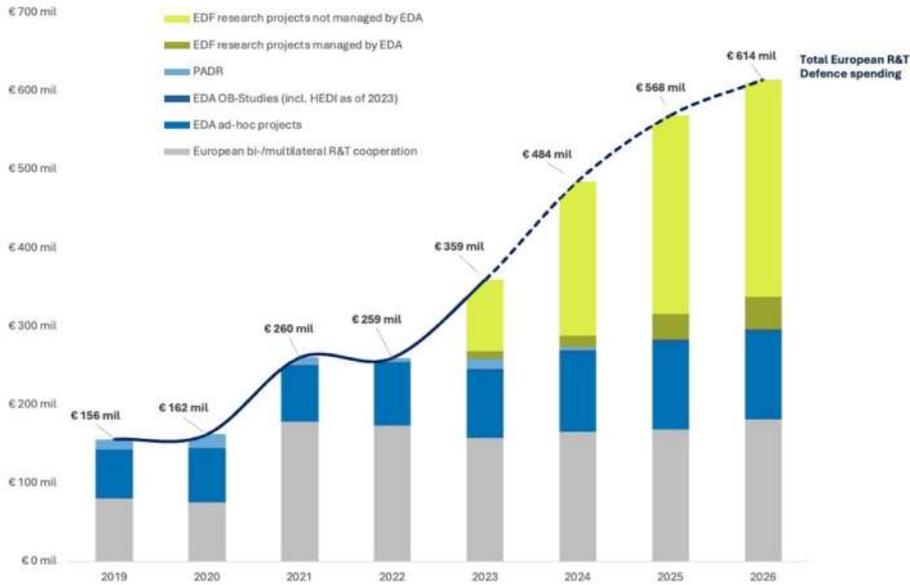


Figure 7 European collaborative defence R&T by funding source

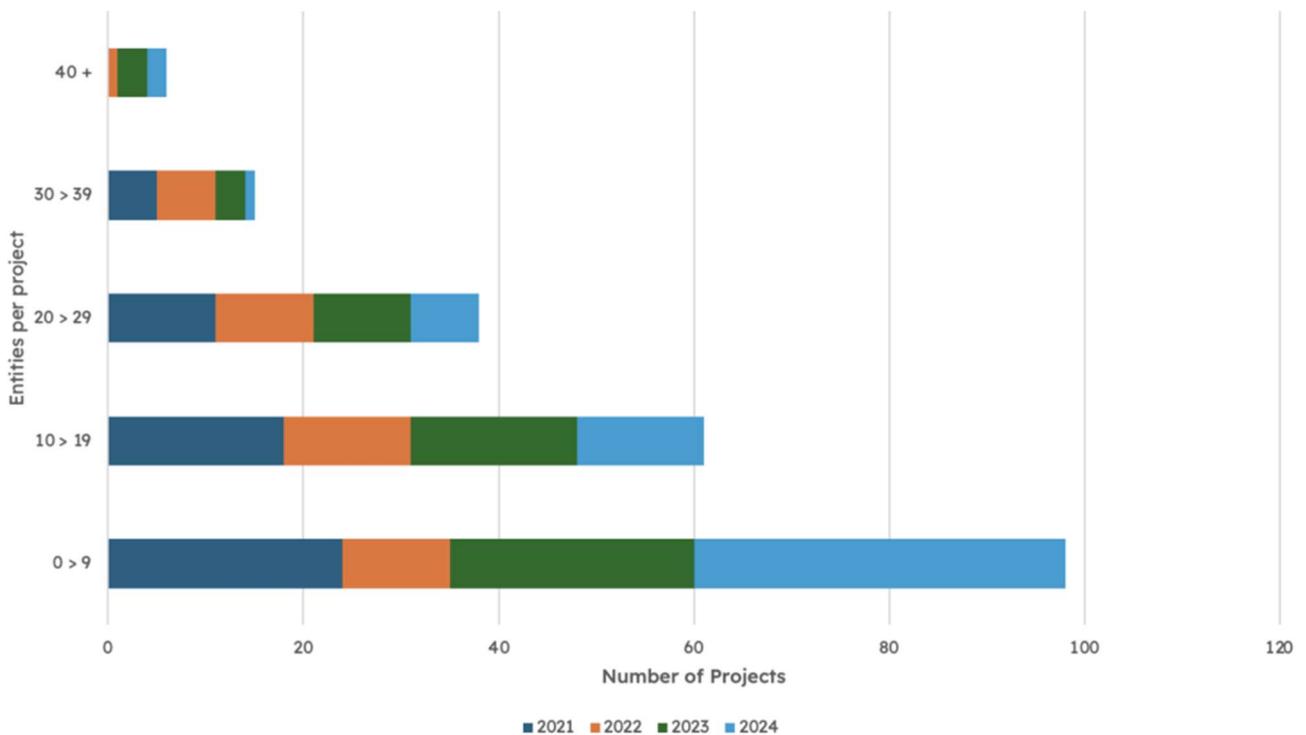


2023 marked the first year EDF has had a highly visible impact

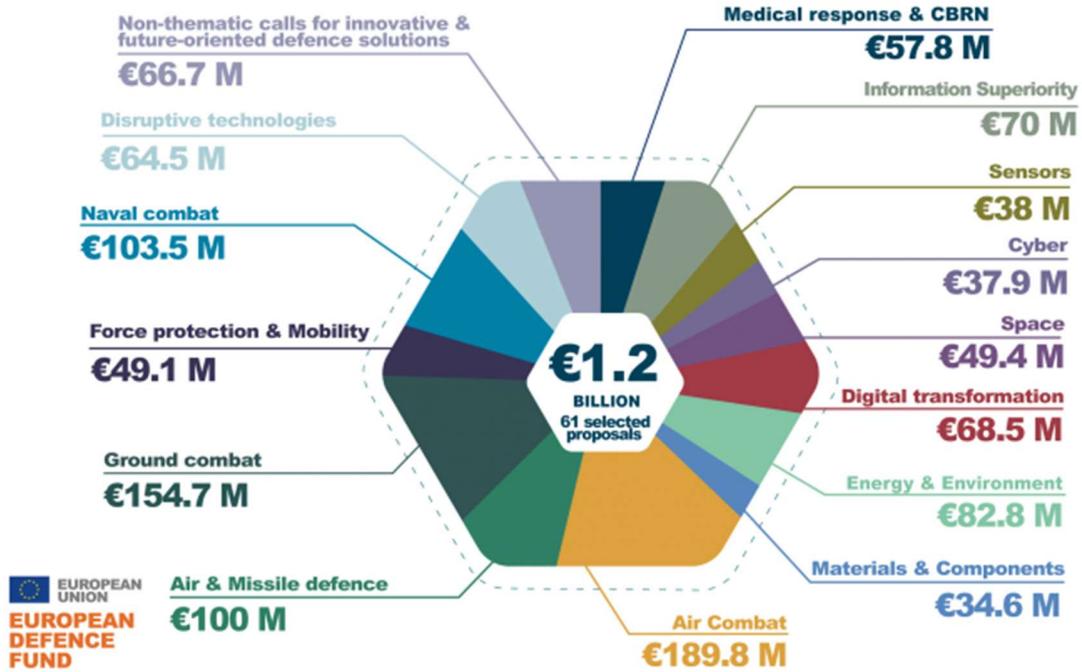


EU funding should rise further to fully incentivise enhanced EU cooperation

* Figures are in current prices



SELECTED PROJECTS BY CATEGORIES (IN GRANT AMOUNT)



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