EDRIN

European Defence
Research and Innovation Network

Bolstering support for defence research and innovation

EDRIN Analysis of the Proposal for a Regulation on establishing

the European Competitiveness Fund,

including the specific programme for defence research and innovation activities

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SUMMARY

This document outlines critical considerations regarding the proposed budget and framework for supporting defence research and innovation (R&I) under the Multiannual Financial Framework (2028-2034). With a proposed budget of €131 billion for Resilience and Security, Defence Industry, and Space, the focus of the European Competitiveness Fund (ECF) is on addressing the pressing challenges that Europe faces in those fields today.

Through this paper, the European Defence Research and Innovation Network (EDRIN) offers an initial analysis of the ECF proposal and a series of recommendations to bolster support for defence R&I.

1. **Budget Stability**: Safeguard the proposed budget of €131 billion for Resilience and Security, Defence Industry, and Space against cuts and short-term political pressures to ensure adequate funding for defence Research and Development (R&D) specifically of at least €50 billion.

2. **Continuity of EU Priorities**: A strong alignment between the ECF and Horizon Europe (HEU) should ensure continuity of support in key thematic areas, including those with defence applications.
3. **Alignment of IP Rules**: Ensure that IP rules in the ECF Regulation align closely with established rules in HEU, promoting beneficiary ownership and freedom to exploit results.

4. **Funding Rates for Non-Profits**: Increase funding support to non-profit entities, such as Research and Technology Organisations (RTOs), to cover up to 100% of eligible costs in defence development actions and encourage participation.

5. **Support for Infrastructures**: To improve access to research and technology infrastructures throughout Europe, the ECF should provide dedicated support, considering the specific framework conditions of each provider/ research performing organisation.

6. **Transparent Evaluation by External Experts**: Provide clear guidelines regarding the selection criteria (such as expertise and clearance level required) and terms for engaging independent external experts in the evaluation process to maintain transparency and avoid conflicts of interest.

7. **Encouragement of Cross-Border Collaboration**: Explicitly encourage cross-border collaboration among RTOs and SMEs through award criteria to leverage collective strengths.

8. **Inclusive Governance**: Ensure meaningful involvement of stakeholder groups, including RTOs, in the governance of defence R&D to achieve measurable impact.

9. **Clarification of Advisory Boards and the Observatory on Emerging Technologies**: Define the remit, governance, and operational details of Advisory Boards and the Observatory on Emerging Technologies in greater detail to enhance effectiveness and connection with existing advisory structures. Make sure the Defence Industrial Advisory Board is representative of the European Defence Technological and Industrial Base (EDTIB), including through a dedicated role for RTOs.

10. **Support for Dual-Use Technologies**: Implement clear guidance and coordinated action to foster dual-use technologies to ensure effective collaboration between defence and non-defence sectors while minimizing administrative burdens. Foster better exploitation of R&D results and access to research and technology infrastructures such as those funded (at least partially) by the EU.

11. **Enhanced Procurement Approaches**: Utilise procurement strategies to facilitate market uptake of dual-use solutions, supporting the transition from research to practical applications from the defence sector.

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ABOUT EDRIN

EDRIN'S MISSION

The European Defence Research and Innovation Network (EDRIN) is the group of independent solution-driven not-for-profit European RTOs with a substantial role in defence R&D within a broader innovation portfolio.

Our mission is to:

- Act as the coordinated voice of RTOs in defence R&D.
- Offer a one-stop-shop for political and industrial stakeholders to access defence R&D expertise thanks to our key role in the innovation ecosystem, in-depth experience in national, bilateral, and multinational collaborative projects, large networks of excellent researchers and unique testing facilities.
- Provide strategic guidance and consolidated long-term roadmaps for R&D priorities.
- Act as the bridging link between academia, applied research, defence industry (including SMEs and start-ups), and end-users in both traditional and non-traditional defence domains.

OUR OFFER

EDRIN is the focal point in the value chain of European defence R&D cooperation. Members bring decades of experience in working for Ministries of Defence, Armed Forces, and multinational defence organisations such as EDA and NATO.

OUR ADDED VALUE

EDRIN proactively engages with all relevant stakeholders to foster the competitiveness and innovation capacity of the EDTIB, including though maximizing the successful implementation of the European Defence Fund (EDF).

WHO WE ARE

EDRIN has nine members from eight EU countries:

- BPTI, Lithuania
- CEA, France
- CERTH, Greece
- FOI, Sweden
- Fraunhofer-Gesellschaft, Germany
- INOV, Portugal
- ONERA, France
- TNO, The Netherlands
- VTT, Finland

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This contribution provides an initial analysis of the ECF provisions in the field of defence R&D. It is followed by an annex containing substantiated amendment proposals to bolster the support for defence R&I in the next seven-year programme cycle.

BUDGET

The proposed budget of €131 billion in current prices for the Policy Window Resilience and Security, Defence Industry, and Space is a contribution commensurate with the significant geopolitical, economic and societal challenges Europe faces today. At the same time, it remains to be seen what share of that amount will be reserved for support to defence industry policy and to defence R&D specifically. While this provides for greater budget flexibility over the next seven-year cycle, the proposal has not established sufficient investment stability and predictability in the field of defence R&D. **This necessitates the introduction of an earmarking to ensure a stable and predictable share of the budget for collaborative defence R&D.**

It is well documented that EU collaborative R&D expenditure remains significantly below the 20% benchmark agreed by Member States.[1] Previous experience demonstrates that with a budget of €8 billion (as opposed to the initially proposed €13 billion), it is becoming increasingly difficult to meet the growing demand for EDF funding. This is reflected particularly in the high number of excellent proposals that remain unfunded (Reserve List) and the overall rising oversubscription of the programme. At the same time, increased national defence spending does not necessarily translate in proportionally higher investment in defence R&D. Only through consistently higher investment in defence R&D at the national level paired with a stronger incentive to contribute to cross-border collaboration can Europe ensure long-term strategic autonomy. **Specifically, the EU defence R&D budget in the next programme cycle should be at least €50 billion (accounting for demand and inflation). A distribution between Research and Development of 1/3 and 2/3 of the budget respectively, in line with current practice, should be considered. Enhanced support should be provided to disruptive technologies and innovation as well as to open topics**, since these are areas where demand has been highest.

Collaborative defence R&D provides unique added value in closing Europe's defence innovation gap. It enables industry of all sizes (large enterprises, SMEs, mid-caps, start-ups and scale-ups) and RTOs to work together at a scale and level of excellence that no programme by a single Member State could provide. Stable, long-term investment in collaborative defence R&D has the unique benefit of forging a stronger alliance between Member States, empowering the EDTIB to deliver innovative applied solutions to strengthen European resilience and provide tangible benefits for society. However, without a commensurate financial contribution to defence R&D, Europe could effectively jeopardise its long-term security, resilience, and defence capability.

[1] 2025-EDA_DefenceData_Web.pdf

Greater attention is required to avoid systematic underinvestment in future capabilities, which could lead to long-term strategic vulnerabilities. **Without a full R&I pipeline, future capabilities could remain out of reach for the foreseeable future.**

As the ECF addresses activities from defence R&I to production and acquisition, it is important to establish mechanisms to bridge defence R&D with follow-on stages along the entire value chain. Consideration should also be given to research and technology infrastructures due to their significance in bolstering European technological sovereignty. One way to do this would be through testing and evaluation where RTOs participate in the validation phases of defence R&D solutions.

It is also important for policymakers to realise that instruments such as loans and equity the ECF relies on, are valuable for later-stage market activities but largely inaccessible to RTOs. Without sufficient support in the form of grants, an essential part of the defence R&D ecosystem risks being excluded in contrast to the increasing oversubscription of the EDF. **Therefore, it is fundamental to safeguard the proposed budget of €131 billion for Resilience and Security, Defence Industry, and Space against cuts and short-term political pressures to ensure the impact of stable, long-term investment in defence industry. In the same vein, it is essential to establish a minimum amount for defence R&D to ensure the visibility and continuity of investment particularly in collaborative defence research.**

ALIGNMENT BETWEEN THE ECF AND HORIZON EUROPE

As the ECF is designed to provide a strong link with HEU, its success will depend on effectively building upon the breadth and thematic diversity of HEU. While the four policy windows of the ECF offer a solid framework, they do not explicitly provide for continuity in key thematic areas, particularly those that underpin Europe's technological sovereignty, including technologies with defence applications.

The ECF should ensure coherent and predictable support for R&I and corresponding infrastructures, in alignment with the thematic structure of HEU. Particular attention should be given to domains contributing to Europe's technological sovereignty, industrial resilience and innovation capacity, including aeronautics, advanced materials, modelling and simulation, autonomous systems, dual-use technologies and infrastructures. Dedicated mechanisms should support sustainable access to programmes and infrastructures, such as testing facilities, experimental platforms, high-performance computing and AI environments.

To enhance impact and coherence, the development of robust evaluation frameworks should be promoted to assess the efficiency, maturity and industrial applicability of emerging technologies. These frameworks should integrate advanced digital environments and simulation tools, allowing for the rigorous testing of technological concepts and the identification of potential risks, including algorithmic bias in complex and unforeseen scenarios. This approach would strengthen Europe's capacity to deploy competitive, reliable and responsible technological solutions across critical sectors.

This approach also recognises that RTOs, as public interest actors, play a fundamental role in connecting technological development with end users, thus ensuring that European investments promote effective, needs-driven innovation and strengthening Europe's collective capacity to address its most strategic challenges. A strong alignment between the ECF and HEU would preserve Europe's scientific and industrial continuum and strengthen synergies between the programmes.

INTELLECTUAL PROPERTY

The ECF rules on IP tend to deviate from typical funding rules towards the acquisition of rights for the EU. RTOs have a mission to generate, transfer, and utilise knowledge for the benefit of European industry and society. Overly restrictive IP rules that resemble the acquisition of rights by the EU could undermine this role and discourage participation. **The ECF should be closely aligned towards ensuring ownership by beneficiaries and freedom to exploit and disseminate results. Any security exceptions should be clear, proportionate, and properly justified. This would strengthen European competitiveness while safeguarding security interests.** → Article 51(5)

Regarding the ownership of results, where support is provided in the form of a grant, the proposal allows for the EU to enjoy royalty-free access rights and to grant non-exclusive licenses to third parties. User rights for the granting authority generally contradict the nature of funding and should be minimised as funding should not be perceived as compensation for user rights. The right to exploit results must remain an exclusive privilege of the beneficiaries. In comparison, HEU includes **the provision of some rights to the funding authority, which are restricted to non-commercial and non-competitive uses. The same principle should apply to defence R&D as a general rule. Further user rights shall be subject to a separate procurement**. → Article 54(1), Article 54(2)

Similarly, if Member States or Associated Countries jointly contract recipients to further develop Fund-supported results, they shall receive royalty-free access. This rule refers exclusively to Member States and Associated Countries putting them on the same footing as beneficiaries/ participants. This is clearly not the case, and the former should not typically have rights to the results, as this is a grant rather than an exchange of services or procurement. In addition, there are no restrictions on the specific conditions of use. **The provision conflates elements of different instruments (grants, exchange of services, procurement). This does not exclude the agreement of fair and reasonable terms under which access rights should be granted as it is included in a separate provision.** → Article 54(2)

INDEPENDENT EXTERNAL EXPERTS

Regarding the complementary eligibility rules for grants, the proposal allows the evaluation committee to be assisted by independent external experts. **As a matter of transparency and efficiency, the required expertise and the terms of reference for the engagement of independent external experts should be defined in greater detail to exclude conflicts of interest.** → Article 51(19)

FUNDING RATES

The proposal includes separate provisions for the funding rates for defence research and innovation and the development of defence technologies and capabilities respectively. For development, the support may cover up to 50% of the eligible costs or, for procurement of R&D services, up to 50% of the estimated value of the contract.

The provision critically overlooks the essential role of non-profit entities, particularly RTOs, in driving innovation uptake along the knowledge development pipeline. RTOs are pivotal in translating early-stage research into innovative applied solutions.[2]

[2] EDRIN– nine RTOs from eight EU Member States – participate in over 200 EDF projects (2021-2024).

A 50% ceiling for development would create a structural funding gap for RTOs, effectively disincentivizing their participation despite their central role in the innovation pipeline and undermining the EU's innovation objectives.

Doing away with the complexity of applying different funding rates in Development Actions is a form of simplification that needs to further account for research-related activities (such as feasibility studies). **In the case of non-profit entities such as RTOs, the support should cover up to 100% of the eligible costs or the estimated contract value.** This approach would also align with the HEU model which already recognizes the specific nature of non-profit entities. → Article 52(3)

The proposal also allows for the responsible officer to authorise, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 25% of eligible direct costs. For the reasons outlined above, the proposal should consider the role of non-profit entities such as RTOs. In addition, it is important to keep in mind that RTOs have unique research and technology infrastructures that require significant investment to cover the costs incurred for their set-up and maintenance. Even at a funding rate of 25% of eligible direct costs, the overhead in defence R&D work is typically well above that mark. The resulting funding gap would only discourage participation in R&D actions. **This is why the ECF should provide for a minimum funding rate of 25% of eligible indirect costs. Similar provisions for clean transition, space and security should be adjusted accordingly. Further, in line with established practice, costs should be determined in accordance with the recipient's usual cost accounting practices on the basis of actual indirect costs provided that those practices are accepted by national authorities for comparable activities in the defence domain and that they have been communicated to the Commission by the recipient.** → Article 52(3), Article 52(8)

AWARD CRITERIA

Proposals for actions shall be assessed in accordance with the excellence criterion first. It is commendable that this key element to the competition of ideas that characterises EU R&D programmes will be retained in the future. Unique to the added value and success of EU defence R&D is that it fosters cross-border collaboration based on excellence.[3] RTOs have long demonstrated the added value of cross-border collaboration, especially when it comes to the involvement of SMEs and other players from industry of smaller size. Their participation ensures that projects are grounded in high scientific and technical standards and that excellence is combined with practical feasibility and long-term impact. Due to their non-profit nature, RTOs are not at risk of distorting the market as a result of the financial support they receive, typically in the form of grants. In addition, RTOs provide SMEs with services that support market entry and growth. RTOs also operate research and technology infrastructures that enable cross-border access and joint experimentation, thereby strengthening the European technological base and contributing to strategic autonomy. **This is why cross-border collaboration between RTOs and SMEs should be explicitly encouraged through the applicable award criteria. Further incentives should focus on access to infrastructures such as those funded (at least partially) by the EU, thus helping smaller industrials across Europe to benefit from facilities often located in major RTOs.** → Article 53(1)

[3] EDF Interim Evaluation report - Defence Industry and Space

GOVERNANCE AND ADVISORY BOARD

RTOs are one of the stakeholder communities that has been actively involved in EU defence R&D since the establishment of the EDF and its precursor programmes. Early and meaningful involvement of the defence R&D community through a balanced representation of primes, players from industry of smaller size, and RTOs is essential to deliver measurable impact. Moreover, the governance of the ECF should ensure the effective participation of RTOs in strategic programming and consultative bodies to maintain a balance between industrial deployment and upstream research, essentially having an ever-warm defence innovation pipeline. RTOs also help ensure continuity between EDF projects and the ECF and coherence between research with defence and civil applications. Therefore, an inclusive approach to the overall ECF governance that is representative of stakeholder groups is vital.

The newly unveiled European Defence Readiness Roadmap 2030 marks a decisive shift in the EU's ambition to strengthen its defence capabilities through strategic flagships such as the European Drone Defence Initiative, Eastern Flank Watch, European Air Shield, and the European Space Shield. These initiatives aim to close critical capability gaps, accelerate industrial production, and reinforce long-term collaboration. RTOs play a crucial role by bridging early-stage innovation with industrial deployment, supporting SMEs and start-ups in accessing defence markets, and ensuring innovation uptake. Failing to integrate RTOs into the strategic and financial architecture of EU defence instruments risks undermining the very innovation ecosystem the roadmap seeks to mobilize. To fully realize the objectives of the Roadmap, RTOs must be granted adequate funding rates and representation in governance structures, in collaboration with industrial actors. **The Defence Industrial Advisory Board can only fulfil its task well to assist and provide advice if a broad and balanced spectrum of assistance and advice options are put to the table. In other words, the Board must be representative of the EDTIB and include RTOs alongside industry.** → Article 56

OBSERVATORY ON EMERGING TECHNOLOGIES

The proposal outlines several advisory bodies overall, but it remains unclear how these will operate and coordinate in practice. In a similar vein, it provides little to no detail on the Observatory on Emerging Technologies and what connection it will have to the existing Observatory of Critical Technologies. The issue is further compounded by the inconsistent use of the terms "critical", "emerging" and "dual-use technologies" throughout the proposal. **The remit, governance and outreach of the Observatory on Emerging Technologies should be defined in greater detail. A clear definition of emerging technologies in relation to critical technologies could be included in an Annex.** → Article 14(4)

DUAL USE

To ensure a better connection to the defence industrial base, dual-use technologies, materials, knowledge, or products may be supported across the ECF. Similar provisions are included in the HEU proposal, regarding the European Innovation Council in particular. The ambition is commendable, but **without clear guidance, RTOs, SMEs and other players from industry of smaller size, or those with little or no experience in the field of defence may have to take sole responsibility for navigating the dual use domain resulting in fragmented implementation and underutilised opportunities for meaningful impact**. There is a risk that civil applications may face vulnerabilities due to differing priorities between defence and civil end-users. For example, space technologies developed for military use may require careful adaptation to civil standards and ethics. Support for technologies with dual-use potential requires coordinated, well-calibrated action: clear guidance, alignment across DGs, and close cooperation with

Member States. Otherwise, an entirely open approach could fail to accelerate market uptake and reinforce "the valley of death" in sensitive areas such as security, defence, and space. Accelerating the implementation of innovative applied solutions is essential to ensure timely impact and strategic advantage, requiring clearly guided and aligned approaches. **This is why exploring a flagging mechanism to identify the dual-use potential of HEU results, while minimizing administrative burden, is essential.** This could be based on work by EDA. The mechanism could also be implemented through a single-entry point such as the F&T Portal, which would enable the rapid identification of dual use applications and promote synergies between HEU and EDF projects.

Specific calls could encourage work by consortia involving RTOs, end-users, and industry, while ensuring that IP and security-related data remain protected under EU jurisdiction. Such calls should be based on clear requirements for defence and civil applications, and open only to entities eligible under the ECF for the implementation of defence activities, in keeping with recent proposals[4] by the Council. Implementing spin-in and spin-out calls to encourage knowledge transfer among defence and non-defence applications is another step in providing dedicated support.

Further, there should be targeted support to foster dual-use technologies and **connect defence and non-defence R&I communities**.

Finally, a stronger focus on **procurement approaches** particularly in HEU can create tangible pathways for market uptake of dual-use solutions. → Preamble (40), Article 39(1), Article 46(1)

EDITORIAL NOTE

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[4] Regulation as regards incentivising defence-related investments in the EU budget to implement the ReArm Europe Plan, Council mandate, 8 October 2025