Brussels, 10 July 2017

EDA DOCUMENT FOR THE STEERING BOARD

SB Doc 2017/13

implementation of key taskings and next steps

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ISSUE

The Council Conclusions of 14 November 2016 on the implementation of the EU Global Strategy in the area of security and defence, 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 European Defence and defence capability development in particular. Their implementation require to make full use of EDA’s potential, supporting Member States in the identification and prioritisation of the required capabilities and in the generation of relevant capability and R&T developments, taking also into account the industrial dimension.

The twin purpose of this document is to set out the Agency’s work against this strategic backdrop; and to report on progress and seek Steering Board guidance where necessary.

In light of a rapidly changing security and defence landscape, the Head of the Agency has initiated a Long Term Review on the Agency’s objectives, priorities and way of working. Such exercise has successfully been conducted between November 2016 and April 2017 and has led to reinforcing the Agency’s mission and identifying a set of implementing principles and measures so as to keep EDA fit-for-purpose.

In view of deepening defence cooperation, EDA has taken work forward with regard to the revision of the Capability Development Plan by spring 2018, the elaboration of proposals with a view to the setting up of a Coordinated Annual Review on Defence by the end of 2017 as well as the refined link between processes on defence capability priorities, overarching R&T priorities and Key Strategic Activities. The Agency has further progressed in the area of critical enablers including on Security of Supply.

The programmes welcomed by the European Council in 2013 are making good progress: they should contribute to enhancing Member States’ capabilities, improving interoperability, and building trust. Moreover, good progress has been made among the more than 50 capability-related projects and programmes.

There remains a need to further incentivise defence cooperation. The beginning uptake by Member States of the VAT exemption of EDA projects and programmes as well as the progress made regarding the development of a Cooperative Financial Mechanism to support cooperative programmes by facilitating the synchronised availability of defence budgets are key elements in this regard.

RECOMMENDATIONS

The Steering Board is invited to:

* 1. welcome the initiative taken by the Head of the Agency on conducting a Long Term Review of the Agency’s priorities, objectives and way of working; endorse the reinforcement of the Agency along the paths set out in Chapter I of the conclusions and recommendations of the Long Term Review, in support of the effective implementation of its mission; welcome the implementing measures and principles as proposed by the Head of the Agency and set out in Chapter II of the conclusions and recommendations of the Long Term Review that will follow the established EDA rules and procedures; and agree to revert by spring 2019, at Ministerial level, to take stock of progress and assess the need for additional recommendations and further steps.
  2. welcome progress achieved in the implementation of tasks provided to EDA under the Council Conclusions on implementing the EU Global Strategy in the area of Security and Defence;
  3. welcome EDA’s work in close coordination with the EEAS as regards the definition of the scope, principles, methodology and detailed modalities of a Coordinated Annual Review on Defence (CARD) in view of setting up the CARD, starting with a trial run as of autumn 2017 and agree that the launch of such trial-run suspends the tasking to develop a questionnaire and full implementation report on the assessment of the Policy Framework for systematic and long-term cooperation by the end of 2017;
  4. welcome progress achieved in, and encourage EDA to continue to support, the four key capabilities welcomed by the 2013 European Council; and call on the Agency to continue work on implementing existing programmes and on identifying potential future cooperative project and programmes, in all areas and of all sizes;
  5. invite EDA to provide a state of play on work related to the development of proposals for barter mechanisms and seek for further guidance, as necessary, by the National Armaments Directors in Autumn 2017;
  6. welcome further progress achieved in the implementation of the Pilot Project as well as the Agency’s support provided to Member States on the Preparatory Action for Defence Research in its upstream role and in developing relevant technical specifications; welcome the progress in negotiating a Delegation Agreement with the European Commission in view of the Agency’s implementing role; and looks forward to the submission of the Delegation Agreement as soon as possible before its signature so as to ensure that EDA’s remuneration covers all costs of the implementation of the tasks defined therein and thereby eliminating any impact on the Agency’s general budget; recall the importance of ensuring coherent uptake of R&T results in future cooperative capability projects and programmes;
  7. welcome the EDA roadmap on CDP-OSRA-KSA as an input to defence-related programmes prepared by the European Commission; and note the understanding that in principle and without prejudice of future decisions taken by the Commission and Member States within the next Multiannual Financial Framework, the Agency’s planning assumptions for the revision of the CDP, the development of the OSRA and Key Strategic Activities are in line with the Commission’s preparations for the defence related programmes under the next programming period;
  8. **[**welcome the Financial and Legal Package presented by the Agency that allows for the establishment of the Cooperative Financial Mechanism Category A programme with a view of finalising the negotiation on a Programme Arrangement by end 2017;**]**
  9. encourage EDA to continue in close consultation with Member States to ensure that the interests and specificities of defence are taken into account in wider EU policies;
  10. support EDA’s revised approach towards establishing a structured dialogue and enhanced engagement with industry based on a clearly defined set of priority actions and task the Agency to provide to Member States regular progress updates in relevant EDA fora and to present an assessment of those priorities and the efficiency of the implementing actions in November 2018;
  11. welcome cooperation between EDA and NATO and the Agency’s swift actions on the implementation of the Joint Declaration signed in Warsaw by EU and NATO leaders and encourage further interaction, in full transparency with Member States and in full respect of the decision – making autonomy, to ensure complementarity, reciprocity and mutual benefit and avoid unnecessary duplication.

Long Term Review of the Agency

In her letterof 7 October 2016 the Head of the Agency informed Defence Ministers about her intention to launch an in-depth reflection and structured assessment of the Agency’s longer-term objectives, priorities and way of working in view of preparing a set of substantive recommendations for the EDA Steering Board meeting in May 2017. Ministers’ Delegates addressed through a series of monthly meeting the Agency’s support to its shareholders, its relation with key stakeholders such as the European Commission, and the internal way of working with a view to increase the output and added value for Member States and increase their buy-in in the Agency’s work. The strong profile of attendees at the meetings has allowed to engage with strategic level decision-makers, providing a unique opportunity to identify and reflect on the key stakes the Agency needs to tackle now and in the longer term to reinforce its mission. The result has been presented by the Head of the Agency for Ministers’ consideration in a dedicated document on the “LTR Draft Conclusions and Recommendations” as attached to her letter of 28 April 2017.

SECURITY & DEFENCE IMPLEMENTATION PLAN OF EU GLOBAL STRATEGY

The actionable proposals related to EDA that are contained in the Council Conclusions on implementing the EU Global Strategy in the area of Security and Defence have been taken forward in close cooperation with Member States as a matter of priority since November 2016. They are described in more detail below. The Agency will continue with their full and swift implementation and will report regularly to the Steering Board on progress. EDA, in close consultation with Member States, will also continue to work closely with the European Commission on the implementation of the European Defence Action Plan.

SUPPORTING THE DEVELOPMENT OF CAPABILITIES AND MILITARY COOPERATION

Projects and Programmes

EDA remains actively engaged in supporting the development of the four programmes welcomed by the European Council in December 2013: Air-to-Air Refuelling, Remotely Piloted Aircraft System (RPAS), Governmental Satellite Communications (GovSatCom), and Cyber. Progress is set out at Annex 1.

In addition to the four programmes there has recently been good progress in many projects. Examples are: as Land and Logistics(European Centre for Manual Neutralisation Capabilities (ECMAN), the Multinational Modular Medical Unit (M3U), EU Multimodal Transport Hubs, the Joint Deployable Exploitation and Analysis Laboratory (JDEAL), Anti-Tank Weapons and MEDEVAC); Maritime (Maritime Surveillance (MARSUR) and Migrant Handling training); and Information Superiority (Geospatial Information Management System (GISMO) and Radio Spectrum).

**Capability Development Plan**

Following the tasking from the Ministerial Steering Board in November 2016 to improve the EU capability development process, EDA developed a Food-for-Thought paper which was extensively discussed through successive rounds of consultations with Member States, as well as the EUMC and EUMS. On 23 March the EDA Steering Board in Capability Director’s format approved the EDA’s proposals on strengthening the EU Capability Development Process and their implementation within the current CDP review.

The year 2017 will be dedicated to the revision of the CDP content, in order to present to national planners a European capability requirements picture over time. A new short term shortfall assessment and an overview of lessons learned from Operations will be provided by the EUMC/EUMS by December 2017. It is expected that this CDP short term input will reflect the current strategic environment by using a revised set of illustrative scenarios as a starting point for the EUMC analysis of the CSDP capability shortfalls. In addition EDA will conduct a long term Capability trend analysis, facilitated by a Table Top Exercise (21-23 June 2017) linking future capability needs with R&T trends, including regarding Hybrid Threats in a European context. The long-term capability trends derived through the EU Capability Development Process will ensure a coherent view between the Capabilities, Armaments and R&T communities, thus making the EU capability development priorities resulting from the Capability Development Plan more actionable and output-driven. Finally, EDA will provide by November 2017 an assessment of the potential for cooperation in capability development clusters based on Member States’ plans and programmes recorded in the CODABA. These inputs taken together will form the baseline for the subsequent identification of EU Capability Development Priorities to be agreed in Spring 2018.

In line with the implementation of the EU-NATO Joint Declaration, the overall process ensures coherence of output and timelines between the EU Capability Development Plan and the NATO Defence Planning Process (NDPP).

Defence Cooperation

Coordinated Annual Review on Defence (CARD). A concept paper detailing the scope, methods and content of the CARD has been prepared by the EDA in close cooperation with the EEAS, taking also into account inputs provided by the EUMC as well as guidance provided by relevant Council working bodies. The concept paper was further developed in successive rounds of consultations with Member States’ representatives at the level of Policy Directors, Capability Directors and NADs, taking also account of a dedicated workshop organised by France, including regarding potential modalities of implementation and envisaged timelines.

The CARD aims at facilitating Member States delivering in particular on EU capability development priorities agreed in the framework of the Capability Development Plan. The CARD should provide Ministers with an opportunity to take stock of the European capability development landscape, assess progress in cooperative capability development to date and share information on defence spending plans. The initiative will ensure coherence of outcomes and timelines between the CARD as well as the Capability Development Plan (CDP) and respective NATO processes such as the NATO Defence Planning Process (NDPP) where requirements overlap while recognising the different nature of the two organisations and their respective responsibilities and contribute to ensuring complementarity of efforts and avoidance of unnecessary duplication.

On that basis, it is expected for the Council to decide on the establishment of the CARD by the end of 2017 so as for relevant EU bodies to finalise practical modalities and to implement them according to the proposed timelines. These modalities would be tested in a trial-run as of autumn 2017. A report on the trial-run would be prepared with Capability Directors and Defence Policy Directors with a view to submitting it to Ministers, meeting in the EDA Steering Board in November 2018. The first full cycle of the CARD would begin in Autumn 2019. Given that the CARD will build on the Policy Framework for systematic and long-term cooperation*,* the launch of such trial-run would suspend the need to develop a questionnaire and full implementation report on the assessment of the Policy Framework for systematic and long-term cooperation by the end of 2017.

1. European Movement Coordination based on the European Air Transport Command (EATC) Model. As regards the development of proposals and business cases for replicating the success of the EATC in other domains, a number of Member States indicated their willingness to contribute to the elaboration of business cases, notably in the capability area of Logistics at Sea. Based on an analysis of the current landscape in the area of Logistics at Sea, options for a European Naval Logistic EATC-like model will be developed, including in view of a dedicated workshop to be held with Member States in early June. The main focus of the EATC-like approach for Surface Movement of military assets is the potential establishment of a ‘Movement Coordination Entity’ (MCE). This topic is being developed under the umbrella of the PT Movement and Transport. At upcoming expert level meetings, Member States will be invited to identify actionable proposals. EDA will propose a way ahead in line with the outcome of those consultations and present it to the CAP Directors’ meeting on 27 Sep 2017.

Barter Mechanism. The May 2015 Steering Board in the format of Defence Ministers tasked EDA to develop proposals for barter mechanisms for Member States’ consideration, building on the on-going practice in the European Air Transport Command (EATC), where Air Transport & Air-to-Air Refueling Services (ATARES) are exchanged. Based on a Food-for-Thought Paper on barter mechanisms in the military domain, EDA carried out a stock-taking exercise in 2016 which raised the visibility of existing barter arrangements and highlighted their respective features. On 19 October 2016, the Steering Board in National Armaments Director composition encouraged Member States to indicate initial service areas in which they would be interested to introduce a barter mechanism. Based on views expressed by Belgium, Finland and Italy on shared practices and potential areas for cooperation at the NAD PoC meeting on 2 February 2017, EDA organised a dedicated workshop on 4 April 2017. Discussions revealed interest of several Member States in investigating how to streamline barter mechanisms in a European context. There was a clear preference among these Member States to make best use of current barter mechanisms, such as ATARES, MEOS or the recently signed arrangement on Sharing of Spare Parts (SoSP), should thus be further promoted, exploited and expanded in terms of membership and services exchanged. Many systems based on bartering are already in place, but knowledge of these mechanisms and their use appears to be limited to a rather small number of experts in Member States.

In view of exploring how the Agency could support Member States in further developing proposals for barter mechanisms for Member States’ consideration, in accordance with EDA’s rules and procedures, EDA will provide a platform to collect and provide information on features of existing barter mechanisms in view of improving Member States’ knowledge of the different bartering mechanisms currently available. EDA will also liaise bilaterally with relevant organisations (e.g. EATC) and Member States. Furthermore, this could include possibilities to open new areas of interest for barter mechanisms such as reciprocal participation in military training courses and/or the use of Test & Evaluation (T&E) facilities, pending confirmation of interest by a minimum number of Member States. Finally, there might also be added value in developing a system that would allow transfers from one barter system to another. Based on the results of the bilateral contacts mentioned above, the Agency could analyse possibilities to establish an ‘overarching balancing system’ providing Member States with the option to transfer their credits and debts between existing systems. In carrying forward this work, EDA will provide a state of play and seek further guidance, as necessary, from the National Armaments Directors in Autumn 2017.

Critical Enablers

1. Security of Supply. In line with the decisions by the May 2015 Steering Board, the Agency has worked, in close cooperation with Member States, towards a political commitment on Security of Supply. Such political commitment would be without prejudice to Member States’ final decisions and would aim to further enhance Security of Supply at EU level in two main areas: mutual support and defence transfers between Member States. Considering that defence transfers are in most Member States not under the remit of Ministry of Defence, a political commitment addressing also defence transfers would need to be considered and eventually adopted by the representatives of the governments of the Member States meeting in the Council. To this end, EDA finalised together with Member States and after a thorough process a draft political commitment which the Agency has proposed to forward to the relevant Council Working Bodies,as a baseline for establishing a political commitment in the form of a declaration by the representatives of the governments of the Member States meeting in the Council. Establishing such a political commitment would answer to the Security of Supply related tasking provided for in the November 2016 Foreign Affairs Council Conclusions on implementing the EU Global Strategy in the area of Security and Defence.
2. Standardisation. Standardisation is identified as a key critical enabler for EDA collaborative projects within the framework of Material Standardisation Group (MSG). The Agency progressed with the development of a Project Standardisation Management Plan (PSMP) which will identify standardisation needs resulting from the CDP, the Collaborative Database and R&T projects. The PSMP is being implemented as a test case in SESAR and RPAS activities before envisaging the progressive extension to all other EDA collaborative projects as of 2018. In parallel, the Agency continues to maintain and develop the functionalities of the EDSTAR and EDSIS IT tools supporting the standardisation work strand.
3. Military Aviation. Following the approval of the Military Aviation Strategy in the context of Single European Sky (SES) by the Steering Board on 03 February 2017, EDA has progressed on the development of the related Implementation Plan to be submitted to the EDA SES Military Aviation Board (ESMAB), ensuring complementarity of efforts and avoiding unnecessary duplication with NATO, through close staff-to-staff coordination.
4. With regards to military airworthiness, considerable results have been achieved in regards to the mandate from the EDA Steering Board in Defence Ministers format on 10 November 2008. The EDA MAWA Forum has delivered agreed cooperation principles, harmonised airworthiness requirements and procedures for mutual recognition. EDA’s participating Member States are now to implement the framework into their national regulations, with the support of EDA, to achieve the full benefits of the harmonisation efforts. With the results achieved to date, the tasks set by the 2008 ministerial mandate are drawing to a close.
5. Although the harmonisation in the airworthiness domain will lead to cost benefits in multinational programmes and an optimised use of oversight resources, it will not automatically result in a substantial improvement of interoperability, effectivity and efficiency of European Air Forces. For this a harmonisation of safety approaches also in other aviation domains is key. In this perspective, the EDA has developed a set of new airworthiness objectives taking into account the required harmonisation of safety requirements in all military aviation domains, which has been shared with the MAWA forum and will be further developed and harmonised in close coordination with the NAD community and the ESMAB, before submitting it for Steering Board approval.
6. Test & Evaluation (T&E). The Foreign Affairs Council Conclusions of November 2016 identified test and evaluation as one of the critical enablers for cooperation to be further improved. The EDA T&E Capability Strategy 2015-2025 (DTEB Strategy) approved by the Steering Board on 29 January 2016 foresees a stepped approach in five consecutive phases aiming at a European T&E networks capability which is able to conduct all required qualification activities and to agree on mutually accepted Europe-wide certification requirements. In this context EDA developed the DTEB Database from a catalogue into an integrated tool linked with the Collaborative Database (CODABA), the Capability Development Plan (CDP Tool) and the EDSTAR Database. As an outcome, this development delivers best practice standards and test reports. The mapping of test centres now also includes industrial capabilities. Based on these pre-requisites a procedural model for a T&E Gap Analysis is being developed, which will be validated on a test case before being implemented on the existing European T&E landscape.
7. Education, Training and Exercises (ETE): EDA continues to deliver its portfolio of training and exercise activities related to high-end military capabilities such as Fixed-wing Airlift and Support Helicopters. The work is now extended to MALE RPAS activities through a Training Technology Demonstrator project conducted in close cooperation with the EUMS and the European Air Group, which will equip nine Member States with training stations integrated in a network that will enable real time training based on operational scenarios involving operators located in several countries. The first two systems will be deployed and tested by the end of 2017.
8. The overall long term objective is to develop a fully-fledged European training framework, including for high-end capabilities (e.g. joint pilot training for fighter aircraft, fixed wing aircraft, helicopters and RPAS) based on harmonised training curricula and the coherent exploitation of existing national training centres. A promising example in this context is the recently created European Tactical Airlift Centre (ETAC) in Zaragoza expected to reach initial operational capability in September 2017, after which it will progressively take over EDA’s fixed wing training activities. A similar approach for EDA’s helicopter training and exercise programme will be the subject of a workshop in May 2017 in view of exploring the opportunities to develop a multi-national helicopter training centre to support advanced tactics and training and to improve operational availability of helicopter crews within an agreed readiness framework.
9. In addition, the Agency has launched the pilot of the Defence Energy Managers Course (DEMC) which will complete in early 2018, while continuing to support the European Armaments Cooperation Course under Austria’s leadership.
10. Support to Operations. Participation to EDA’s EU satellite communications framework contract now includes 23 contributing members, including sixteen participating Member States and one Third State with an Administrative Arrangement (Serbia), the Athena Mechanism and five EU civilian missions. It is a rare example where co-funding from EU budget (EU civilian missions) and Member States (national and EU military operations) contribute to achieve economies of scale. A tender process is underway in view of extending services provided to include Communication and Information Systems services for headquarters and deployed forces.

Based on this successful model to pool the demand for contracted services and to allow European industry to respond to the demand with better economic conditions thanks to a larger and longer term business case, EDA has recently launched a Cat B project aimed at establishing a framework contract providing contributing members with the option to order commercially available in-theatre aeromedical evacuation services through EDA.

In addition various EDA projects (cyber awareness seminars, human resource management software, Marsur networking, Geohub, EQUIP web-portal, Contractor Support to Operations web platform) are now being used by EU military operations Sophia, Althea, EUTM Mali and EUTM Somalia.

**Incentives**

VAT Exemption. The Agency has invested considerable effort into the smooth introduction of this incentive to the lifecycle of the EDA Ad Hoc projects and programmes. So far one project, notably MIDCAS, has benefited from the VAT exemption (another project – MIRACLE II - that is at a concluding stage, may benefit of the same exemption). For the near future EDA has received information from Member States to include the provision of VAT exemption in additional 7 projects. In order to foster the implementation of this incentive and in view of facilitating the national administrative process, an EDA delegation visited a number of capitals to discuss the way forward. So far visits to Germany, Netherlands, Italy, Sweden and Norway and a meeting with France have taken place and upcoming visits include Poland, Austria, Portugal, Spain, Greece and Cyprus. These visits facilitated EDA to meet with counterparts from the Ministry of Defence, Ministry of Finance, VAT and Custom Services and to exchange views on procedural aspects that could further enable this significant incentive to be integrated into the R&T ad hoc projects and programmes.

1. **[**Cooperative Financial Mechanism (CFM). In line with the December 2013 Council conclusions the EDA has been working on measures to incentivise cooperation. The business case presented to the Steering Board in November 2016 demonstrated that lack of synchronisation of budget availability is a key element preventing and delaying the launch of new collaborative projects and programmes, thus generating missed opportunities in technological, industrial and capability terms.
2. The aim of the CFM is to support the launch of new collaborative programmes and projects. This can be done by addressing budgetary synchronisation in a dynamic way, but also by facilitating the disbursement of resources.
3. The CFM is proposed to be established as an EDA Cat A ad hoc programme building on the following key modalities:
   1. The CFM is a voluntary tool. Any Member State decides on its own discretion whether (a) to participate in the programme, (b) to contribute, and (c) to support one specific project affected by a lack of budgetary synchronisation.
   2. The scope of the CFM is to support collaborative projects and programmes addressing topics mentioned in the Article 5 (on the functions and tasks) of the EDA Council Decision.
   3. Contributions to CFM are fully voluntary. Member States are free to contribute at any moment to the CFM. As the objective of the tool is to make the launch phase of cooperative programmes faster, the CFM budget will depend entirely on Member States’ interest to support cooperative endeavours.
   4. The CFM respects key budgetary principles enshrined in national budgetary laws, namely the principles of specification and annuality.
   5. Member States will keep the full control of their contributions in the CFM.
   6. Building on individual decisions made by Member States in relation to the use of their contributions, the CFM will not generate joint liabilities, nor will it apply financial engineering techniques. Following the decision by a Member State to support another Member State, the support transaction will be concluded through a system of reimbursable advance and deferred payment through the CFM Investment Tool, thus not creating direct contractual or legal arrangement between the two Member States in question.
   7. The tool is compliant with Article 125 of the Treaty on the Functioning of the European Union.
   8. Member States are able to withdraw at any moment from the CFM. Their contributions can be recovered at any moment either by using them to support projects or programmes in which the Member State in question is involved or by withdrawing from the CFM programme.
   9. The EDA will manage the programme under the supervision and guidance of the contributing Member States.
4. The CFM will ease the launch of cooperative programmes and projects and will enable more efficient use of budgetary and human resources. It will lead to an increased availability of resources in three ways: (i) by Member States supporting each other through the CFM, budgetary shortfalls can be addressed when they arise, hence facilitating timely launch and implementation of collaborative programmes and projects; (ii) by facilitating ring-fencing budgets allocated to cooperation it will help to mitigate situations where delays could lead to loss of budget as Member States have the possibility to use CFM to channel their investments in collaborative programmes; and (iii) by helping to optimise the use of budgetary resources (avoiding situations in which Member States’ resources are committed for a long period to a programme not being launched because of a budgetary shortfall of a partner). As a whole the CFM supports increased efficiency of defence spending (enabling a smooth financial management of cooperative programmes, facilitating disbursement) and increased coordination of expenditures.
5. Following the Steering Board decision approving the establishment of the CFM Cat A programme, negotiations with Member States will be commenced on the Programme Arrangement based on the elements defined in the financial and legal package (Annex 3). Participation to the negotiations would not constitute a commitment to participate to the CFM Cat A programme, on the contrary Member States would be free to opt out from the programme until the signature of the Programme Arrangement.**]**

STIMULATing R&T TO PREPARE future CAPABILITIES aND SUPPORT THE EDTIB

Research

1. CapTechs continue to be central to the work of the R&T community bringing together representatives from Member States and industry. They are a primary means of generating and reviewing the R&T planning,which will be coordinated by the Overarching Strategic Research Agenda. The work of the CapTechs has enabled an enhanced defence R&T portfolio within the Agency. Currently the portfolio includes close to 100 R&T ad-hoc projects and programmes, including 36 new projects that are under negotiation with a total value of approximately 130 million euros. EDA will continue to promote and facilitate collaborative defence R&T through CapTechs. The unique tool of EDA Ad Hoc Cat A and Cat B is expected to be further used by Member States in the years to come to support the R&T collaborative effort, in full complementarity with the new instruments to be established in the context of the European Defence Action Plan.
2. EDA will also continue to seek dual-use synergies with civil research. The ongoing work includes cooperation with the European Space Agency and European Commission on critical space technologies and with the European Commission on Key Enabling Technologies which will allow for a better coordination and insight on the impact of investments in dual-use areas.
3. EDA has been supporting dual-use R&T projects in accessing European Structural and Investment Funds (ESIF). So far three projects assessed by the national Managing Authorities have been funded. Seven additional projects are awaiting the outcome of the assessment and eighteen are currently benefitting from EDA’s assistance in view of their submission to the relevant Managing Authority. EDA’s work has paved the way for the recent acknowledgement in the European Defence Action Plan that the defence sector (and not only its dual-use dimension) can access ESIF. As a next step EDA will support projects fostering skills and competences that are key for the Ministries of Defence and defence industry in accessing ESIF (particularly its European Social Fund).
4. OSRA. EDA has made good progress towards the implementation of the Overarching Strategic Research Agenda (OSRA) that is to develop into a reference tool allowing for generating a comprehensive vision of defence research priorities in line with capability needs. The baseline version which links research goals consistently to the CDP was presented to Member States at the April R&T PoC meeting, and will be further discussed with R&T Directors in June. This will be used for a prioritisation exercise by Member States over the summer to establish areas of common interest. Subsequent updates will be aligned with the CDP update process. Moreover, as mandated by the December 2016 Steering Board on the involvement of industry in the OSRA framework and capitalising on the valuable work of the CapTechs, EDA will be able to encapsulate in a more systematic way the views of industry on the development of Technology Building Blocks (TBBs). This will also enhance the discussion on technology roadmaps and the development of Strategic Research Agendas as well as project ideas in view of different funding instruments, including the envisaged European Defence Research Programme. The work on the OSRA prioritisation scheme will be supported by an IT application which is being developed in parallel. Upcoming significant milestones include (i) the approval of the OSRA criteria and TBBs at the Steering Board in June 2017 (OSRA Version 0), (ii) following discussions at the R&T directors meeting in June, the validation of OSRA Version 1 (including prioritisation of TBBs by Member States R&T PoCs) through silence procedure in December 2017; and (iii) the validation of OSRA Version 2 in 2018, taking also into account the revised CDP.
5. Preparatory Action on Defence Research (PA). Paving the way for a fully–fledged European Defence Research Programme (EDRP) under the next EU Multi-annual Financial Framework as of 2021, the PA intends to fund collaborative defence research at EU level. The Commission and EDA are building on the best practices identified through the Pilot Project so far, for which EDA has supported Member States and the Commission in identifying relevant topics, has organised the calls for proposals, organised the evaluation process, negotiated three grant agreements with selected consortia and is now conducting the related project management. On 15 February 2017 EDA provided the Annual Implementation Report to the Commission. In line with the Delegation Agreement, EDA will by the summer provide the first Mid-Term Technical Synthesis Reports, which include the evaluation of the achievements to date. For the Preparatory Action, EDA will again contribute upstream, during the implementation and downstream taking into account the lessons learnt from the Pilot Projects management. The 2017 work programme has been defined by Member States and Commission in the Commission’s As-If Programme Committee based on prior identification and consolidation of research topics within the Agency’s framework. As part of the upstream role the Agency provided additional relevant technical refinement of the topic Soldier System and best practice advice for the Technology Demonstrator for a Naval Environment.
6. After the signature of the Delegation Agreement between Commission and EDA, envisaged to take place end of May 2017, the PA call for proposals is foreseen to be launched in June 2017. For the call, the submission of proposals and the registration of experts for the technical and ethical scrutiny of the proposals EDA will take advantage of Horizon2020 IT tools, which are going to be adapted to the requirements of the PA. The staff for the implementation of the PA is being recruited in line with the planning presented to R&T Directors in December 2016. EDA remuneration for the PA is to be reflected in a detailed cost break-down in view of the Delegation Agreement. Member States have been informed about the draft cost break-down reflecting the estimated costs incurred to the Agency, to be fully covered by the to be received remuneration.
7. Along the same model, EDA will inform the annual work programmes of 2018 and 2019 as well as the future European Defence Research Programme on the basis of refined research priorities, derived from the Agency’s work on CDP, OSRA and KSA. The Steering Board tasked the Agency in March 2017 to elaborate a tentative roadmap regarding the elaboration of the OSRA, which will inform the EDRP and present it to the Steering Board. The EDA is invited to consult the Commission in that regard. After consultations between the Agency and the European Commission on the EDA roadmap set out in Annex 4, a common understanding has been reached that in principle and without prejudice to future decisions taken by the Commission and Member States within the next Multiannual Financial Framework, the Agency’s planning assumptions for the revision of the CDP, the development of the OSRA and Key Strategic Activities are in line with the Commission’s preparations for the defence related programmes under the next programming period.
8. In line with the EDA Steering Board tasking of March 2017, EDA will further elaborateits proposals on the coherent interaction between Capabilities, Armaments and R&T communities by Autumn 2017 in order to make capability priorities more actionable and implement it during the current CDP review.

**EDA Engagement with Industry**

1. Based on the EU Global Strategy’s call for “a structured dialogue with industry” and given the evolving industrial and innovation landscape, EDA has reviewed its engagement with industry. Throughout past months, in-depth discussions have been conducted with Member States, both at Director and expert level, as well as with industry to tailor EDA’s industry engagement to further increase output and added value.
2. Engagement with industry can be more efficient, successful and of greater value if it responds to and meets commonly agreed objectives. Five overarching objectives supporting a stronger EDTIB based on increased competitiveness and cooperation are the drivers of EDA activities:
   1. to act as an interface towards wider EU policies by sharing with industry information on EU regulations/policies, collecting information from industry on their impact and providing defence views to the Commission;
   2. to support access to EU funding;
   3. to maximise defence industry involvement in R&T projects and development of capabilities, including developing enablers and supporting measures in order to increase the number of collaborative R&T and capability development projects;
   4. to share with the defence industry, as appropriate, the evolution of European defence requirements, in particular the EU capability development priorities resulting from the CDP, enhance access to related business opportunities and promote networking; and
   5. to analyse and collect information on the EDTIB and industrial defence capabilities.
3. EDA future interaction with industry will be without prejudice to the Member States’ role as the ultimate decision makers both in capability and R&T domains. The interaction will ensure fair and equal treatment of different industrial stakeholders as well as competition at all levels and through the entire capability development and R&T process. It will be guided by following key principles:
   1. increased transparency;
   2. inclusive approach in respect of industrial stakeholders;
   3. coherent and coordinated use of EDA fora and tools, including consistent internal processes and practices; and
   4. enhanced output and effectiveness through better focus
4. Building on the above key principles, priorities have been identified for EDA engagement with industry, notably with regard to the capability development process, exercises, R&T prioritisation, innovation, SES/SESAR, Key Strategic Activities and support to industry. These priorities (Annex 2) will guide the 2017-2018 activities of EDA in relation to industry. Regular progress updates will be provided to Member States in relevant EDA fora and an assessment of those priorities and the efficiency of the implementing actions will be presented in November 2018.

**KEY STRATEGIC ACTIVITIES**

1. Work continues on the identification of Key Strategic Activities (KSA) at EU level. The interaction of the KSA process with the prioritisation tools in the research (OSRA) and capability (CDP) area have been clarified and presented to Member States. For the five test cases welcomed by the Steering Board in November 2016 detailed project descriptions have now been developed, the industrial sector has been consulted, and the project descriptions have been shared with the European Commission. The Agency continues to explore together with the European Commission, and in close consultation with Member States possible EU funding tools in support to these test cases. Following the approval of the first version of OSRA in late 2017, the KSA methodology will be applied to the prioritised OSRA Technology Building Blocs. By April 2018 the first results of the identification of KSA at EU level will be communicated to Member States. The KSA methodology will also be applied to the revised CDP.

**WIDER EU POLICIES**

SES/SESAR. EDA’s increased role with regard to Single European Sky and SESAR have resulted in EDA Steering Board decision of 27 January 2017 (SBD 2017/01) agreeing to integrate the Category A MIOS Programme activities into the SES/SESAR Unit by 31.12.2017, noting this will allow for a seamless transition until the formal termination of the MIOS Category A Programme Arrangement on 20 June 2018.

1. EDA is working closely with NATO on Single European Sky related matters and has developed a single text for a Military Aviation Strategy which was approved early this year (SBD 2017/03). EDA is now developing the Implementation Plan in order to fullfil the objectives addressed in this Strategy.
2. EDA SES Military Aviation Board (ESMAB) is now fully operational and its third meeting will take place on 30 May. Under the ESMAB structure, SES Expert Communities (SECs) provide the technical expertise to feed EU insititutions with military views on Single European Sky:
   1. The SES Expert Community (SEC) on Air Traffic Management (ATM) and Communication, Navigation and Surveillance (CNS) enables military requirements to be taken into account to the maximum extent possible in the civil rulemaking activities carried out by DG MOVE and EASA.
   2. The SEC SESAR enables military requirements to be taken into account by the SESAR Deployment Manager and civilian stakeholders. In this context, notably EDA continues to support Member States in identifying and submitting military projects that may be eligible for EU co-funding.
   3. The SEC RPAS Air Traffic Insertion (ATI) enables military requirements to be taken into account by the SESAR Joint Undertaking (SJU) and to be integrated into the development of a dual use RPAS ATI roadmap, notably in view of facilitating the insertion of MALE-type RPAS in non-segregated European airspace.
   4. Although a SEC Cyber Aviation has not been formally established, activity is ongoing with the aim to develop a comprehensive approach to aviation cyber security, to improve cyber defence capabilities, to minimise the impact of cyber risk on military aviation and to safeguard military RPAS ATI in a timely manner.

In addition to the SEC RPAS ATI work at expert level, a “Technical Coordination Mechanism” has been established between the Commission, SESAR Joint Undertaking (SJU), EASA and EDA, for the development and implementation of a joint civil-military roadmap towards RPAS Air Traffic Integration. To complement this work, EDA intends to set up a collaborative platform with industry to establish a constructive and pin-pointed dialogue related to technical and financial requirements in support of an ATI roadmap for certified RPAS. The main objectives of this platform are to exchange with European industry on the topics related to Military RPAS Air Traffic Integration, harmonise and connect the civil and military aspects within companies in close cooperation with SJU in the progression of the ATM Master Plan updates and include the definition of R&T demands and the identification of potential multiple funding sources, both civil and military. EDA will closely coordinate with the Commission's Directorate-General for Mobility and Transport in order to ensure complementarity of scope between this initiative and the DG MOVE Informal Expert Group on Drones which is about to be established.

1. REACH: Harmonisation of national procedures on granting REACH defence exemptions is being progressively achieved, on the basis of national implementation of the EDA Code of Conduct on REACH defence exemptions adopted by Member States in March 2015. The Agency investigated the wider impact of the REACH Chemical Regulation on the defence sector (governmental and industrial stakeholders), through an outsourced study in 2016. The main study conclusion is that REACH and its processes, as they stand now, may impact the operability of Member States’ Armed Forces, especially considering the long lifecycles of military equipment. Thus, the study provided recommendations for the evolution of the REACH regulation or its processes, as input to the Commission in the context of the REACH regulation 2017 review, aiming to achieve a dual target: high level of protection of health and the environment and, at the same time, ensuring the operational effectiveness of Member States’ Armed Forces including through enhancing competitiveness and innovation of the EDTIB. The study provided also additional proposals for improvement of REACH implementation and mitigation of its impact on defence, addressed to EDA, Member States Ministries of Defence and REACH Competent Authorities, European Chemical Agency (ECHA) and European defence industry. These proposals are currently evaluated in consultation with relevant stakeholders, including industry, in view of their potential implementation. On the basis of work conducted and positive results achieved, the EDA has assumed in recent years an important central role as military coordinator on REACH defence related issues.
2. Energy and Environment: In 2016, EDA continued the work in the Commission funded Consultation Forum for Sustainable Energy in the Defence and Security Sector (CF SEDSS). The final deliverable of CF SEDSS, on guidance to Ministries of Defence on addressing infrastructure energy considerations, will be submitted to Commission by October 2017. A second and more implementation focused phase of CF SEDSS is under discussion between EDA and Commission to follow on immediately after the current 24 month phase. As part of CF SEDSS, the Protection of Critical Energy Infrastaructure Experts Group continues to meet to develop a conceptual paper for the defence sector.

In respect of EDA’s Energy and Environment programme, the Agency is exploring together with Member States a broadening of the programme to consider the impacts of broader environmental risks, including climate change, on capability development and the defence technological and industrial base.

Maritime: The Agency’s work on the implementation of the EU Maritime Security Strategy (EUMSS) continues apace, in close cooperation with the EEAS and the Commission. On Maritime Surveillance, EDA actively supports the Maritime Surveillance project (MARSUR). From its inception, the MARSUR capability has been designed to support Common Security and Defence Policy Operations and its effectiveness is currently tested since MARSUR provides support to Operation EUNAVFOR Sophia. In this respect, a MARSUR capability demonstration took place on 10th May 2017. In line with the cross-sectoral approach of the EUMSS, EDA took action towards Frontex, EMSA and EFCA in order to promote an inter-agency approach as regards civ/mil synergies in the frame of the Border and Coast Guard Function. In this respect EDA concluded a mapping of activities which could be pursued in cooperation such as on maritime surveillance, maritime training, capability development, research and technology, RPAS. Work also progressed well as regards the development of a cross-sectoral maritime security research agenda in close cooperation with civil and military research communities. The need for such an agenda has also been reflected in the European Defence Action Plan. The final outcome is expected to be delivered by the end of 2017. The anticipated outcome will provide for a harmonisation of R&T objectives that ultimately will enable increased collaborative research initiatives including with a civilian-military dimension. As regards access to ESIF Interreg for transnational maritime security projects, the Ministries of Defence (MoDs) have been addressed by EDA to foster and gather cooperative dual-use projects supporting EU maritime security. As a result, three projects have been submitted by MoDs to EDA, all resulting from transnational cooperation among MoDs, universities, RTOs, clusters. EDA is interacting with the competent ESIF Interreg transnational managing authority publishing calls and allocating ESIF Interreg funding to get an initial feedback about the potential eligibility of the above mentioned projects. Accordingly to the EUMSS AP, among cross-sectorial initiatives in the field of maritime surveillance in the EU domain, particular importance is given to the Common Information Sharing Environment (CISE) implementation. In the CISE architecture, MARSUR is foreseen as the contribution of the Defence community to the CISE initiative in order to increase MARSUR effectiveness.

1. Circular Economy: The European Defence Action Plan (EDAP) published in November 2016 refers to the concept of Circular Economy in relation to the Defence Sector. At present, EDA is addressing the Circular Economy from a macroscopic point of view in order to assess in which areas of defence the concept and principles of Circular Economy would be of relevance. These principles are not alien to the defence sector in terms of through life management. There is a need to assess the possible alignment or gaps between this flagship initiative of the European Commission and the defence sector, including as regards defence industry. The work launched by EDA is the first step to assess of possible constraints and opportunities, including for defence industry, that could be derived from applying the Circular Economy concept and principles to the defence sector. A roadmap for follow-on actions will be established in order to seize all the benefits that may emerge for the defence from this new policy.
2. Innovation in Defence: EDA needs to engage with non-traditional defence R&D communities and innovators in order to capture innovative ideas, which include the creation of a new technology, product, process or service, as well as the application of existing technology to a different problem or domain and to facilitate timely access to emerging and potentially disruptive research results and to identify areas in which additional investment is needed to fully address future capability needs. Against this background EDA is launching in 2017 a number of Innovation activities related to identifying and attracting innovative industrial and research entities (based on a FfT paper presented to the recent R&T Directors meeting of December 2016). These activities entail a systematic identification of innovators and innovations, the development of innovation communities and the systematic involvement of industry in innovation activities

Space: The March 2017 Steering Board approved the European Military Satellite Navigation Policy, and tasked EDA to set up an Ad Hoc Working Group for the drafting of a Common Staff Target (CST) based on the Policy, without prejudice to the current governance frameworks and national policies. This work will begin before the summer.

Based on the CDP, EDA has been pursuing work on space-based Earth observation systems with Member States, investigating future needs (2025-2030) for EU operations and for national interests. The March 2016 Steering Board endorsed a Strategic Context Case, on which basis a CST is currently being elaborated with Member States with the support of the EEAS and EU Satellite Center. The CST is expected to be submitted to the Steering Board during the course of 2017. Based on such work, potential cooperation and synergies with the European Commission and its Copernicus programme, as well as with ESA, will be explored in due course.

Cooperation with ESA, already effective in several domains such as RPAS (DeSIRE project), critical space technologies, cyber defence and satellite communications (GOVSATCOM) has recently extended to CBRNe. On 30 March 2017, ESA and EDA have entered into an Implementing Arrangement under the ESA-EDA Administrative Arrangement regarding the implementation of a joint study on space based services in support of CBRN.

**EDA-NATO**

Member States each have a single set of forces and one set of capabilities. EDA’s staff-to-staff cooperation with NATO is developing apace with all NATO divisions and Agencies of relevance as well as with SACT, on the basis of transparency with the Member States, reciprocity and in full respect of the decision-making autonomy.The Joint Declaration signed in Warsaw by EU and NATO leadersprovided a new impetus and substance to a pragmatic EU-NATO partnership on the basis of the seven identified areas for cooperation, most of which fall within the Agency’s remit. EDA actively supports the swift implementation of the set of proposals endorsed by the Council on 6 December 2016 with concrete outcomes such regarding inter alia the coherence of output between CDP and NDPP and Military Aviation. The concrete deliverables of the Agency’s efforts along with the ones of EEAS and the Commission will be included in the report that the High Representative/Vice President/Head of the European Defence Agency will submit to the Council in June 2017. The proposals endorsed by the Council on 6 December 2016 streamlined and prioritised the Agency’s interaction with NATO in order to ensure effective implementation within the existing resources.

ANNEX 1

COOPERATIVE PROGRAMMES

1. European Strategic Tanker Capability. The objective of the Project Team Air to Air Refuelling (PT AAR) is to continue to address the shortfall in AAR capability in Europe. The focus within the PT AAR is threefold:
   1. **To make more efficient use of existing assets.** There is a need to be smarter in tasking and planning for our existing fleets, and to increase interoperability. That is achieved through training and supporting multinational efforts to arrange for more tanker-receiver clearances. EDA has launched an Ad Hoc Working Group to assist in the search for synergies among present and future A330MRTT users.
   2. **Development of the A400M AAR capability.** EDA is, and will continue to, closely monitor the development of the A400M AAR capability. A400M nations are presently fielding their A400M fleets and Airbus is testing the AAR capability of the aircraft. Once there is a certified AAR solution available, EDA will reinvigorate this work strand in order to increase the amount of AAR-kits (pods) through a Pooling and Sharing initiative and thus increase the overall AAR capability in Europe.
   3. **Support to A330MRTT.** During 2016, NL and LU signed the Memorandum of Understanding (MoU) and secured the contract for two A330MRTT, including options for 6 additional aircraft valid until January 2018. On 16 February 2017 the ministers of BE, DE and NO signed a Declaration of Intent in which they declared their intention to participate in the MoU during the course of 2017 in due course, which would thus increase the fleet up to 7 or 8 aircraft. The MMF project is on track and open to other interested countries in need of AAR capability; Airbus have recently been requested to include three more optional aircraft in the present contract.

European MALE RPAS**:** The objective is to support the development of a European solution for Medium Altitude Long Endurance (MALE) RPAS capability by 2025. A two-year definition phase was launched in September 16, funded by four Member States (France, Germany, Italy, and Spain) through OCCAR. EDA continues to support this programme in particular to facilitate air traffic integration of the future system and to facilitate the involvement of additional Member States in the future development phase. A workshop was held in Brussels on 24 April to inform all Member States about the progress made through the European MALE RPAS definition phase and about the opportunities/modalities to join the future development phase.

1. EDA, EASA, SJU and the Commission are intensifying their activities in the field of air traffic insertion of all types of RPAS into non-segregated airspace. EDA contributes to an update of the EU Air Traffic Management (ATM) Master Plan aiming to fully take into account RPAS. To that end, EDA is building links between current defence RPAS programmes and the development of the EU regulatory framework. In the context of the technical coordination mechanism on air traffic insertion of RPAS into non-segregated airspace, established between the Commission (DG MOVE), the SJU, EASA and EDA, on-going work is aiming at the delivery of an addendum to the European ATM Master Plan in the second semester 2017, which will fully take into account civil and military drones. An EDA working group is in place to consolidate military inputs to this European process.

Work also continues within the European MALE RPAS Community (DE, EL, ES, FR, IT, NL and PL) for improved interoperability and cooperation through harmonisation of training activities. In January 17, EDA launched a contract to develop and deploy a Technology Demonstrator for collaborative training which will enable cooperative virtual exercises for RPAS aircrews.

GOVSATCOM: Under the lead of Spain, GOVSATCOM activities are reaching a decision point after the approval of the Common Staff Requirement and the Business Case by the Steering Board. The Member States participating in the Project Team Satcom intend to establish a Cat B project for the recommended Pooling and Sharing demonstration, which will be submitted to the Steering Board by written procedure in due course. Work will continue in close coordination with the Commission and ESA. Together with the Commission and based on the GOVSATCOM Common Staff Target, EDA has prepared a High Level Civil Military User Needs document for GOVSATCOM that has been endorsed by the Political and Security Committee of the Council. The Commission is committed to its GOVSATCOM Impact Assessment to refine policy options for EU GOVSATCOM governance and assess potential costs of the options before going for a possible legislative initiative. ESA is actively setting up the GOVSATCOM Precursor Programme approved by ESA Member States during the ESA Council at Ministerial level on 2 December 2016, with several technology projects aiming at developing secure satellite communications systems and services scheduled for in-orbit demonstration in 2017.

The European Defence Action Plan and Commission’s Space Strategy for Europe also contributed to setting the potential way-ahead of the GOVSATCOM programme. Efforts are being undertaken so that each actor coordinates potential segments/proposals. Member States need to ensure this coherence in relevant decision-making fora.

Cyber: The revision of the Cyber Defence Strategic Context Case that steers the EDA Cyber Defence Programme in all its lines of development was endorsed by the EDA Steering Board in Capability Directors format on 23 March 2017. Activities are continuing in the areas of human factors, education, training and exercises, in complementarity with other initiatives on training & education such as the Cyber Discipline of the EU Military Training Working Group, as well as in the area of innovative Cyber Defence Technologies. Ad hoc projects are underway for cyber ranges, for which the Project Arrangement has been signed by all 11 contributing Member States on 5 May 2017; for deployable cyber defence situational awareness packages for headquarters, for which the system requirements and the target architecture will be developed in 2017 and 2018; definition of the work package options within an outline description and Project Arrangement for the preparation of the Advanced Persistent Threat Detection project (MASFAD II) with contributing Member States by end 2017; and for pooling demand for cyber defence training and exercise support by the private sector (DePoCyTE) the Common Staff Target (CST) was approved in December 2016 and work on the Common Staff Requirement continues. In view of the transversal nature of cyberspace by way of example in the aviation domain, EDA has commenced investigating domain-specific cyber defence requirements and challenges for aviation. This work strand aims to increase cross-domain knowledge on cyber defence and at the same time to explore synergies between the cyber domain and the physical domains on common issues of interest.

Based on the agreement of the Steering Board in NADs’ composition on 19 October 2016, the Cyber Defence R&T Ad Hoc Working Group was established late November 2016 and work on the development of a Cyber Defence Strategic Research Agenda commenced. This activity will take into account developments on the civil side such as the Cyber Security Strategic Research and Innovation Agenda as part of the Cyber Security contractual Public-Private-Partnership between the EU Commission and the European Cyber Security Organisation (ECSO). Co-operation with other EU agencies such as ENISA, EC3, CERT-EU, EU SATCEN and third party partners like ESA and the CCD COE continues to grow. Formal cooperation has been established with ESA through an implementing arrangement framing a space and cyber defence technology cooperation and with ENISA through an exchange of letters. Negotiations between ENISA, EC3, CERT-EU and EDA on topics for quadrilateral cooperation opportunities continue. The overall objective remains to promote the development of Member States’ cyber defence capabilities and capacities in accordance with the CDP and the EU Cyber Defence Policy Framework.

MEDEVAC: This addresses the CDP Priority Action ‘Provide medical support to operations’; standardisation, interoperability and training are key concerns of Member States. The results and proposals of the study “Interoperability in Forward Aeromedical Evacuation with Rotary Wing” will be discussed at the next Project Team Medical and AHWG MEDEVAC meetings for further development. A potential Cat B project on Multinational MEDEVAC training is being considered to promote cooperation and interoperability among Member States. It is intended to include MEDEVAC training activities within the EDA’s Helicopter Exercise Programme (HEP). MEDEVAC training activities are closely linked to the Cat B project Multinational Modular Medical Unit (M3U). Future collaboration in training activities for both projects will reduce cost and utilise potential synergies. Moreover, the training activities will cover the whole continuum of care – from the point of injury or sickness through evacuation to specialised care in theatre (Role 2/3) and eventually to definitive treatment and rehabilitation in a national facility; it is anticipated that this approach will align States’ approaches in this area and foster interoperability. Regarding the study results “Insights into cooperation opportunities in the field of MEDEVAC equipment” which focused on a market analysis of the potential for cooperation in the area of MEDEVAC modules/kits, a possible procurement will be explored among Member States during the next AHWG MEDEVAC meeting.

Anti-Tank Weapons: The objective is to address Member States’ needs to update or upgrade existing systems and further support those with urgent procurement requirements. Four expert meetings have taken place so far. To date, information exchange about Lessons Learned/Identified from recent conflicts and missions (in Africa and East Europe) is on-going. Work will also continue on the establishment of cooperative projects concerning specific systems to facilitate training, maintenance, upgrading and procurement, with a particular focus in 2017 on identifying synergies on jointly upgrading common Anti-Tank systems. The group intends to explore “Future requirements for Anti-tank Weapons and Missiles (beyond 2030)” and in interaction with the CapTech Ammunition Technologies “Novel Technologies for Anti-Tank weapons and munition”, starting with dedicated OB studies in 2018..

Since November 2016, four Project Arrangements have been signed, demonstrating a clear commitment to defence cooperation:

* 1. The European Centre for Manual Neutralisation Capabilities (ECMAN) which offers expertise in the field of IED threats to improve capabilities along all lines of development;
  2. The Multinational Modular Medical Unit (M3U) standardises national medical capabilities to achieve a high level of multinational interoperability and gives the basis for future Medical Treatment Facilities (MTF) procurement initiatives;
  3. EU Multimodal Transport Hubs which will deliver a framework for Military Movement and Transport through a Technical Arrangement dealing with European Military Border Crossing and Transiting for Surface Movement (road, railway and inland waterways).
  4. Personnel Recovery Controller and Planner Course (PRCPC) focussing on training staff officers in supporting their commanders in Personnel Recovery related tasks.

In the Land domain, the Joint Deployable Exploitation and Analysis Laboratory (JDEAL) has deployed its deployable element successfully twice (most recently to Exercise Bison Counter 2018) and trained some 200 people.

In the Maritime domain, Maritime Surveillance in support of Operation SOPHIA received a boost with the provision of an Operators and Technicians course for MARSUR early this year, and has been followed up with a Flag Level capability demonstration on 10 May 2017. Plans for a Migrant Handling course in cooperation with the Hellenic Navy are also well advanced.

In the Information Superiority domain, EDA Project Teams are working with the EU Satellite Center to put in place a Geospatial Information Management System (GISMO) which is now being used in support of Op SOPHIA, the EU Monitoring Mission in Georgia, and OSCE Security Monitoring Mission Ukraine. The PT Radio Spectrum also continues to provide valuable insight to Member States as the Agency progresses this activity that is crucial to so many other capabilities.

Main Battle Tank: Having identified in CODABA, that some Member States have Main Battle Tank (MBT) capacities that they do not currently use, whilst others face requirements for these capacities due to the evolving strategic environment in Europe, EDA has proposed an innovative pooling & sharing concept. This would allow surplus Leopard platforms available in certain Member States to be leased for a dedicated period of time to one or several other interested Member States, after an upgrade to the latest Leopard configuration, in a comprehensive package including technical upgrade, training and logistic support. At the end of the leasing period, the MBTs could either be returned to the ‘Providers’ (for further use or subsequent sale to third parties), or sold to the ‘Receivers’. Pooling & Sharing of training, exercises and maintenance between ‘Providers’ and ‘Receivers’, using already existing facilities, could complete the concept, which obviously requires industrial partners to be involved in support of its implementation. On 1 May 2017 the Steering Board agreed that the project “Optimisation for the Main Battle Tank capability in Europe with an initial focus on a business case for Leopard 2” is accepted as an EDA ad hoc Cat B project with participation of eleven contributing Member States and one Third State.

ANNEX 2

EDA INDUSTRY ENGAGEMENT - PRIORITIES

BACKGROUND

1. The European Union Global Strategy underlines that Member States need technological and industrial means to acquire and sustain capabilities to underpin their freedom of action. Consequently, it calls for a structured dialogue with defence industry to ensure “a solid European defence, technological and industrial base …”. Its Implementation Plan on security and defence reiterated this. The Foreign Affairs Council of 14 November 2016 invited EDA “to initiate consultations with Member States and the EUMC in order to improve the EU capability development process and present proposals by February 2017, including in view of taking into account R&T and industrial aspects in the CDP review”. The EDA Ministerial Steering Board of 15 November 2016, when addressing the EDA work on Key Strategic Activities (KSA) tasked EDA “to further elaborate in close consultation with Member States a structured dialogue with industry, with wide representation, in support of the implementation of KSA methodology;” The importance of this structured dialogue was also underlined by the November Council.
2. Furthermore, defence industry is at the heart of the Commission’s European Defence Action Plan, which underlines the need to ensure “that the European defence industrial base is able to meet Europe’s current and future security needs.”
3. Following an analysis of EDA’s interaction with industry and the discussion with the NADs at the October 2016 Steering Board, the NAD meeting of 22 February 2017 discussed the proposed lines of action on the improved EDA industry engagement based on two FfT papers. Following the discussion at the NAD meeting, this document aims at setting the key priorities and provides some examples of concrete actions for EDA engagement with industry for the 2017-2018 timeframe.
4. Industry engagement can only be efficient, successful and of added-value if it is coherent and integrated in broader EDA activities such as the Capability Development and the R&T&I processes. As both of them are under discussion with Member States the implementation of the below priorities will need to take account of the final shape of such processes.

PROPOSED prioritisation in the ENGAGEMENT WITH INDUSTRY

1. **Capability Development Process**: In order to increase the number of cooperative projects to be launched for each of the CDP Priority Actions and to improve the information presented to Member States in the capability framework, there is need to enhance interaction with industry as follows:

Interaction with industry on the Capability Development Plan (CDP) will help gathering industry inputs about technological and industrial challenges and expected developments in view of the CDP revision. Informing industry on agreed priority actions supports timely capability development and facilitates gathering information on industry’s long term perspectives.

* Back-to-back with the September 2017 CDP-Team meeting a first CDP Industry workshop will be organised to address Long term (20 years ahead) views/considerations on military warfare focused on one of the agreed Priority Actions. Among the flagships projects agreed by the EUCO in December 2013, and with the widest number of Member States involved, RPAS is currently envisaged as the capability topic to be focused on. The EDA has issued a communication to present the envisaged modalities of this Workshop in March 2017. An assessment of the initiative and its methodology will be conducted based on the lessons learned from the test case.
* Taking into account the results of the assessment, the second CDP industry workshop could be organised back-back with the December 2017 CDP-Team meeting (satellite communication is currently envisaged as the capability area to be focused on).
* Additional 2 CDP industry workshops are envisaged during second semester 2018, on selected EU capability development priorities, as they will be agreed in Spring 2018. Other CDP priorities would be addressed in successive years.

Project Generation: Industry will be consulted to strengthen the generation of collaborative activities in the identified CDP priority areas. In particular, inputs to build Strategic Context Cases and Business Cases will be expected from industry.

The Capability Development Process includes also activities related to exercises. Existing exercises at the EU level could be opened to industry and benefit of its input. Since EUMC has endorsed the principle of a Coalition Warfare Interoperability eXploitation, eXperimentation, eXamination eXercise (CWIX), this could be used as a test case for engaging with industry.

* Assessment in 2nd semester 2017 of the demonstration of an additive manufacturing capability during the fixed wing airlift exercise in Zaragoza in June.
* Develop the concept of a future joint military/industry based exercise by Autumn 2017 and have it approved by Member States in Q4 2017. The CWIX 18 campaign could be built with the PT CIS and would serve as a pilot to test the wider utility of the approach.
* In 2018, EDA to collect industry proposals as candidates for realistic operational testing in the context of exercises organised by a Member State, in a multinational context, or by EDA. This would aim primarily at testing industry sponsored demonstrators. EDA would continue to support EEAS in CWIX 18 to further refine the modalities of the concept before potentially expanding it to other capability areas.

In response to a Steering Board tasking, EDA while continuing to act as facilitator of the military views in SES/SESAR, will enhance its role of military interface specifically to industry and to the other key stakeholders in the SES/SESAR domain, by establishing an Industry Exchange Platform on RPAS ATI.

* 2017: an informal kick-off meeting is planned for July and a first formal meeting of the industry exchange platform on RPAS ATI in the October/November timeframe. Subsequently, the scope could progressively be enlarged based on emerging further needs.
* 2018: Explore synergies between the different industry fora/platforms, streamline industry’s participation in such meeting related to real projects to agree on common actions. Industry’s participation in the SESAR Military Implementation Forum (SMIF) and the EDA SES Military Aviation Board (ESMAB) will also be considered in this context.

**Research, Technology & Innovation**: In order to maximise the development of new R&T projects, optimise the participation of industry in EDA R&T&I activities and to attract innovative industries to defence sector enhanced industry engagement is envisaged in following areas:

Industry involvement in the Defence Research Prioritisation process by extending (in terms of mandate and membership) the Capability Technology groups (CapTechs).

* In 2017, within CapTechs industry will participate to define the Technological Building Blocs to be later prioritised as part of the OSRA process.
* Pending approval by Member States, invite industry to OSRA workshops that will take place between summer 2017 and spring 2018. The participation of the industry is envisaged in at least 2 workshops in 2017 (Q3 and Q4) and 1 in 2018 (Q2).

Interaction with those innovative companies that are not traditionally present at the defence sector. This requires embedding innovation fully in the EDA R&T process. Related activities will be launched in the course of 2017 in line with the separate Steering Board decisions (December 2016 and June 2017):

* Active identification of Innovators and innovative technologies and delivery of thematic information reports with the key identified innovators and innovative technologies per research area. Based on the results of an currently ongoing EDA study, the first reports will be ready at the end of 2017 and 2 more reports are envisaged for 2018;
* By end of 2017, two innovative challenges will be organised aiming at attracting innovators in the domain of CBRN and Navigation. In 2018, up to four additional innovation challenges are envisaged to be organised and awarded, based on lessons learned in 2017;
* A systematic identification of innovation communities to be developed and integrated in a supportive manner in the work of EDA (e.g. CapTechs).

**Key Strategic Activities at EU level**: even if the identification of KSA, based on Capability Development Plan and the Overarching Strategic Research Agenda, is a top down process, inputs from industry will be actively sought in order to refine the findings and benefit from industrial knowledge of the state of skills and manufacturing capabilities in Europe. This requires consultation with industry once the KSAs have been identified.

* In relation to the test cases, industry engagement will continue through relevant CapTechs and PT’s in 2017.
* Based on EDA assessment of the relevant OSRA Technology Building Blocks against the KSA methodology, industry will be consulted on the results between January and March 2018 through dedicated KSA’s event and through CapTechs.
* Starting from April 2018 to September 2018, industry will be consulted on KSA’s derived from the revised CDP following EDA assessment of CDP priorities against KSA methodology.

**Support to industry, overall engagement**: In order to support the depth and diversity of the defence supply chain and industry competitiveness as well as to strengthen the European Defence Technological and Industrial Base, the EDA will improve information sharing to industry, to support building cross-border partnerships and industry to benefit from available EU tools (e.g. Upgrade of the Defence Procurement Gateway, EDA’s “ESIF web-platform”…). Support to SMEs is and will remain one of the key areas:

* Throughout 2017 and 2018, continue to enhance information sharing to SMEs through existing tools and support SMEs partnering and cross-border access to supply chains.
* In 2017, EDA to develop a scalable capacity building e-learning tool as well as an defence adapted e-brokerage tool, both available free-of-charge on the EDA website (SMEs Corner) for SME’s middle managers, seeking to increase their ability to access the European defence market and European supply chains.
* In 2017 and 2018, discussions with NATO on lessons learned on industry engagement with a focus on SMEs will take place in the context of the EU-NATO joint declaration.

[ANNEX 3

ESTABLISHING A COOPERATIVE FINANCIAL MECHANISM

FINANCIAL AND LEGAL PACKAGE

BACKGROUND AND INTRODUCTION

1. The release of the new European Union Global Strategy for Foreign and Security Policy in June 2016, its defence and security Implementation Plan as well as the European Defence Action Plan and the NATO-EU Joint Declaration have set the scene for strengthening defence cooperation in Europe. In this framework, the efficient use of resources to support R&T, R&D and procurement of defence equipment is crucial to strengthen European defence capabilities. This efficiency can be obtained e.g. through collaborative efforts. However, the lack of synchronisation in budget availability between Member States (MS) remains a challenge, often delaying or even hindering defence collaboration. Cooperative Financial Mechanism (CFM) could help overcoming or mitigating this challenge, but also more generally it could facilitate the launch of cooperative programmes. Ensuring budgetary availability at the right time enables efficient spending (avoiding potentially increasing cost at a later stage as well as delays) and coordination of expenditure giving greater visibility on other MS plans.
2. Following the work of the Agency to address this challenge the Ministerial Steering Board (SB) noted in April 2016 EDA’s work on the potential establishment of a defence fund and invited EDA to present a business case by the end of 2016. In November 2016, the EDA Ministerial SB welcomed the business case for the potential establishment of a CFM and agreed to the establishment of an ad hoc working group within the EDA with a view to submitting a clear legal and financial package and associated recommendations to the Ministerial Steering Board in Spring 2017. Furthermore, the European Defence Action Plan presented in November 2017 several initiatives aiming at strengthening the European defence sector and recognised that in the context of the European Defence Fund “Member States' experience and ongoing work in the context of EDA for the creation of a Cooperative Financial Mechanism should also be taken into account”.
3. Following the November 2016 SB tasking, the EDA conducted an analysis to clarify potential constrains linked to the envisaged structure of the CFM as well as to align the CFM with key budgetary principles enshrined in the national budgetary legislation, notably those related to budgetary specification and annuality. At a second stage, different options have been analysed in order to identify the optimal operational set-up of the CFM, in line with the aforementioned principles.

UNSYNCHRONISED DEFENCE BUDGETS CAUSING DELAYS AND/OR CANCELLATIONS

1. The EDA internal analysis related to Category B Ad Hoc projects and programmes, having led to the Business case presented to the Ministerial SB in November 2016, shows that one of the key factors blocking or hindering MS defence cooperation is budget asymmetry (or the lack of synchronisation in budget availability).
2. The negotiation process of Category A and B Ad Hoc projects and programmes represents a significant commitment both from MS and EDA in terms of time and effort. At the same time, due to unsynchronised budgetary availability projects and programmes in preparatory phases have been exposed to the threat of delay, and in the worst cases cancellation.
3. In addition, the national reprioritisation of funding allocations in a particular year may cause unexpected complications and delays in project/programme implementation. In practice, this means that although the project/programme may still have MS formal support, the budget previously envisaged in a particular year may have been reallocated and a new budget earmarked for another year. This new budget is not necessarily synchronised with what was originally planned, and the respective MS is forced either to cancel its participation or to delay the implementation until the necessary funds are available.
4. EDA has calculated, on the basis of past experience that between 10 and 20% of the projects (in value) are affected by the synchronisation problem. More concretely, in two past projects having an aggregate value of EUR 12 million (7 and 3 MS participating) the budgetary shortage was EUR 2.2 million. This shortage also causes that the commitment of EUR 9.8 million made by other Member States was not disbursed over several months. In addition to the non-optimised use of the financial resources, the un-synchronisation of budgetary availability causes negative impacts that are not easy to measure, e.g. increased need for human resources, lost opportunities for the European defence industrial base, and delays in overall capability development.
5. Considering that the current portfolio of R&T Category B projects under negotiation is approx. EUR 130 million, it can be estimated that within these projects the budgetary shortfall caused by the unsynchronised budgetary availability could be from EUR 13 to 26 million.

THE CFM AS A SOLUTION

1. To address this synchronisation issue, a CFM with voluntary financial contributions from MS could be established. The CFM would lead to an increase in the availability of resources and could support ring-fencing budgets allocated to cooperation, while addressing budgetary shortfalls. It would allow contributing MS (cMS) to synchronise their available funds and buffer the temporary lack of resources. It would result in increased efficiency of defence spending (enabling a smooth financial management of cooperative programmes) and potentially increased coordination of expenditures.
2. The CFM would support the launch of cooperative programmes (mainly R&T projects within EDA’s framework but potentially also procurement and/or development of capabilities) enabling savings on effort, resources and costs. The tangible results would be higher success rates in cooperative-project launches.
3. The CFM would meet the following requirements:
   1. Full control of each cMS over their contributions;
   2. Transparency, reporting and auditability;
   3. Compliance with EU and national legislation;
   4. Quick to set up; and
   5. Low set-up and operating costs.

LEGAL VEHICLE

1. The CFM would be established under the EDA framework as a programme. The CFM programme, as an ad hoc programme within the Agency’s remit which presumes the general participation by the EDA participating MS, would be established and implemented as a Category A ad hoc programme in accordance with Article 19 of Council Decision (CFSP) 2015/1835 defining the statute, seat and operational rules of the European Defence Agency. The EDA Chief Executive would submit the programme to the SB reflecting the fact that the CFM is an initiative launched by the EDA in benefit of all MS.
2. The establishment of the CFM Programme, as a Category A programme, would be approved by the Steering Board (this decision is based on the Outline Description which sets out the key constituting elements of the mechanism). The conditions for the participation will be agreed between cMS in a Programme Arrangement (PA), which will serve as the overarching legal vehicle for the CFM.

KEY MODALITIES AND GOVERNANCE MODEL

1. **Objective and Scope:** The CFM is a tool to support project-specific defence cooperation between MS, for example in cases where unsynchronised defence budgets are hindering or impeding the launch or implementation of cooperative programmes or projects. The types of projects to be supported will be related to purchasing equipment, developing new capabilities and R&T activities.
2. The CFM’s scope is to support collaborative projects and programmes addressing topics mentioned in the Article 5 (on the functions and tasks) of the EDA Council Decision. In the event of urgent operational requirement or in case one MS would experience a security of supply shortage, putting at risk its operational capability, the CFM Programme may also be used to support individual MS.
3. To support the implementation of the CFM, the Management Board (MB) of the CFM would set an indicative and non-exhaustive list of projects which could be supported by the CFM. Such a list would be updated by the MB on annual basis.
4. Irrespective of the envisaged scope of the CFM, each cMS may decide to limit scope of their participation to certain types of projects and programmes. In such a case, following the signature of the PA a cMS would inform in writing EDA and the other cMS of the imposed limitations and their potential duration.
5. **Structure of the CFM:** The CFM is based on a system of bank accounts. Each cMS will have an individual bank account within the CFM, to be opened by EDA, into which each cMS will place its contribution. Once a project or programme has been agreed to be supported through means within the CFM, the funds will be transferred from the cMS bank account to the CFM Investment tool, which will contribute directly at project level.
6. The individual bank accounts will be under the full control of each cMS (which decide on the use of their contributions), and managed by EDA, as is the case for any other EDA Ad Hoc project.
7. **Contributions to the CFM and use thereof**: Within the PA the cMS will agree on their initial voluntary contributions (value of such initial contribution being determined by each cMS at its sole discretion), describing their timeline for disbursement to the CFM. The EDA will draft a provisional CFM balance, outlining when resources are forecasted to be transferred to the CFM.
8. Funds within the CFM can be used either (1) as reimbursable advances to the CFM, or (2) as a source for financing a cMS’s own commitment falling under the scope of the PA, in part or in full.
9. MS are free to determine, at any time, if they wish to transfer additional contributions to the CFM programme.
10. **Governance of the CFM:** A Management Board will be set up for the CFM Programme. The MB will be composed of representatives of each cMS (and potential third parties), as well as the EDA as the non-voting chair. The MB will decide on, monitor and supervise the progress of the CFM Programme, and will in particular (1) consider whether the requests for support fall under the scope of the CFM, with the exception of EDA’s ad hoc projects and programmes; (2) supervise the EDA’s management of the CFM budget; (3) settle any disputes regarding financial or budgetary issues; (4) update annually the indicative and non-exhaustive list of projects which can be supported; and (4) receive the annual financial report on the Cooperative Financial Mechanism.
11. The decision-making will be based on the principle of consensus. The financial amount disbursed to the CFM will not confer any additional voting rights to cMS in the MB.
12. If there is a request for support from a cooperative project/programme conducted outside of the EDA by the cMS, its activities must be considered to determine whether they fall within the above-mentioned scope of the CFM.
13. **The role of the Agency:** The EDA will manage the CFM, under the supervision of the MB, pre-screen Requests for Support (RfS) against the scope of the CFM, open and manage the CFM’s individual ad hoc bank accounts upon instruction from the cMS, prepare business cases and provide the MB with all the relevant information, including regular reports, supported by a description of the content and financials. At this stage, it is not envisaged that additional costs will be incurred for the EDA’s management of the CFM.
14. **The support mechanism:** If a cMS wishes to participate in a project but is suffering from a temporary shortfall in resources, or is already contributing to a cooperative project but suffers from a temporary shortfall in resources that jeopardises its agreed participation, the cMS may request a reimbursable advance from the CFM Programme by issuing a RfS.
15. After the MB has considered the RfS as falling under the scope of the CFM, the EDA will transmit the RfS as well as the information on the level of contribution needed from the cMS to the other cMS. MS will freely decide – by way of an individual and sovereign decision and on a case by case basis – whether to provide the requested support and to sign a RfS, indicating the amount of funds to be release to the project/programme in question and the underlying conditions.
16. The funds will be released to the CFM Investment tool and from there to the cMS having requested a reimbursable advance. The same cMS will provide a deferred payment to the CFM Investment tool according to the conditions set in the RfS. The received deferred payment will be transferred by EDA from the CFM Investment tool to the supporting cMS individual back account.
17. No cMS can be required or forced to support a project or programme with the resources it has committed to its individual Bank Account if it does not so wish.
18. In addition, cMS may decide to allocate resources within the CFM to cover, in whole or in part, their agreed contribution to any other project or programme whose funding they are already committed to.
19. **Financial reporting and auditing:** The CFM’s Financial Report will reflect the contributions of the cMS. Any payments associated with the implementation of the CFM Programme will be handled by the EDA in accordance with the EDA Financial Rules. These rules will be applied to the handling of all contributions to the CFM Programme to ensure appropriate financial control. Any interest generated in a CFM individual bank account will remain in the respective bank account and will accrue to the relevant cMS.
20. At the request of the concerned cMS, the EDA will provide a statement of the individual net position in the relevant CFM individual bank account. In addition, the EDA will produce an annual financial report, signed by the EDA’s Chief Executive and audited by the College of Auditors, to be submitted to the EDA Steering Board. This report will ensure that all financial transactions executed within the CFM are fully traceable. Finally, at the end of duration of the CFM PA, the EDA will produce a final financial report once the audit of the last annual report by the College of Auditors has been finalised, detailing all revenue and expenditure during the entire duration of the programme and the final balance of the CFM individual ad hoc bank accounts. This document will be submitted to the MB for its approval.
21. In accordance with Article 43 of the EDA Financial Rules, the EDA College of Auditors performs the external audit function. The audit must be conducted in accordance with the accepted international standards on auditing. National audit authorities of cMS may, at their own cost, obtain any information and inspect any documents they deem necessary for auditing their respective national share or reporting to government and parliament.
22. **Claims and liabilities:** The legal framework of the CFM (in particular the PA and the RfS) will detail the mechanism to be applied to address claims and liabilities which may arise within the scope of the CFM.
23. Two types of claims are possible: (1) claims resulting from unsatisfied obligations of cMS (e.g. if a cMS is in breach of making a deferred payment), and (2) claims resulting from the EDA’s mismanagement of the tasks attributed to it. The EDA will only be liable in relation to its duties of manager of the programme.
24. EDA will not be held liable if a cMS breaches its commitments within the programme.
25. **Admission of new members:** The admission of any new participant to the CFM Cat. A Programme will require the unanimous decision of the cMS. Each new participant will be admitted through signing the PA after a positive decision of the cMS. This is applicable to third parties (i.e. European Commission and countries holding an Administrative Arrangement with the EDA), as well as any other EDA participating Member States wishing to join the programme.
26. **Exit from the CFM:** A cMS may decide to exit the CFM at any time. However, official notice should be given at least two months prior to the desired date of exit. Exit from the CFM entails the full renouncement of all other CFM rights and obligations, with the exception of outstanding incomplete CFM arrangements (e.g. RfS). Mitigations must be considered by the exiting cMS in order not to jeopardise cooperative projects.
27. Unused contributions may be refunded upon exit, when available in the CFM, according to the terms of existing RfS.

WAY AHEAD

The negotiation of the PA will start after the SB decision establishing the CFM Category A programme (this decision is based on the OD which sets out the key constituting elements of the mechanism). During the PA negotiations, all the elements listed in this legal and financial package will be further discussed and detailed. Once the PA has beennegotiated and other relevant documents drafted (e.g. template for RfS), a legal analysis on potential risks and liabilities towards EDA and cMS can be conducted, if so requested by MS.

Initiatives are being developed by the Commission in the framework of the European Defence Fund. Whilst developing further the CFM, coherence and complementarity between CFM and Commission’s initiatives need to be ensured.**]**

**ANNEX 4**

EDA ROADMAP ON CDP-OSRA-KSA AS AN INPUT TO DEFENCE-RELATED PROGRAMMES PREPARED BY THE EUROPEAN COMMISSION

