099347/EU XXVIII. GP
Eingelangt am 22/10/26

EUROPEAN UNION

THE EUROPEAN PARLIAMENT **THE COUNCIL**

Strasbourg, 21 October 2026
(OR. en)

2026/0078(COD)
LEX 2547

PE-CONS 60/1/26
REV 1

INDEF 154
COPS 465
POLMIL 333
IND 505
MAP 160
BUDGET 38
CODEC 1489

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON ESTABLISHING THE PROGRAMME FOR AGILE AND RAPID DEFENCE INNOVATION (AGILE) AND AMENDING REGULATIONS (EU) 2024/795 AND (EU) 2026/467

REGULATION (EU) 2026/…
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 21 October 2026

on establishing the Programme for agile and rapid defence innovation (AGILE) and amending Regulations (EU) 2024/795 and (EU) 2026/467

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 173(3) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee[1],

Acting in accordance with the ordinary legislative procedure[2],

[1] OJ C, C/2026/3556, 22.7.2026, ELI: http://data.europa.eu/eli/C/2026/3556/oj.
[2] Position of the European Parliament of 6 October 2026 (not yet published in the Official Journal) and decision of the Council of 12 October 2026.

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Whereas:

(1) The return of high-intensity warfare brought about by Russia's unprovoked and unjustified war of aggression against Ukraine constitutes a threat to the Union, which requires a significant and lasting increase in the capacity of Member States to reinforce their defence capabilities and readiness. The long-term deterioration of regional and global security requires an in-depth transformation of the European Defence Technological and Industrial Base (EDTIB) to ensure its ability to deliver innovative defence products, including technologies, required by Member States' armed forces in sufficient quantities and within the required timeframe, in particular in times of war.

(2) The Heads of State or Government of the Member States, meeting in Versailles on 11 March 2022, committed to bolstering European defence capabilities, increasing defence expenditure by the Member States, stepping up cooperation through joint projects and common procurement of defence capabilities, closing shortfalls, boosting innovation and strengthening and developing the European defence industry.

(3) Innovation is critical to achieving and supporting Europe's defence readiness, particularly in today's era of intensifying threats, systemic competition, and geopolitical rivalries. The proliferation of threats has sparked an international arms race and a global technological competition, with emerging and disruptive technologies in fields such as AI, quantum, robotics, cyber and space playing a decisive role in maintaining strategic advantage and ensuring credible deterrence. Achieving those objectives requires rapid testing, validation and integration of those technologies into defence capabilities, as well as continuous engagement with the technology and innovation ecosystem.

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(4) Russia's war of aggression against Ukraine shows how rapidly defence technologies are evolving. Innovation cycles are becoming faster, which means defence products must adapt rapidly and continuously. Those changes are also reshaping battlefield dynamics and underscore the operational relevance of low-cost and software-based solutions that can be iterated upon quickly and fielded at pace, including but not limited to Unmanned Autonomous Systems ('UAS'), as well as related software, sensors, communications systems and counter-UAS technologies. Small and medium-sized enterprises ('SMEs'), including innovative start-ups and scale-ups, often with a civilian background, play a key role in supporting Ukraine's defence and armed forces. Those new defence actors bring faster innovation, greater flexibility, cost-efficient solutions, and new operational ideas and processes. As a result, they are becoming a driving force in transforming the EDTIB. The Joint White Paper of the Commission and of the High Representative of the Union for Foreign Affairs and Security Policy of 19 March 2025 for European Defence – Readiness 2030 highlights the importance of a strong technological innovation ecosystem. This is essential to ensure that Europe's defence industry, Member States and associated third countries can keep pace with the rapidly changing nature of modern warfare, where the ability to identify, adapt and field emerging technologies has rapidly become a core operational requirement.

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(5) To provide comprehensive support for collaborative research and development of defence products, the Union has established the European Defence Fund (EDF). With a budget of EUR 7,3 billion under the 2021-2027 Multiannual Financial Framework, the EDF aims to promote the competitiveness, cooperation, efficiency and innovation capacity of the EDTIB, as well as reduce fragmentation within the EDTIB. As one of the largest defence research and development programmes in Europe, the EDF supports the collaborative development of the most complex defence systems that no Member State could afford to develop alone. It also supports the development of new European defence supply chains. As part of the EDF, the EU Defence Innovation Scheme (EUDIS) was established in 2022 to provide targeted support to non-traditional defence actors, particularly SMEs, and to lower barriers to market entry. The EUDIS involves several initiatives, such as targeted research and development calls, business acceleration and matchmaking services, hackathons, and equity financing, accounting for around 20 % of the EDF budget committed each year. Those actions have contributed to expanding the EDTIB and fostering defence innovation capacity across the Union. In addition, the EDF BraveTech EU initiative provides further support for defence innovators, offering them gradual access to funding alongside technology testing and iterative development cycles. It focuses on developing solutions based on defence needs identified by Ukraine, giving Ukrainian industry a direct opportunity to collaborate with Union defence innovators.

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(6) Regulations (EU) 2021/695[3] and (EU) 2024/795[4] of the European Parliament and of the Council enable the European Innovation Council (EIC) Accelerator to support dual-use technologies and stimulate investment in defence technologies under the Strategic Technologies for Europe Platform (STEP). In addition, this Regulation allows for direct support by the EIC for defence technologies in the form of direct equity financing.

(7) Regulation (EU) 2025/2653 of the European Parliament and of the Council[5] introduced defence technologies as a fourth area of investment under STEP, alongside biotechnologies, digital technologies and clean technologies. Regulation (EU) 2024/795 provides for the award of a Sovereignty Seal to projects that comply with the minimum quality requirements set out in the programmes listed in that Regulation. The Sovereignty Seal is to be used as a quality label that offers the possibility of receiving funding under other Union programmes, whether total, cumulative or combined, or from Member States. For projects that comply with minimum quality requirements set out in this Regulation to be eligible for a Sovereignty Seal, Regulation (EU) 2024/795 should be amended to include the programme established by this Regulation on the list of eligible programmes.

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3 Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/695/oj).

4 Regulation (EU) 2024/795 of the European Parliament and of the Council of 29 February 2024 establishing the Strategic Technologies for Europe Platform (STEP), and amending Directive 2003/87/EC and Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241 (OJ L, 2024/795, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/795/oj).

5 Regulation (EU) 2025/2653 of the European Parliament and of the Council of 19 December 2025 amending Regulations (EU) 2021/694, (EU) 2021/695, (EU) 2021/697, (EU) 2021/1153 and (EU) 2024/795, as regards incentivising defence-related investment in the EU budget to implement the ReArm Europe Plan (OJ L, 2025/2653, 22.12.2025, ELI: http://data.europa.eu/eli/reg/2025/2653/oj).

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(8) Regulation (EU) 2025/2653 has also introduced targeted changes to Regulation (EU) 2021/697 of the European Parliament and of the Council[6], particularly with regard to the actions relating to disruptive technology for defence. Specifically, those changes provide the possibility to define in the work programme the most appropriate selection and award criteria and procedures for each call for project proposals. In addition, Regulation (EU) …/… of the European Parliament and of the Council[7+] has introduced further amendments to Regulation (EU) 2021/697, expanding this possibility to cover all calls launched under the European Defence Fund, particularly those aimed at SMEs.

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6 Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149, ELI: http://data.europa.eu/eli/reg/2021/697/oj).

7 Regulation (EU) …/… of the European Parliament and of the Council of … amending Regulations (EC) No 1907/2006, (EC) No 1272/2008, (EU) No 528/2012, (EU) 2019/1021 and (EU) 2021/697 as regards defence readiness and facilitating defence investments and conditions for defence industry (OJ L, …, ELI: …).

+ OJ: Please insert in the text the number of the Regulation contained in document PE-CONS 45/26 (2025/0176(COD)) and insert the number, name, date and OJ reference of that Regulation in the footnote.

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(9) In addition to the support provided through existing Union instruments, a new programme should be established (the ‘Programme’) to provide rapid, agile and targeted support to SMEs to develop innovative defence solutions and ensure their rapid delivery to Member States and associated third countries, with a focus on cost-efficiency. The Programme should focus on supporting the rapid development of emerging and disruptive defence products, including components necessary for their production, up to a high technology readiness level, including the adaptation of civil technologies for defence applications. The Programme should address the most urgent capability development needs of Member States and associated third countries, taking into consideration the capability priorities identified in the context of the common foreign and security policy (CFSP) and the priority capability areas identified at Union level, as well as NATO standards and other relevant standards, with a particular focus on low-cost defence solutions. The Programme should also accelerate the innovation cycles of emerging and disruptive defence products, aligning their development with the urgent needs of Member States and associated third countries, while leveraging the innovation potential of the Union’s defence industry as a whole. It should also foster the uptake of such products by Member States, associated third countries and prime contractors, supporting the scaling-up of SME-developed solutions across Europe and their integration into cross-border defence supply chains and strengthening security of supply for defence products within the Union, ultimately reducing strategic dependencies and contributing to reinforcing the technological edge and operational capabilities of Member States.

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(10) In order to ensure the efficient implementation of the Union budget, the Programme will be fully complementary to existing Union instruments supporting defence innovation. The EUDIS supports non-traditional defence actors within the broader EDF framework, including research and development grants for consortia and other support actions targeting single entities, such as Business Accelerator and Matchmaking. The Hub for EU Defence Innovation (HEDI), managed by the European Defence Agency, fosters cooperation among Member States on defence innovation. HEDI helps to connect innovation support at Union level to commonly identified capability needs by structuring innovation activities around operational requirements and by linking promising solutions to testing, experimentation, user engagement and potential pathways towards the uptake of those solutions. Through this approach, HEDI contributes to ensuring that defence innovation support is not only responding to emerging technological developments, but is also anchored in military relevance and practical uptake. The EIC is a key Union innovation programme to identify, develop and scale up breakthrough technologies and disruptive innovation. Following the adoption of Regulation (EU) 2025/2653, the EIC STEP Scale Up Scheme will provide direct equity financing to help defence and dual-use companies to scale up their innovations. The Programme fills a distinct gap, as it will offer streamlined, direct support to individual SMEs for the development of innovative solutions and the uptake of those solutions by Member States and industry, with very short award timelines and a clear link to the capability needs of Member States. It should therefore enable the Union to pilot new approaches to support defence innovation, while complementing existing Union instruments across various maturity levels, consortium sizes, timeframes and technological domains. The rapid evolution of defence threats requires a shift towards a more flexible approach allowing innovative companies, in particular SMEs, to respond quickly to identified capability challenges. The Programme should therefore prioritise challenge-based innovation activities with rapid iteration cycles, directly linked to Member States' priority operational requirements.

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(11) The Commission should seek to maximise synergies among Union programmes in support of innovation. To this end, it could propose fast-track pathways between the Programme and other relevant Union initiatives, such as the EIC Accelerator, the STEP Scale Up Scheme and the EUDIS Business Accelerator. Where relevant, the Programme should also consider potential synergies with NATO activities in the field of defence innovation, including NATO's Defence Innovation Accelerator for the North Atlantic (DIANA).

(12) The Programme should seek to significantly accelerate the innovation cycles of defence products and technologies with high disruptive potential, including those not yet available on the market, with a view to ensuring that they are fully exploitable and ready for use by end users within one to three years. The Programme should also ensure, where relevant, that Programme-supported products integrate appropriate cybersecurity and cyber-resilience safeguards. It should offer innovators the greatest possible flexibility to propose novel solutions, including when acting as single legal entities, while allowing for subcontracting of specific tasks or collaboration with other entities during implementation.

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(13) A persistent structural challenge faced by European defence SMEs is the gap between successful innovation and operational deployment by the armed forces of Member States and associated third countries. To address that gap, the Programme should align with the genuine and prioritised defence needs of Member States and associated third countries. In doing so, it should support the uptake of innovative solutions by their armed forces and defence industries, particularly prime contractors and first-tier subcontractors. The Programme should establish a fast-track process to enable the Union to support the testing and deployment of innovative support mechanisms that address the most urgent defence readiness requirements, including in support of the priority capability areas identified at Union level and European Defence Projects of Common Interest (EDPCIs), where relevant. The Programme should establish a fast-track process for accessing testing and experimentation facilities in the Union and, where relevant and subject to their agreement, in associated third countries.

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(14) The Programme should support activities involving field testing, experimentation and demonstrations, including by drawing on the ongoing work of the European Defence Agency, where appropriate. Those activities should allow entities to validate innovative solutions in realistic operational conditions, generating real-time feedback that can be used to refine and improve the solutions through an iterative process. The active involvement of Member States and relevant industrial actors, such as prime contractors and first-tier subcontractors, is crucial at every stage of that process, from setting up testing requirements to assessing demonstrated capabilities. That involvement can help create credible demand signals and facilitate subsequent procurement decisions. Additionally, the Programme can support the uptake of new technologies and products by aggregating demand and using innovative procurement mechanisms, such as innovation partnerships. Shared platforms and services can also be developed to address the common operational needs of multiple end users.

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(15) Space-based capabilities have become indispensable enablers of modern defence and security operations, providing critical functions including intelligence, surveillance and reconnaissance, secure communications, positioning, navigation and timing, and early warning. Moreover, the increasing reliance of armed forces on space-based assets, combined with the growing vulnerability of space infrastructure to threats, makes the resilience and responsiveness of the European space sector a strategic priority. The dual-use nature of space technologies and services means that innovation in the space sector has direct and immediate implications for defence capabilities, and that defence-driven demand can accelerate the development and commercialisation of European space technologies. The Programme should therefore support the development of innovative space-based and space-enabled defence capabilities, by including new entrants and non-traditional actors, to enhance the Union's strategic autonomy in space and strengthen the EDTIB. This includes contributing to the development of a future Earth Observation Governmental Service with autonomous, resilient and defence-grade earth observation capabilities. The Programme should also support activities in the space domain to accelerate the uptake of space-based defence capabilities by Member States and by the Union, in line with the Space Programme, the Secure Connectivity Programme or as regards the activities of the European Union Satellite Centre, while ensuring consistency with the relevant Union space-related initiatives.

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(16) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission for the adoption of work programmes and award decisions. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[8].

(17) In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council[9], the evaluation committee can be assisted by external experts, pursuant to a decision of the authorising officer responsible. To protect the confidentiality of the work of the evaluation committee, by way of derogation from Article 242(4) of that Regulation, the list of independent experts should not be made public.

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8 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: http://data.europa.eu/eli/reg/2011/182/oj).

9 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj).

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(18) The work programme should set out calls for proposals, which can take the form of challenges that address specific defence needs identified in coordination with Member States through a structured process involving Member States, so that supported projects respond to the genuine and prioritised defence needs of Member States. Those specific defence needs should also be identified on the basis of the EU Capability Priorities, which are derived from the Capability Development Plan and complemented, as appropriate, by the gaps and opportunities identified through the Coordinated Annual Review on Defence. The European Defence Agency, as the body responsible for the Capability Development Plan and as host of the HEDI, and the European External Action Service, including the European Union Military Staff, as well as representatives of associated third countries, should be closely associated with the identification of challenges. The Commission should also be able to draw, on a strictly advisory basis, on input from established defence industry actors and the wider EDTIB, including prime contractors, for the formulation of challenges, with a view to addressing specific, mission-driven capability needs, provided that such input does not influence the design of calls for proposals in a manner detrimental to fair competition or to the participation of new defence actors, in particular SMEs and innovative start-ups and scale-ups. In all cases, priority should be given to challenges that attract the broadest possible support from Member States, reflecting genuine common demand and strategic alignment, and contributing to the defence readiness of the Union as a whole. To cover the full range of innovation, the Programme should also include calls that address broader defence innovation objectives. In the selection of projects under those calls, the Commission should ensure that the Programme contributes to strengthening defence industrial capacity across the Union as a whole and to addressing both urgent and lasting threats.

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(19) The Programme aims to support the innovation efforts of non-traditional defence actors and primarily SMEs. By providing targeted support, the Programme seeks to accelerate the maturation and fine-tuning of their disruptive technologies and products and to bring those technologies and products closer to the market, ultimately enhancing the competitiveness and growth of those actors.

(20) Third countries which are members of the European Economic Area should be able to participate in the Programme as associated third countries in the framework of the cooperation established under the Agreement on the European Economic Area[10], which provides for the implementation of the programmes on the basis of a decision adopted under that Agreement. Ukraine should also be able to participate in the Programme as an associated third country, in line with the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part[11].

(21) Russia's war of aggression against Ukraine has caused tremendous damage in Ukraine. Moreover, Ukraine has lost access to international financial markets and experienced a significant drop in public revenue, while public expenditure has increased substantially. Against that background, it is likely that Ukraine will have substantive funding needs in the coming years. For that reason, Ukraine will not be required to contribute financially to the Programme in order to be associated to it. The association agreements for participation in the Programme will set out the specific terms and conditions governing the participation of Ukraine in the Programme.

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10 OJ L 1, 3.1.1994, p. 3, ELI: http://data.europa.eu/eli/agree_internation/1994/1/oj.

11 OJ L 161, 29.5.2014, p. 3, ELI: http://data.europa.eu/eli/agree_internation/2014/295/oj.

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(22) As the Programme aims to support the innovation capacity of the Union's defence industry, only legal entities that are established in the Union or in associated third countries and are not subject to control by non-associated third countries or by non-associated third-country entities should be eligible for support. Additionally, to protect the essential security and defence interests of the Union and its Member States, the infrastructure, facilities, assets and resources of the recipients of Union funding and subcontractors involved in an action supported by the Programme should be located on the territory of a Member State or of an associated third country for the entire duration of the action, and the recipients should have their executive management structures located in the Union or in an associated third country. To safeguard those essential security and defence interests, those eligibility criteria should also apply to funding provided through procurement.

(23) The interim evaluation of the EDF has shown that the administrative burden and time required to provide guarantees when a recipient of Union funding established in the Union is controlled by a non-associated third country or by a non-associated third-country entity are incompatible with the speed and flexibility necessary for effective programme implementation. To address this challenge and to facilitate the swift implementation of the Programme, derogations from the principle that the recipients must not be controlled by entities established outside the Union or outside the associated third countries should not be permitted. Experience from previous defence industry programmes also indicates that the provision of guarantees results in additional procedural complexity and longer evaluation periods, while removing this exception would be unlikely to significantly affect the number of eligible entities.

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(24) To ensure Member States can benefit from cutting-edge technologies and innovation, the Programme should be able to provide incentives to attract SMEs established outside the Union or associated third countries that have the potential to contribute significantly to the achievement of the Programme's objectives. Any such Union funding should be conditional upon the SME concerned being controlled by a Member State or an associated third country or by an entity established in a Member State or in an associated third country, and upon that SME neither being established nor having its executive management structures located in Russia or in countries supporting Russia's war of aggression against Ukraine, taking into account the current context and, in particular, Russia's unprovoked and unjustified war of aggression against Ukraine.

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(25) In a limited number of cases, the work programme should be able to identify certain award procedures under which SMEs could participate in the Programme even if they do not yet meet the eligibility criteria relating to their establishment or the establishment of their executive management structures in the Union or an associated third country. The mechanism, referred to in this Regulation as ‘inducement intervention’, consists of granting recipients of Union funding a temporary and conditional suspension of that eligibility criterion, which they would have to comply with within the timeline specified in the legal commitment to receive Union funding. The inducement intervention should remain without prejudice to the Programme’s primary objective of supporting SMEs established in the Union or in associated third countries. Furthermore, Union funding for the costs of relocation of the establishment of those SMEs or of their executive management structures to the Union or to an associated third country can be provided. The financial interests of the Union should be duly protected and payments should only be made once the eligibility criteria have been fulfilled by the end of the period specified in the legal commitment. To preserve the targeted and exceptional nature of that support, it should be possible to provide, in the work programme, ceilings for inducement interventions and the financial support for the cost of relocation, both in terms of overall share of the financial envelope and in terms of total Union funding granted to individual recipients.

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(26) To enable the inducement intervention to achieve its intended purpose, it should be possible to derogate from the eligibility criterion that the recipients of Union funding be established and have their executive management structure located in the Union or in an associated third country to receive Union funding, provided that that funding specifically aims to facilitate compliance with those eligibility criteria, including by covering the costs associated with the relocation of the company or the establishment of its executive management structure in the Union or in an associated third country.

(27) In order to ensure that, in the implementation of this Regulation, the international obligations of the Union and its Member States are respected, actions relating to products the use, development or production of which is prohibited by international law should not be supported by the Programme. In that respect, the eligibility of actions relating to emerging and disruptive defence products should also be subject to developments in international law. Moreover, actions for the development of lethal autonomous weapons without the possibility of meaningful human control over selection and engagement decisions when carrying out strikes against humans should not be eligible for support from the Programme, without prejudice to the possibility of providing Union funding for actions for the development of early warning systems and countermeasures for defensive purposes. Given the speed required for the development of innovative and breakthrough defence technologies and the overarching intention of the Programme to attract SMEs, start-ups, scale-ups and non-traditional defence actors, the Commission should ensure that this does not impose an undue administrative burden on applicants. Furthermore, evaluation of this requirement should not cause delays in the implementation of the Programme.

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(28) Given the need for the actions supported by the Programme to be implemented within a short timeframe, while minimising the administrative burden on applicants, financing not linked to cost or simplified cost options should be used where the Union funding is provided in the form of a grant. Given the need to ensure swift, accessible and results-oriented support for SMEs, including innovative start-ups and scale-ups, grants under the Programme should take, whenever possible, the form of lump sums in order to reduce the administrative burden, increase predictability for the recipients of Union funding and allow them to focus on the achievement of agreed outputs. Union funding should be provided in the form of reimbursement of actual eligible costs only where the objectives of a specific action cannot be achieved in any other way.

(29) The functioning of the defence industry does not follow the conventional rules and business models that govern more traditional markets. Demand comes almost exclusively from national governments, which also control all acquisition of defence-related products and technologies, including exports. Therefore, the defence industry, in particular small and non-traditional defence innovators, does not engage in substantial self-funded innovation projects, and Member States and associated third countries often fund all related costs. Furthermore, those actors face persistent barriers in accessing finance, including co-financing, in particular private financing for investments, due to the risks market actors associate with such investments. Therefore, leveraging public investment for the Union defence industry is vital, given the compelling need to boost investment in defence innovation. As those measures would not otherwise be undertaken, it appears justified that, without prejudice to Article 193 of Regulation (EU, Euratom) 2024/2509, Union funding can be provided to cover up to 100 % of the eligible costs for actions eligible under the Programme.

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(30) To further simplify and accelerate the submission and evaluation process, Union funding should be provided through a dedicated evaluation procedure involving certain checks after the award decision has been made. Applicants should be invited to submit proposals together with a short summary. That summary should be evaluated before the proposals are evaluated in full against the relevant award criteria set out in the work programme. That approach is intended to reduce the administrative burden on applicants and provide financial certainty as quickly as possible, while accepting a reasonable level of financial or legal risk for the Union, proportionate to the objectives pursued. The financial interests of the Union should be duly protected and no financing should be provided before the final evaluation has been completed.

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(31) To further simplify and accelerate the submission and evaluation process, it should be possible to derogate from certain other obligations laid down in Regulation (EU, Euratom) 2024/2509. In particular, derogations from Articles 199, 201 and 203 of that Regulation, which concern the content and assessment of grant applications, and from Article 170(1), points (b) and (c), and Article 170(2) of that Regulation, which concern procurement procedures, should be allowed. Those derogations should enable the award decisions to be adopted and the grant agreements to be signed on the basis of a preliminary assessment of eligibility and selection criteria, relying, where appropriate, on applicants' and tenderers' declarations on honour, including with regard to the control requirements, without requiring supporting documents at that stage. Furthermore, the timelines for notifying the results of the preliminary evaluation and for the adoption of the award decision should be shortened and specified in the work programme, which would enable the Commission to act without delay. The final evaluation of the relevant criteria should nevertheless be completed within four months of the application deadline. The financial interests of the Union should be duly protected and payments should only be provided once the final evaluation has been completed.

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(32) As an alternative to the accelerated evaluation procedure and in order for the Union to support innovative solutions without initial artificial narrowing or limitation resulting from the specific form taken by the Union support, the Programme should allow for a more flexible and accessible approach to identifying, selecting and supporting innovative projects and ideas, including through instrument-neutral award procedures. Under that approach, ideas should be assessed and selected based on their merit with regard to their contribution to the objectives of the Programme. The most appropriate and effective budget implementation instrument under the Programme, whether a grant, procurement or another form of support, should be determined only after the selection procedure, taking into account the specific characteristics, requirements and merits of the individual project.

(33) To remain attractive to a broader range of potential applicants and to address an existing gap in the defence innovation cycle, it is necessary and proportionate to allow costs that were incurred before the submission of the grant application to be eligible for Union funding, as provided for in Article 196(2) of Regulation (EU, Euratom) 2024/2509. The Programme focuses on late-stage development activities that bridge the critical gap between commercialisation and procurement, bringing emerging and disruptive defence products closer to market readiness and operational deployment. Innovative companies, in particular SMEs, often initiate and self-fund development work before formal funding opportunities become available. That approach will enable the Programme to support critical innovation actions that started up to three months before the closing of the call for proposals and to provide Union funding to accelerate their completion, ensuring the timely delivery of results addressing the most urgent challenges faced by the armed forces of Member States and associated third countries.

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(34) Directive 2009/81/EC of the European Parliament and of the Council[12] provides for a specific exclusion from the obligations for contracts awarded under certain cooperative programmes involving research and development activities. Following the adoption of Directive (EU) …/… of the European Parliament and of the Council[13+], Directive 2009/81/EC clarifies that a research and development project managed by Union institutions or bodies and implemented in accordance with Union rules and funded from the Union budget constitutes a cooperative programme conducted jointly by at least two Member States and can continue to cover phases following the research and development phase. In such a case, contracts awarded following those phases should also be able to be excluded. That exclusion applies, in particular, to contracts awarded within the framework of projects supported by the Programme.

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12 Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.8.2009, p. 76, ELI: http://data.europa.eu/eli/dir/2009/81/oj).

13 Directive (EU) 2026/ … of the European Parliament and of the Council of … amending Directives 2009/43/EC and 2009/81/EC, as regards the simplification of intra-EU transfers of defence-related products and the simplification of security and defence procurement (OJ L, …, ELI: …).

+ OJ: Please insert in the text the number of the Directive contained in document PE-CONS 46/26 (2025/0177(COD)) and insert the number, name, date and OJ reference of that Directive in the footnote.

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(35) Regulation (EU) 2026/467 of the European Parliament and of the Council[14] provides for Union assistance to Ukraine in the form of a loan aimed at providing predictable, continuous, flexible and timely financial and economic assistance to help meet financing needs arising from Russia's war of aggression against Ukraine and its failure to pay reparations. In accordance with Article 13(4), point (f), of that Regulation, manufacturers and subcontractors involved in the production of defence products that have fulfilled eligibility conditions under certain Union defence programmes equivalent to the eligibility conditions laid down in that Regulation can be considered to fulfil the eligibility conditions set out therein. As the Programme had not been established at the time of adoption of that Regulation, it is appropriate to amend that Regulation to provide that the recipients of Union funding under the Programme that have fulfilled equivalent eligibility conditions can be considered to fulfil the eligibility conditions under that Regulation, provided that no subsequent changes have called into question the fulfilment of those conditions.

(36) To ensure the security of classified information at the appropriate level, it is essential to comply with the minimum standards on industrial security when concluding classified funding and financing agreements. To that end, and in accordance with applicable national laws, the Member States and associated third countries on whose territory the recipients of Union funding are established should establish a security framework, comprising Project Security Instructions and a related Security Classification Guide, where the implementation of the Programme would involve or generate information requiring a classification level.

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[14] Regulation (EU) 2026/467 of the European Parliament and of the Council of 24 February 2026 implementing enhanced cooperation on the establishment of the Ukraine Support Loan for 2026 and 2027 (OJ L, 2026/467, 26.2.2026, ELI: http://data.europa.eu/eli/reg/2026/467/oj).

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(37) This Regulation should apply without prejudice to Union competition rules, in particular Articles 101 to 109 of the Treaty on the Functioning of the European Union and the legal acts that give effect to those Articles.

(38) It is appropriate to lay down an indicative financial envelope for the Programme.

(39) Regulation (EU, Euratom) 2024/2509 lays down the rules on the establishment and implementation of the general budget of the Union, including the rules on grants, prizes, non-financial donations, procurement, indirect management, financial assistance, financial instruments and budgetary guarantees.

(40) In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council[15], Council Regulation (EC, Euratom) No 2988/95[16], Council Regulation (Euratom, EC) No 2185/96[17] and Council Regulation (EU) 2017/1939[18], the financial interests of the Union are to be protected through proportionate measures, including measures for the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or misused and, where appropriate, the imposition of administrative penalties.

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15 Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/883/oj).

16 Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1, ELI: http://data.europa.eu/eli/reg/1995/2988/oj).

17 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2, ELI: http://data.europa.eu/eli/reg/1996/2185/oj).

18 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/1939/oj).

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(41) In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) can carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether fraud, corruption or any other illegal activity affecting the financial interests of the Union has occurred. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) can investigate and prosecute fraud and other illegal activities affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council[19].

(42) In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funding is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, EPPO and the European Court of Auditors and to ensure that any third parties involved in implementing Union funds grant equivalent rights.

(43) In view of the urgent need to support crucial investments in defence capabilities, in particular in defence innovation, in the context of pressing geopolitical challenges, it is appropriate that this Regulation enters into force on the day following that of its publication in the *Official Journal of the European Union*.

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19 Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29, ELI: http://data.europa.eu/eli/dir/2017/1371/oj).

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(44) Given that the Programme is designed to be limited in duration and scope, it should be without prejudice to any future Union programmes or instruments providing support for defence industry policy.

(45) The Commission should assess the effectiveness of the Programme in achieving the objectives set out in this Regulation. That assessment should also evaluate whether the implementation mechanisms introduced under the Programme, including accelerated award procedures and flexible forms of Union support, should be expanded, adapted or incorporated into future Union programmes. The results of that evaluation should inform future decisions on Union support for SMEs for defence innovation. To that effect, the Commission should draw up a report on the implementation of the Programme, including information on the level of participation of SMEs, the geographical distribution of supported entities across the Union and associated third countries, the thematic distribution of supported activities, the breakdown of expenditure by type of the action supported by the Programme, the effectiveness of simplified award procedures relative to benchmarks in existing instruments, and aggregated data on the uptake of Programme-funded products. The report should be submitted to the European Parliament and the Council. Given the high-risk and high-potential nature of emerging and disruptive defence innovation, the success of the Programme should be assessed at portfolio level.

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(46) Since the objective of this Regulation, in particular the strengthening of the competitiveness and the innovation capacity of the EDTIB throughout the Union, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale and effects of the Programme in supporting defence innovation across the Union, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

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Article 1

Subject matter

This Regulation establishes the Programme for agile and rapid defence innovation (the 'Programme') for the period from 1 January 2027 to 31 December 2027, and lays down its objectives and budget, forms of funding under the Programme and rules for the provision of that funding.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

(1) 'legal entity' means:

(a) a legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programmes (SEAPs) established in accordance with Regulation (EU) 2025/2643 of the European Parliament and of the Council[20], which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations; or

(b) an entity which does not have legal personality as referred to in Article 200(2), point (c), of Regulation (EU, Euratom) 2024/2509;

[20] Regulation (EU) 2025/2643 of the European Parliament and of the Council of 16 December 2025 establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP Regulation') (OJ L, 2025/2643, 29.12.2025, ELI: http://data.europa.eu/eli/reg/2025/2643/oj).

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(2) ‘control’ means the ability to exercise decisive influence over a legal entity directly, or indirectly through one or more intermediate legal entities;

(3) ‘defence product’ means any defence-related product as referred to in the Annex to Directive 2009/43/EC of the European Parliament and of the Council[21], as well as works, supplies and services directly related to those products for any and all elements of their life cycle within the meaning of Article 2, point (c), of Directive 2009/81/EC;

(4) ‘emerging and disruptive defence product’ means an enhanced or completely new defence product that:

(a) brings about a radical transformation, including a paradigm shift in the concept and conduct of defence affairs, including by replacing existing defence technologies or rendering them less effective or obsolete; and

(b) is expected to be fully exploitable by the end of an action supported by the Programme;

(5) ‘executive management structure’ means a body of a legal entity, appointed in accordance with national law and, where applicable, reporting to the chief executive officer of that entity, which is empowered to establish the legal entity’s strategy, objectives and overall direction, and which oversees and monitors the legal entity’s management decision-making;

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21 Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community (OJ L 146, 10.6.2009, p. 1, ELI: http://data.europa.eu/eli/dir/2009/43/oj).

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(6) ‘results’ means any tangible or intangible effect of an action supported by the Programme, such as data, know-how or information, whatever its form or nature and whether or not it can be protected, as well as any rights attached to that effect, including intellectual property rights;

(7) ‘small and medium-sized enterprises’ (‘SMEs’) means small and medium-sized enterprises as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC[22];

(8) ‘background information’ means any information necessary for, or useful to, the implementation of the Programme, generated before or outside the framework of an action supported by the Programme and provided to and used for the purposes of that action;

(9) ‘foreground information’ means data, know-how or information generated in the implementation of the Programme, whatever its form or nature;

(10) ‘non-associated third-country entity’ means:

(a) a legal entity established in a non-associated third country; or

(b) a legal entity established in the Union or in an associated third country, which has its executive management structures located in a non-associated third country.

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22 Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36, ELI: http://data.europa.eu/eli/reco/2003/361/oj).

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Article 3

Objectives

1. The general objective of the Programme is to support the capacity of SMEs, including innovative start-ups and scale-ups, to innovate rapidly to ensure the rapid delivery of emerging and disruptive defence products, with a focus on cost-efficiency, in order to address the most recent and fast evolving challenges faced by Member States' and associated third countries' armed forces, in particular those stemming from Russia's war of aggression against Ukraine. The Programme shall thereby foster the competitiveness of the European Defence Technological and Industrial Base (EDTIB) and contribute to strengthening the Union's defence industrial readiness, while reducing strategic dependencies on non-associated third countries across the full spectrum of defence technologies.

2. The Programme has the following specific objectives:

   (a) to significantly accelerate innovation cycles of emerging and disruptive defence products developed across the Union by SMEs, taking into account the urgent needs of Member States and associated third countries and tapping into the innovation potential of the Union's industry as a whole; and

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(b) to increase the uptake by Member States and associated third countries, as well as by defence industrial prime contractors, system integrators and first-tier subcontractors, of emerging and disruptive defence products developed by SMEs, including through dedicated matchmaking, thereby supporting the scaling-up of such SMEs across Europe, promoting their integration into cross-border defence supply chains, enhancing the resilience and security of supply for such products, contributing to the development of defence innovation capacity across the Union and ultimately reinforcing the technological edge of Member States.

Article 4

Budget

1. The indicative financial envelope for the implementation of the Programme, between 1 January 2027 and 31 December 2027, shall be EUR 115 000 000 in current prices.

2. Budget commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.

3. Appropriations may be entered in the Union budget beyond 2027 to cover the expenses necessary and to enable the management of actions supported by the Programme not completed by the end of the Programme, as well as expenses covering critical operational activities and services.

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4. The financial envelope referred to in paragraph 1 and the amounts of additional resources referred to in Article 5 may also be used for technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities, including the design, set-up, testing, certification, operation and maintenance of corporate information technology systems and platforms, and information and communication activities, including corporate communication on the political priorities of the Union, and for all other technical and administrative assistance or staff-related expenses incurred by the Commission in managing the Programme.

Article 5

Additional resources

1. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties may make additional financial or non-financial contributions available to the Programme or to any of its specific activities or objectives referred to in Article 3 of this Regulation. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), point (a), (d) or (e), or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

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2. Resources allocated to Member States under shared management may, at the request of the Member State concerned, be transferred to the Programme subject to the conditions set out in the relevant provisions of Regulation (EU) 2021/1060 of the European Parliament and of the Council[23]. The Commission shall implement those resources directly in accordance with Article 62(1), first subparagraph, point (a), of Regulation (EU, Euratom) 2024/2509 or indirectly in accordance with Article 62(1), first subparagraph, point (c), of that Regulation. Those resources shall be used for the benefit of the Member State concerned. Where the Commission has not entered into a legal commitment under direct or indirect management for additional amounts made available to the Programme, the corresponding uncommitted amounts may, at the request of the Member State concerned, be transferred back to the source programmes in accordance with the conditions set out in Regulation (EU) 2021/1060.

[23] Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ L 231, 30.6.2021, p. 159, ELI: http://data.europa.eu/eli/reg/2021/1060/oj).

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Article 6

Alternative, combined and cumulative funding

1. The Programme shall be implemented in synergy with other Union programmes. An action that has received a contribution from another Union programme may also receive a contribution under the Programme, provided that those contributions do not cover the same costs. The rules of the relevant Union programme shall apply to the corresponding contribution, or a single set of rules of any of the contributing Union programmes may be applied to all contributions and a single legal commitment may be concluded. If the Union contribution is based on eligible costs, the cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

2. Award procedures under the Programme may be jointly conducted under direct or indirect management with Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions or other third parties, provided that the financial interests of the Union are protected. Those procedures shall be subject to a single set of rules and lead to the conclusion of a single legal commitment. For that purpose, the partners in the joint award procedure may make resources available to the Programme in accordance with Article 5 of this Regulation. The partners may also be entrusted with the implementation of the award procedure, where applicable, in accordance with Article 62(1), point (c), of Regulation (EU, Euratom) 2024/2509. For the purposes of Article 153(3) of that Regulation, for joint award procedures the evaluation committee may be partially composed of members that are representatives of the partners in those procedures.

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Article 7

Third countries associated with the Programme

1. The Programme or specific actions referred to in Article 10 may be opened to the participation of the following third countries through full or partial association with the Programme, in accordance with the objectives laid down in Article 3 and the applicable international agreements or any decisions adopted under those agreements:

   (a) members of the European Free Trade Association that are members of the European Economic Area;

   (b) Ukraine, in accordance with the conditions laid down in the EU-Ukraine Association Agreement.

2. The association agreements for participation in the Programme with the countries referred to in paragraph 1 shall:

   (a) ensure a fair balance as regards the contributions and benefits of the third country participating in the Programme;

   (b) lay down the conditions for participation in the Programme, including the calculation of financial contributions, consisting of an operational contribution and a participation fee for the Programme and its general administrative costs;

   (c) not confer on the third country any decision-making power in the Programme;

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(d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests; and

(e) ensure the protection of the security and public order interests of the Union.

3. For the purposes of paragraph 2, point (d), the associated third country shall:

(a) grant the necessary rights and access required under Regulations (EU, Euratom) 2024/2509 and (EU, Euratom) No 883/2013;

(b) guarantee that enforcement decisions imposing a pecuniary obligation on the basis of Article 299 of the Treaty on the Functioning of the European Union (TFEU) and judgments and orders of the Court of Justice of the European Union are enforceable; and

(c) ensure that its competent authorities cooperate with the European Public Prosecutor's Office (EPPO) in the investigations and prosecutions of criminal offences affecting the Union's financial interests in accordance with the applicable international agreements or other applicable rules.

Article 8

Implementation and forms of Union funding

1. The Programme shall be implemented in accordance with Regulation (EU, Euratom) 2024/2509 under direct management or under indirect management with entities referred to in Article 62(1), point (c), of that Regulation.

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2. In accordance with Regulation (EU, Euratom) 2024/2509, Union funding may be provided in any form.

3. In accordance with Article 196(2), second subparagraph, point (a), of Regulation (EU, Euratom) 2024/2509, financial contributions may, where relevant and necessary for the implementation of an action supported by the Programme, cover actions started and costs incurred prior to the date of the submission of the proposal for those actions, provided that those actions did not start more than three months before the closure of the call for proposals and have not been completed before the signature of the grant agreement.

4. Where Union funding is provided in the form of a grant, it shall take the form of financing not linked to costs or simplified cost options, in accordance with Regulation (EU, Euratom) 2024/2509. Where possible, grants under the Programme shall take the form of lump sums. Actual eligible costs may be reimbursed only where the objectives of an action supported by the Programme cannot otherwise be achieved.

5. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, the evaluation committee may be assisted by external experts holding a valid personnel security clearance, if required by the work programme. By way of derogation from Article 242 of that Regulation, the list of independent experts shall not be made public.

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Article 9

Eligibility

1. Eligibility criteria shall be set in accordance with Regulation (EU, Euratom) 2024/2509 to support the achievement of the objectives laid down in Article 3 of this Regulation and shall apply to all award procedures under the Programme.

2. In award procedures, the following legal entities may be eligible to receive Union funding:

   (a) entities established in a Member State;

   (b) entities established in an associated third country;

   (c) international organisations;

   (d) SEAPs.

3. For actions supported by the Programme as referred to in Article 10, with the exception of actions referred to in Article 10(1), point (d), the recipients of Union funding (the ‘recipients’) shall be SMEs.

4. With the exception of actions referred to in Article 10(1), point (c), the recipients shall:

   (a) be established in the Union or in an associated third country; and

   (b) have their executive management structures located in the Union or in an associated third country.

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5. The recipients shall not be subject to control by a non-associated third country or by a non-associated third-country entity.

6. The infrastructure, facilities, assets and resources of the recipients used for the purposes of the action supported by the Programme shall be located on the territory of a Member State or of an associated third country for the entire duration of the action.

7. Where the recipients involved in the action supported by the Programme have no readily available alternatives or relevant infrastructure, facilities, assets and resources in the Union or in an associated third country, they may use their infrastructure, facilities, assets or resources located or held outside the territory of the Member States or of the associated third countries, provided that this use does not contravene the security and defence interests of the Union and its Member States, including respect for the principle of good neighbourly relations, and is consistent with the objectives set out in Article 3. The costs related to activities using such infrastructure, facilities, assets or resources shall not be eligible for support from the Programme.

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8. Legal entities may be considered to have fulfilled the eligibility criteria referred to in this Article where they have fulfilled equivalent conditions under Regulation (EU) 2018/1092[24], (EU) 2021/697, (EU) 2023/1525[25], (EU) 2023/2418[26] or (EU) 2025/2643 of the European Parliament and of the Council, or under Council Regulation (EU) 2025/1106[27], provided that no subsequent changes call into question the fulfilment of those conditions.

9. The following actions shall not be eligible for Union funding:

(a) actions or parts of actions that are already fully financed from other public or private sources;

(b) actions for the development of products and technologies the use, development or production of which is prohibited by applicable international law;

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[24] Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry (OJ L 200, 7.8.2018, p. 30, ELI: http://data.europa.eu/eli/reg/2018/1092/oj).

[25] Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: http://data.europa.eu/eli/reg/2023/1525/oj).

[26] Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: http://data.europa.eu/eli/reg/2023/2418/oj).

[27] Council Regulation (EU) 2025/1106 of 27 May 2025 establishing the Security Action for Europe (SAFE) through the Reinforcement of the European Defence Industry Instrument (OJ L, 2025/1106, 28.5.2025, ELI: http://data.europa.eu/eli/reg/2025/1106/oj).

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(c) actions for the development of lethal autonomous weapons without the possibility for meaningful human control over selection and engagement decisions when carrying out strikes against humans, without prejudice to the possibility of providing Union funding for actions for the development of early warning systems and countermeasures for defensive purposes;

(d) actions related to cluster munitions.

Article 10

Eligible actions

1. Actions eligible for funding under the Programme shall implement the objectives set out in Article 3 and may take one or more of the following forms:

(a) support for the rapid development of emerging and disruptive defence products and, where relevant, components necessary for their production, including where those products are based on the integration and adaptation of civilian technologies with dual-use potential for defence purposes;

(b) support for the market uptake of emerging and disruptive defence products, including through support for the aggregation of demand and dedicated and iterative field testing and demonstrations with the involvement and feedback of end users, in particular through matchmaking;

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(c) support for the relocation of the establishment of an entity or of its executive management structure to the Union or to an associated third country for the effective implementation of actions referred to in points (a) and (b), where an entity was previously established or its executive management structure was located in a non-associated third country;

(d) support necessary for the effective implementation of actions referred to in points (a) and (b), including, but not limited to:

(i) qualification;

(ii) certification;

(iii) access to infrastructure;

(iv) access to innovative manufacturing capacities and processes;

(v) investment readiness support;

(vi) skills development;

(vii) procurement of studies; and

(viii) ecosystem-building and strengthening activities, including support for cooperation between SMEs and European defence industrial prime contractors, system integrators and first-tier subcontractors.

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2. The Programme may provide support for actions covering the swift upgrade of existing products and technologies, provided that the use of pre-existing information, intellectual property rights or other rights necessary for carrying out the action is not subject, directly or indirectly through one or more intermediate legal entities, to a restriction by a non-associated third country or by a non-associated third-country entity, where that restriction would prevent the effective implementation of the action.

3. The recipients shall benefit, where possible and appropriate, from fast-track access to Union testing and experimentation facilities and to the EU Defence Innovation Scheme (EUDIS) Business Accelerator.

4. Actions supported by the Programme shall not contravene the security and defence interests of the Union and its Member States, as established in the framework of the common foreign and security policy (CFSP) pursuant to Title V of the Treaty on European Union, including respect for the principle of good neighbourly relations.

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Article 11

Award criteria

1. Where relevant and appropriate, depending on the nature of the award procedure, and in accordance with Regulation (EU, Euratom) 2024/2509, the award criteria shall be set out in the work programme referred to in Article 16 of this Regulation and shall take into account the following elements:

   (a) the potential for disruption in the defence domain, assessed in light of the extent to which a proposed solution departs from current technological baselines;

   (b) the quality of the proposal and the ability of the applicant to implement the action referred to in Article 10;

   (c) the impact in the defence domain, considering the needs of Member States and associated third countries, in particular with regard to cost-efficiency, speed of delivery and readiness for operational use, including, where relevant, cybersecurity resilience.

2. In addition to the elements referred to in paragraph 1 of this Article, the work programme referred to in Article 16 may also take into account the increase in security of supply for supply chains of emerging and disruptive defence products and technologies.

3. The work programme referred to in Article 16 shall lay down additional details concerning the application of the award criteria referred to in paragraph 1 of this Article, taking into account the objectives of the call for proposals and the selection and evaluation procedures.

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Article 12

Selection and award procedure

1. In order to ensure that actions referred to in Article 10 can be effectively implemented without undue delay, the work programme may identify award procedures, under direct or indirect management, that are subject to an accelerated and simplified procedure.

2. By way of derogation from Articles 199, 201 and 203 of Regulation (EU, Euratom) 2024/2509 regarding grants and from Article 170(1), points (b) and (c), and Article 170(2) of that Regulation regarding procurement, the work programme may provide that, for award procedures identified therein, the following conditions apply:

   (a) the requirements for the award decision and the signature of legal commitments shall be limited to a preliminary evaluation of the award and exclusion criteria;

   (b) the award decision may be taken based solely on a self-declaration of the applicants and tenderers concerning the eligibility and selection criteria, especially regarding control, without requesting corresponding supporting documents during the preliminary evaluation;

   (c) the Commission shall complete the final evaluation without undue delay;

   (d) the results of the preliminary evaluation shall be notified to the applicants and tenderers within a period specified in the work programme; and

   (e) the award decision shall be taken within a period specified in the work programme.

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3. Where the final evaluation referred to in paragraph 2, point (c), concludes that the recipient does not meet all the eligibility and selection criteria, the legal commitment shall be terminated. Payments shall only be made once the final evaluation has been completed.

4. The work programme may set up targeted two-stage bottom-up award procedures in accordance with the following rules:

(a) during the first stage:

(i) a call for expressions of interest may be launched without specifying the kind of activities or the instrument of budget implementation to be used, to enable the applicants and tenderers to submit project proposals or offers for goods, works or services that might contribute to the objectives of this Regulation, as set out in the work programme referred to in Article 16;

(ii) proposals and offers shall be evaluated and ranked based on common award criteria set out in the work programme, such as their comparative contribution to the objectives;

(iii) the evaluation committee shall determine the most appropriate instrument of budget implementation under direct or indirect management and propose the maximum amount and form of the Union contribution;

(b) during the second stage, the applicants and tenderers whose projects or offers have been successfully evaluated shall be invited to adjust and complete their proposals or offers, within the available budget, in accordance with the conclusions of the evaluation committee.

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5. For matters not covered by paragraph 4, the award procedure shall proceed in accordance with the rules set out in Regulation (EU, Euratom) 2024/2509 applicable to the respective instrument of budget implementation.

6. The Commission shall award the funding under the Programme by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 17(4).

Article 13

Inducement intervention

1. By way of derogation from Article 9, the work programme may provide that an award procedure takes the form of an inducement intervention under which the eligibility criteria relating to the place of establishment of legal entities participating in the Programme or the location of their executive management may be temporarily and conditionally suspended.

2. The eligibility criteria that have been suspended in accordance with paragraph 1 of this Article shall be complied with and compliance with those eligibility criteria shall be evaluated within the timeframe specified in the legal commitment within the meaning of Article 2, point 39, of Regulation (EU, Euratom) 2024/2509. Union funding shall be provided once all the eligibility criteria have been met.

3. If the eligibility criteria that have been suspended in accordance with paragraph 1 are not complied with within the timeframe specified in the legal commitment referred to in paragraph 2, the action supported by the Programme shall be considered ineligible and any Union funding shall be fully recovered.

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4. Where an award procedure takes the form of an inducement intervention, no pre-financing shall be paid.

5. The work programme shall set out the specific budget allocated to award procedures taking the form of an inducement intervention pursuant to paragraph 1. That budget shall represent a limited share of the Programme budget, so as to preserve the targeted and exceptional nature of that support.

Article 14

Union funding rates

Without prejudice to Article 193 of Regulation (EU, Euratom) 2024/2509, the Programme may finance up to 100 % of the eligible costs.

Article 15

Ownership of results

1. The results of actions supported by the Programme shall not be subject, directly or indirectly through one or more intermediate legal entities, to any control or restriction by non-associated third countries or by non-associated third-country entities, including with regard to technology transfer.

2. This Regulation shall not affect Member States' discretion as regards their policies on the export of military technology and equipment.

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3. Technology transfers shall be carried out in full compliance with Directive 2009/43/EC and, where relevant, Regulation (EU) 2021/821 of the European Parliament and of the Council[28].

4. Without prejudice to paragraph 2, any transfer of ownership or grant of an exclusive licence to a non-associated third country or to a non-associated third-country entity for results generated through the Programme, which takes place within three years of the final payment under the action, shall be subject to prior notification to the Commission and approval by the relevant Member State or associated third country authorities under conditions ensuring the protection of the security and defence interests of the Union and its Member States. Where such a transfer of ownership or grant of an exclusive licence contravenes the security and defence interests of the Union and its Member States or the objectives set out in Article 3, the support provided under the Programme shall be reimbursed.

5. Where the Union procures a study, all Member States and associated third countries shall have the right, free of charge, to a non-exclusive licence for the use of the study upon written request.

6. Where Union funding is provided in the form of a grant, Union institutions, bodies, offices or agencies, as well as granting authorities, shall enjoy, upon request, royalty-free access rights to results, without affecting the ownership of results or intellectual property rights in background information, for the sole purpose of developing, implementing and monitoring existing Union policies or programmes in the fields of their competence. Such access rights shall be limited to non-commercial and non-competitive use.

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28 Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (OJ L 206, 11.6.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/821/oj).

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Article 16

Work programme

1. The Programme shall be implemented by means of a work programme as referred to in Article 110(2) of Regulation (EU, Euratom) 2024/2509.

2. The work programme shall set out in detail the categories of actions and topics to be supported by the Programme. Those categories shall be in line with the objectives set out in Article 3.

3. Challenges in the work programme shall be prioritised based on urgent and prioritised capability needs shared by several Member States.

4. With the exception of the award procedure provided for in Article 12(4), the work programme shall, where appropriate, contain functional requirements and specify the form of Union funding under Article 8, without restricting competition across calls for proposals.

5. The Commission shall adopt the work programme by means of an implementing act. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 17(4).

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Article 17

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. The European External Action Service and the European Defence Agency shall be invited to attend the meetings of the committee as observers and to provide their views and expertise in the work of the committee.

3. The Commission may, on its own initiative or upon request from one or more Member States, invite, where relevant, representatives of associated third countries to attend the meetings of the committee. Representatives of associated third countries shall not be present at or participate in the vote of the committee.

4. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

5. Where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and Article 5(4), third subparagraph, of Regulation (EU) No 182/2011 shall apply.

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Article 18

Relationship with Directive 2009/81/EC

A procurement contract awarded by a Member State for a defence product resulting from an action supported by the Programme, or from a project that has received a Sovereignty Seal in accordance with Article 4(1) of Regulation (EU) 2024/795 and has subsequently received funding from a Member State in accordance with Article 6 of this Regulation, shall be considered to be a contract awarded in the framework of a cooperative programme based on research and development within the meaning of Article 13, point (c), of Directive 2009/81/EC.

Article 19

Amendment to Regulation (EU) 2024/795

In Article 4 of Regulation (EU) 2024/795, paragraph 1 is replaced by the following:

‘1. The Commission shall award a Sovereignty Seal to any project contributing to any of the STEP objectives, provided that the project has been assessed and complies with minimum quality requirements, in particular the eligibility, exclusion and award criteria, provided for in a call for proposals under Regulation (EU) 2021/522, (EU) 2021/694, (EU) 2021/695, (EU) 2021/697 or (EU) 2026/…[*+] of the European Parliament and of the Council, or under Commission Delegated Regulation (EU) 2019/856[**].

[+] OJ: Please insert in the text the number of the Regulation contained in this document and insert the number, date, title and OJ reference of that Regulation in the footnote.

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[*] Regulation (EU) 2026/… of the European Parliament and of the Council of … on establishing the Programme for agile and rapid defence innovation (AGILE) and amending Regulations (EU) 2024/795 and (EU) 2026/467 (OJ L …, ELI: …).

[**] Commission Delegated Regulation (EU) 2019/856 of 26 February 2019 supplementing Directive 2003/87/EC of the European Parliament and of the Council with regard to the operation of the Innovation Fund (OJ L 140, 28.5.2019, p. 6, ELI: http://data.europa.eu/eli/reg_del/2019/856/oj).'.

Article 20

Amendment to Regulation (EU) 2026/467

In Article 13(4) of Regulation (EU) 2026/467, point (f) is replaced by the following:

'(f) manufacturers and subcontractors involved in the production of defence products may be considered to fulfil the eligibility conditions referred to in this paragraph where they have fulfilled equivalent conditions under Regulation (EU) 2018/1092[*], (EU) 2021/697[**], (EU) 2023/1525[***], (EU) 2023/2418[****] or (EU) 2026/…[*****+] of the European Parliament and of the Council, or under Council Regulation (EU) 2025/1106 and provided that no subsequent changes call into question the fulfilment of those conditions;

[*] Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry (OJ L 200, 7.8.2018, p. 30, ELI: http://data.europa.eu/eli/reg/2018/1092/oj).

[+] OJ: Please insert in the text the number of the Regulation contained in this document and insert the number, date, title and OJ reference of that Regulation in the footnote.

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** Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149, ELI: http://data.europa.eu/eli/reg/2021/697/oj).

*** Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023, p. 7, ELI: http://data.europa.eu/eli/reg/2023/1525/oj).

**** Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA) (OJ L, 2023/2418, 26.10.2023, ELI: http://data.europa.eu/eli/reg/2023/2418/oj).

***** Regulation (EU) 2026/… of the European Parliament and of the Council of … on establishing the Programme for agile and rapid defence innovation (AGILE) and amending Regulations (EU) 2024/795 and (EU) 2026/467 (OJ L …, ELI: …).'.

Article 21

Application of the rules on classified information

1. For the implementation of this Regulation:

(a) Member States and associated third countries on whose territory the recipients are established shall assess the sensitive nature of the background and foreground information handled during the implementation of the actions supported by the Programme;

(b) where that information is subject to a national classification level, the Member States and associated third countries referred to in point (a) shall establish an adequate security framework in accordance with their national laws and regulations;

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(c) each Member State shall ensure a level of protection of EU classified information equivalent to that provided for in the security rules set out in Council Decision 2013/488/EU[29];

(d) the Commission shall protect classified information received in relation to the Programme in accordance with the security rules set out in Commission Decision (EU, Euratom) 2015/444[30].

2. The Commission shall make available an accredited secure exchange system in order to facilitate the exchange of classified and sensitive information between the Commission and the Member States and associated third countries and, where appropriate, with the applicants and recipients. That system shall take into account Member States' national security regulations.

Article 22

Audits

Audits of the use of the Union contribution carried out by persons or entities, including persons or entities other than those mandated by the Union institutions, bodies, offices or agencies, shall form the basis of the overall assurance pursuant to Article 127 of Regulation (EU, Euratom) 2024/2509. The European Court of Auditors shall examine the accounts of all revenue and expenditure of the Union in accordance with Article 287 TFEU.

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29 Council Decision 2013/488/EU of 23 September 2013 on the security rules for protecting EU classified information (OJ L 274, 15.10.2013, p. 1, ELI: http://data.europa.eu/eli/dec/2013/488/oj).

30 Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information (OJ L 72, 17.3.2015, p. 53, ELI: http://data.europa.eu/eli/dec/2015/444/oj).

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Article 23

Information, communication and publicity

1. The recipients shall acknowledge the origin of the Union funding and ensure the visibility of that funding, including when promoting the actions supported by the Programme and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.

2. The Commission shall implement information and communication actions relating to this Regulation, to actions supported by the Programme and to the results achieved.

3. Financial resources allocated to the Programme may contribute to the organisation of dissemination, matchmaking and awareness-raising activities, including for the purpose of opening supply chains to foster the cross-border participation of SMEs. Such activities shall include measures aimed at ensuring broad awareness of the Programme and facilitating participation across the Union, in particular among SMEs, start-ups and non-traditional defence actors with limited prior participation in Union programmes. Dissemination activities shall include measures to inform potential applicants of the possibility of including their products in the Military Sales Catalogue as established under Regulation (EU) 2025/2643.

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Article 24

Monitoring, evaluation and review

1. The Commission shall monitor the implementation of the Programme and assess its effectiveness in achieving the objectives set out in this Regulation. Given the high-risk and high-potential nature of emerging and disruptive defence innovation, the success of the Programme shall be assessed at portfolio level.

2. The Commission shall regularly inform the European Parliament and the Council of the implementation of the Programme.

3. By 1 July 2028, the Commission shall draw up a report evaluating the impact and effectiveness of the actions supported by the Programme and shall submit it to the European Parliament and the Council. That report shall include information on:

   (a) the level of participation of SMEs;

   (b) the geographical distribution of supported entities across the Union and associated third countries;

   (c) the thematic distribution of supported activities;

   (d) a breakdown of expenditure by type of action;

   (e) the effectiveness of award procedures relative to benchmarks under existing instruments;

   (f) aggregated data on the uptake of Programme-funded products.

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Article 25

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, …

For the European Parliament	*For the Council*
The President	*The President*

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