**CALL FOR EXPRESSION OF INTEREST FOR POTENTIAL IMPLEMENTING PARTNERS UNDER THE EUROPEAN DEFENCE FUND**

# Introduction

The objective of this Call for Expression of Interest (the “Call”) is to **select potential implementing partners** under Regulation (EU) 2021/697 of the European Parliament and of the Council of 27 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (the ‘EDF Regulation”)[[1]](#footnote-2). It is addressed to potential implementing partners seeking to manage EDF funded actions contributing to objectives specified in Article 3 of the EDF Regulation and within the scope and conditions of indirect management set out in its Article 8.

Considering the eligibility provisions of the Financial Regulation and of the EDF Regulation, as well as the specificities of the defence sector[[2]](#footnote-3), **the Call is restricted** to the entities described below.

# The European Defence Programme

The general objective of the EDF is to foster the competitiveness, efficiency and innovation capacity of the European defence technological and industrial base (EDTIB) throughout the Union, which contributes to the Union strategic autonomy and its freedom of action. This should be achieved by supporting collaborative actions and cross-border cooperation between legal entities throughout the Union, in particular SMEs and mid-caps, as well as by strengthening and improving the agility of both defence supply and value chains, widening cross-border cooperation between legal entities and fostering the better exploitation of the industrial potential of innovation, research and technological development, at each stage of the industrial life cycle of defence products and technologies.

The EDF comprises:

* A research window, with the specific objective to support collaborative research that could significantly boost the performance of future capabilities throughout the Union, aiming to maximise innovation and introduce new defence products and technologies, including disruptive technologies for defence, and aiming to make the most efficient use of defence research spending in the Union;
* A capacity window, with the specific objective to support the collaborative development of defence products and technologies, thus contributing to the greater efficiency of defence spending within the Union, achieving greater economies of scale, reducing the risk of unnecessary duplication and thereby fostering the market uptake of European defence products and technologies and reducing the fragmentation of defence products and technologies throughout the Union, ultimately leading to an increase in the standardisation of defence systems and a greater interoperability between Member States’ capabilities;

The reference budget amount over the duration of the EDF (2021-2027) is EUR 7 953 million. The Fund is implemented by means of annual work programmes and through grants (mainly), prizes, procurement and, where appropriate in view of the specificities of the action, financial instruments within blending operations.

As a rule, the Commission implements the EDF under direct management in accordance with the Financial Regulation. However, Article 8.2 of the EDF Regulation foresees that specific actions may, in substantiated cases, be carried out under indirect management by bodies referred to in point (c) of Article 62(1) of the Financial Regulation. In addition, where the Commission chooses indirect management mode, the entrustment of tasks to an implementing partner cannot include the selection and award procedure.

# Terms of the Call for expression of interest

## **Eligible implementing partners**

To be eligible as EDF implementing partner, the candidate must:

* be a public law body[[3]](#footnote-4); from a Member State of the European Union or of an EDF associated country as specified in Article 5 of the EDF Regulation;
* have an in depth knowledge of the defence sector and in particular in the management of large cooperative action at European or international level.

The Organisation for Joint Armament Co-operation (OCCAR) and the European Defence Agency (EDA) are also eligible.

The eligible candidates are hereby invited to **express their interest** in relation to the management of EDF funded actions as implementing partners and within the scope for indirect management set out in Article 8.2 of EDF Regulation. **Interested candidates must fill in the application form annexed to the Call** on the basis of which the Commission will carry out an **eligibility check**.

EDA and OCCAR are exempted from the eligibility check. **They must however fill in the application form** **to express their interest** for being entrusted with implementing tasks under EDF and give some indications of the type of actions they wish to manage under EDF. After confirmation by the Commission, they will then have to initiate (EDA) or complete (OCCAR) an assessment in line with the terms of reference adopted by the Commission in 2019[[4]](#footnote-5) (Commission Decision C(2019) 2882 of 17 April 2019).

## **Necessity of a comprehensive pillar-assessment**

Eligible candidates must be assessed under Article 154 of the Financial Regulation (ex-ante assessment, so called “pillar assessment”), before a Contribution Agreement can be signed with the EU[[5]](#footnote-6).

A complete screening process (‘Pillar Assessment’) led by an independent external auditor and based on a methodology defined by the Commission[[6]](#footnote-7) aims to **ensure that EU funds are managed with a level of protection** of the EU's financial interests **equivalent to that required under the Financial Regulation**.

More specifically, eligible candidates must meet requirements with regard to nine ‘pillars’. These pillars relate to:

1. the internal control system;
2. the accounting system;
3. an independent internal audit;

as well as rules and procedures for providing financing from EU funds through:

1. grants;
2. procurement (not applicable under this Call);
3. financial instruments (not applicable under this Call);

and also:

1. exclusion from access to funding;
2. publication of information on recipients;
3. protection of personal data.

For EDF and under this Call, the following pillars must be assessed: (1) internal control system, (2) accounting system, (3) independent external audit, (4) rules and procedures for providing financing from EU funds through grants; (7) exclusion from access to funding, (8) publication of information on recipients, and (9) protection of personal data.

The Commission concludes its assessment based on the findings of the auditor’s report.

Taking into account the pillar assessment outcome, the Commission reserves the right to apply supervisory measures in accordance with Article 154(5) of the Financial Regulation or postpone the signature of a Contribution Agreement.

If the existing pillar assessment of the candidate does not cover one or more of the pillars mentioned above, a complementary assessment must be undertaken.

Considering the time needed for preparing and executing the various steps of the ex-ante assessment, it is recommended for the interested candidates to **prepare themselves immediately** by:

* reading carefully the Terms of References (ToRs)[[7]](#footnote-8) adopted in the Commission Decision C(2019) 2882 of 17 April 2019 which gives all the details on the various steps of the pillar assessment;
* identifying possible external independent auditors compliant with these ToRs and which are used to make EU pillar assessments;
* identifying the appropriate procurement procedure to recruit the external independent auditors and preparing the necessary procurement documents.

Once the eligibility decision will be notified by the Commission to the candidate entity, [[8]](#footnote-9) the latter can start immediately the appropriate procurement process to recruit an independent external auditor.

All costs for the external independent audit has to be borne by the candidate entity.

## **Passing a pillar-assessment is not sufficient to become an implementing partner under EDF**

The successful outcome of the pillar assessment does not give rise to any rights to sign a Contribution Agreement under EDF. The decision to entrust tasks in indirect management mode will be taken by the Commission on an action-by-action basis and in consideration of the added-value for the implementation of the action concerned. For this further decision, the Commission will assess this added value in particular against the following criteria:

- the efficiency gains of indirect management for the action’s implementation compared to direct management by the Commission;

- the experience of the entrusted entity in the specific defence field concerned;

- the absence of conflict of interests;

- the level of Member States co-financing

- the cost benefit analysis for EU budget.

# Application and selection procedure

## **Application procedure**

**Publication of the Call:** this Call will **not** be published in the Official Journal or on the internet website of the Commission. It will be sent mid-July 2021 to all the Member States and the EDF participating countries via their Permanent Representation in Brussels. It will also be sent to OCCAR and EDA.

**Language:** Applications to this Call (the “application”) have to be prepared in one of the official languages of the European Union, following the templates enclosed in the Annex of this Call. However, candidate entities are encouraged to submit their application in English, in order to facilitate the evaluation procedure.

**Application form:** Applications must use the templates enclosed in the Annex of this Call and have to be submitted before the dates as indicated below.

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| **Timetable** | |
| First cut-off date | **15 September 2021** (18:00 CET) |
| Next cut-off dates | Every 31 March until 31 March 2026 |
| Evaluation of applications | Following each cut-off date, the Commission will assess all applications received before that date[[9]](#footnote-10), in accordance with the process detailed in section 4.2 of this Call. This may take up to two months |

**No duplications:** Only one application per candidate entity is expected.

**Submission procedure:** The application has to be submitted by e-mail to: [DEFIS-A2@ec.europa.eu](mailto:DEFIS-A2@ec.europa.eu) stating the subject ‘*European Defence Fund – Expression of Interest of implementing partner: [name of the candidate entity]’* and have to contain a complete set of relevant supporting documents specified in the Annex of this Call.

An acknowledgement of receipt will be sent to the candidate entities via e-mail. The acknowledgement of receipt should not be construed as a declaration of completeness of the application and the documents submitted therewith, nor as any kind of assessment or acceptance of the same. The candidate entities may withdraw their application, in the same manner as specified in the previous paragraph, at any stage of the selection process.

**Information to candidate entities:** candidate entities may send questions regarding this Call by e-mail to: [DEFIS-A2@ec.europa.eu](mailto:DEFIS-A2@ec.europa.eu), to which the Commission will endeavour to reply within 15 working days of receiving the request for information or clarification.

## **4.2** **Selection procedure**

Eligible potential implementing partners under the EDF will be selected with due consideration of the general principles of transparency, equal treatment, proportionality, avoidance of conflicts of interests and non-discrimination. When assessing the applications, the Commission will apply its professional analysis and judgment during the uniform selection process described in detail in the following sections.

### ***4.2.1 Eligibility check***

Under the eligibility check, the Commission will assess whether the candidate entity:

1. fulfils the eligibility conditions referred to in section 3.1 of this Call;
2. has submitted its signed application before the cut-off dates specified in the Call, and that all information and supporting documentation required thereunder are provided in the form requested, where specified (see section 4.1 and Annex);
3. is not in one of the exclusion situations as per Article 136(1) of the Financial Regulation; and
4. has the appropriate knowledge in the defence sector and in particular in the management of large cooperative actions in defence research or capacity development at European or international level

Required supporting information and/or supporting documents to be provided in the application are specified in the Annex.

Only applications that meet all these criteria will be considered.

### As previously stated, EDA and OCCAR must send to the Commission a signed application. With the acknowledgement of receipt, the Commission will inform EDA and OCCAR on the scope of the pillar assessment they must conduct to comply with the terms of reference adopted by the Commission in 2019.

### ***4.2.2 Invitation to the pillar assessment exercise***

The Commission will contact the candidate entities that have passed the eligibility check. These entities can then start the pillar assessment exercise in accordance with the terms of references provided by the Commission.

Before the start of the audit, the candidate entity must communicate to the Commission:

* the references of the external independent auditor recruited following the appropriate procurement procedure applicable to the Candidate entity;
* the audit planning defined with the auditor;
* the date of the kick of meeting.

**The costs of the pillar assessment must be borne by the candidate entity.**

It is strongly advised that Candidate entities share the draft report with the Commission to anticipate potential issues.

# Information on the potential implementing partners

The Commission will communicate each year to the Programme Committee the list of the potential implementing partners that passed successfully the pillar assessment. Information will include, for each potential implementing partner, its name and address and the result of its assessment.

# Personal data

Any personal data provided by the candidate entities in reply to this Call (such as name or address) will be processed by the Commission in compliance with Regulation (EU) 2018/1725 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies offices and agencies and on the free movement of such data.

**Annexe:**  **Application form**

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|  | **Application form for pillar assessment European Defence Fund (EDF)** |

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| **General Information** | | | |
| ***Entity name:*** | | | |
| Address |  | Country |  |
| Phone |  | Fax |  |
| Website |  | | |
| ***Contact person in the organisation:*** | | | |
| Name |  | Function |  |
| E-Mail |  | Phone/Fax |  |
|  | | | |
| **Legal Status[[10]](#footnote-11)** | | | |
| International organisation (OCCAR or EDA)  Public law body from a EDF participating Member State or an EDF associated country | | | |
| **Sector of interest** | | | |
| Please indicate under which window of EDF you would like to implement budget tasks:  Defence capacity development  Defence research | | | |
| **List of document to be provided** | | | |
| Please submit the following documents, where applicable:   * Copy of the constitutive incorporation deed, or any other official document demonstrating the lawful incorporation / establishment / foundation of the entity / body (e.g. intergovernmental agreement under international law; national law) * Most recent audited financial statements | | | |

**Questionnaire**

*Feel free to add any information not requested in this questionnaire but that you consider relevant for the* ***eligibility check*** *of your entity.*

1. Describe the entity in terms of mission, historical background, geographical scope of activities, governance and annual budget managed (operating budget and actions’ budget).

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1. Does your entity benefit from a public (e.g. government) guarantee or a financial guarantee of equivalent insurance?

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1. Give a list of at least five large international/European cooperative research and development projects managed by your entity in the five past years in the defence sector (name, defence sector, duration in months, total budget).

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| --- | --- | --- | --- | --- |
| **Completed co-financed actions** | | | | |
| **Title/name** | **Defence sector** | **Total budget (EUR million)** | **Duration (months)** | **Main partners and countries involved** |
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1. Describe in detail for these five projects:
   1. The project itself (subject, objectives, expected results);
   2. the types of management tasks your entity is in charge when managing these actions, with a particular focus on the budget/financial tasks involved and the quality checks of the action results together with the assessment of the compliance with all rules applicable to the defence sector.

Please also give details on the origin and the form of the financial contributions (loan, grants, procurement) your entity is managing for the implementation of these actions.

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1. Has your entity ever cooperated with EU Institutions, bodies, offices or agencies? If yes, please describe with which EU Institution, body, office or agency, the scope of this cooperation and under which programme.

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1. Has your entity participated or has any intention to participate in EDIDP or EDF as an entrusted entity, beneficiary (consortium member), subcontractor, service provider or in kind contributor. If yes, please detail the global amount reimbursed so far by the EU budget and the form of the participation.

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By filling this form, I express the interest of my organisation to be entrusted with implementation tasks in indirect management under the European Development Fund subject to a satisfactory pillar assessment and a further decision of the Commission.

Name and title

Date of signature

1. OJ L 170, 12.5.2021, p. 149 [↑](#footnote-ref-2)
2. - By contrast with other EU programmes EDF is managed with the need-to-know principle as a rule and it funds projects where classified information is exchanged. [↑](#footnote-ref-3)
3. As referred to in points (c)(v) of Article 62(1) of Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council (the ‘Financial Regulation’. OJ L 193, 30.7.2018, p. 1. [↑](#footnote-ref-4)
4. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2019.191.01.0002.01.ENG> [↑](#footnote-ref-5)
5. The completion of a Pillar Assessment may take around eight months. [↑](#footnote-ref-6)
6. The assessment must be performed by an independent external auditor in accordance with the terms of references defined by the Commission. [↑](#footnote-ref-7)
7. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2019.191.01.0002.01.ENG> [↑](#footnote-ref-8)
8. - Not applicable for EDA and OCCAr which will receive an acknowledgement of receipt confirming their eligibility and inviting them to start/complete their pillar assessment. [↑](#footnote-ref-9)
9. - Candidate entities can apply when they are ready and will not have to re-apply every year. With the use of cut-off dates, the Commission carries out eligibility checks at least once a year with the applications received before the cut-off date. Applications received after that date will be checked after the next cut-off date, at the latest. [↑](#footnote-ref-10)
10. For the purposes of Article 62(1)(c) of the Financial Regulation (Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (OJ L 193, 30.7.2018, p. 1). [↑](#footnote-ref-11)