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PROPOSAL

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the Programme for agile and rapid defence innovation (AGILE)

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Defence innovation cycles are accelerating at unprecedented speed. Emerging and disruptive technologies in fields such as Artificial Intelligence (AI), quantum, robotics, cyber and space are becoming decisive for military effectiveness. At the same time, New Defence players (particularly Small and Medium Enterprises (SMEs) and start-ups, including those coming from the civilian sector), are becoming a significant driving force for the transformation of the EU defence industry. By enabling faster innovation cycles, greater agility, cost-efficient solutions and novel operational concepts, these actors are reshaping how innovative defence technologies and products are developed and delivered.

In recent years, the European Union has made substantial progress in strengthening defence research and development. The European Defence Fund (EDF) is the Union's flagship defence R&D programme and plays a central role in fostering structured, long-term and cooperative defence R&D across Europe. By supporting large-scale projects involving several Member States, the EDF enables the development of complex, costly and technologically sophisticated defence systems that no single Member State could develop alone. It is instrumental in strengthening cross-border industrial cooperation[1], reducing fragmentation and reinforcing the technological and industrial base underpinning Europe's long-term defence capabilities.

Within this framework, targeted initiatives have been launched at EU level to provide enhanced support to innovation and non-traditional defence actors. Within the EDF framework, the EU Defence Innovation Scheme (EUDIS) provides targeted support to non-traditional defence actors, including SMEs and innovative startups and scaleups. In addition, the Hub for EU Defence Innovation (HEDI), launched by the European Defence Agency (EDA) in 2022, acts as a platform fostering close collaboration among Member States and EU stakeholders on defence innovation matters. The NATO's DIANA programme, the NATO Innovation Fund and the Rapid Adoption Action Plan also aim to accelerate the adoption of new defence technologies and support new defence actors.

Together, these instruments form a robust backbone for sustained, cooperative and strategically oriented defence research and technology development in Europe. At the same time, the rapidly evolving security environment highlights the need to complement these instruments with additional mechanisms tailored to different innovation dynamics. The Preserving Peace – Defence Readiness Roadmap 2030[2] and the White Paper for the Future of European Defence – Readiness 2030[3] stressed the need to accelerate innovation, shorten time-to-market and ensure the rapid uptake of disruptive technologies to support EU defence readiness.

The EU Defence Industry Transformation Roadmap[4], adopted on 19 November 2025, calls for a fundamental shift in mindset and processes across the European defence ecosystem towards greater speed, agility and risk-taking. It explicitly identifies the need to develop new, more responsive approaches to support disruptive defence innovation and the emergence of New Defence players.

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1 Without prejudice to Union competition rules, in particular Article 101 TFEU

2 Preserving Peace – Defence Readiness Roadmap 2030

3 White Paper for European Defence – Readiness 2030

4 EU Defence Industry Transformation Roadmap

Against this background, there is a need to enhance the EU's capacity to support rapid, high technology-readiness-level defence innovation that responds directly to the urgent capability development needs of Member States. By design, the EDF is particularly well suited to long-term, complex, and capital-intensive programmes that benefit from cross-border industrial cooperation and strategic alignment among Member States. At the same time, the EDF's primary objectives and standard procedural architecture naturally prioritise robustness, inclusiveness, and scale over speed.

Yet promising defence innovations, especially those emerging from civilian technologies or small companies, often struggle to bridge the gap between development and operational deployment. This can slow the scaling of breakthrough solutions, limit the emergence of new defence players, and delay the translation of innovation into capabilities for armed forces.

To address this specific gap, the EU Defence Industry Transformation Roadmap proposed the establishment of a programme for rapid and agile defence innovation (AGILE). AGILE is conceived as a complementary instrument to the EDF and EUDIS, as well as other EU defence programmes, fulfilling a distinct but reinforcing role. EUDIS represents an umbrella of actions embedded within the EDF, including targeted R&D grants, hackathons, a business accelerator and matchmaking activities. For companies that have already engaged in EU defence actions such as EUDIS Hackathons or the Business Accelerator, AGILE would represent a natural next step, providing rapid and streamlined support to bring their solutions to market quickly. EDF, in turn, offers a longer-term pathway, integrating these companies into broader defence industrial collaboration, pan-European supply chains and sustained R&D partnerships. The two instruments are thus complementary by design, addressing different but mutually reinforcing stages of a company's defence innovation journey.

It is designed as a fast, flexible and mission-driven programme capable of supporting rapid innovation cycles, higher risk-taking and swift delivery of operationally relevant solutions under the current Multiannual Financial Framework (MFF) until similar conditions come to life in the 2028-2034 MFF.). In this sense, the AGILE Programme could also act as a testbed for some of the provisions enshrined in the proposal for the forthcoming ECF.

- **Consistency with existing policy provisions in the policy area**

This Regulation establishing the AGILE Programme is fully consistent and complementary with the progress that has been achieved so far to support defence innovation in the Union's ongoing EU programmes and initiatives.

Defence innovation is a strategic priority at EU level. The European Defence Industrial Strategy, the White Paper for the Future of European Defence – Readiness 2030, the Preserving Peace – Readiness Roadmap 2030, and the EU Defence Industry Transformation Roadmap adopted on 19 November 2025 all underline the need to accelerate innovation, shorten time-to-market, and ensure the rapid uptake of disruptive technologies in support of EU defence readiness.

The Defence Industry Transformation Roadmap calls for a fundamental shift in mindset and processes across the European defence ecosystem towards greater speed, agility and risk-taking, and identifies the need to develop new, more responsive approaches to support disruptive defence innovation and the emergence of new defence players.

This strategic direction reflects a rapidly evolving threat environment. New technologies are playing an increasingly important role in modern conflict, including technologies originating in

the civilian sector. Russia's war of aggression against Ukraine has demonstrated the operational relevance, low-cost solutions that can be iterated quickly, including software-based and dual-use technologies, and has underscored the importance of shortening innovation cycles. The ability to identify, adapt and field such technologies at pace has become a key operational requirement for armed forces.

The EU has developed a substantial framework to support defence innovation in response to these challenges by successfully launching programmes and initiatives aimed at fostering the competitiveness and the innovation capacity of the EDTIB, including with reference to SMEs, including start-ups, mid-caps, research organisations and non-traditional defence actors. The European Defence Fund (EDF) is the Union's flagship programme for collaborative defence research and development, providing significant support across the full R&D cycle, including with references to disruptive technologies. In particular, within the EDF, the EU Defence Innovation Scheme (EUDIS), representing approximately 20% of the EDF's annual budget, provides specific dedicated support to non-traditional defence actors, including startups, SMEs and other innovative companies and organisations.

Building on this, the Commission has taken further steps to increase the speed and accessibility of EU defence innovation support. The mini omnibus Regulation[5] to incentivise defence-related investments in the EU budget extended the EIC Accelerator's scope to innovations with dual-use potential and the EIC STEP Scale-Up Scheme, both within the Horizon Europe Framework Programme for research and innovation, to support innovation in critical defence technologies. This is currently the only EU instrument able to support innovative defence companies with direct equity investments, thereby creating significant new pathways for them to access EU support.

Both the Defence Readiness Omnibus[6] and the mini omnibus Regulation introduced procedural simplifications for the EDF's SME and disruptive technology calls, reducing administrative burden and shortening evaluation timelines for these categories. These measures represent meaningful progress towards more agile and responsive EU support for defence innovation.

Together, these instruments have established a strong foundation for supporting European defence innovation. However, structural gaps remain that existing instruments are not designed to fully address. The baseline EDF's consortia requirements reflect its collaborative, system-level focus, contributing to cross-border projects and creation of new EU supply chains. The EIC Accelerator, which provides grants and equity support to individual companies, has seen its scope expanded to cover dual-use innovation; however, its remit does not extend to purely defence-oriented applications. Moreover, support to defence under the EIC is currently limited to equity financing under the STEP Scale-Up Scheme, leaving a gap for other types of EU support targeted at defence-specific development, including grants.

AGILE is therefore designed in complementarity and consistency with the progresses and results obtained by the EU programmes and initiatives in the sector. It will target single entities (in particular SMEs, including innovative startups and scaleups) and structured to significantly reduce time-to-award. The programme thus occupies a complementary position within the broader EU defence innovation support landscape, supporting the EDTIB, by focusing primarily on SMEs, including start-ups, and the overall defence readiness of the EU and its Member States.

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5 Regulation - EU - 2025/2653 - EN - EUR-Lex

6 Defence Readiness Omnibus - Defence Industry and Space

- **Consistency with other Union policies**

The Regulation is fully consistent with, and contributes to, a broad range of Union policy objectives and strategic priorities, notably security and defence, competitiveness and innovation, and simplification.

The EU Strategic Agenda 2024-2029 places security and defence at the centre of the EU's political priorities, committing to reduce strategic dependencies, scale up defence capacities, and advance the building of a European Defence Union. The Political Guidelines for the European Commission 2024-2029 reinforce this direction. The proposed Regulation contributes directly to these objectives.

The AGILE Programme is also consistent with the Joint Communication of 26 March 2025 on the European Preparedness Union Strategy. This calls for enhanced civil-military cooperation, with improved interaction between civilian and military actors. This approach is crucial to this Regulation, which also aims to foster synergies with civilian technologies. The AGILE Programme will have a strong emphasis on leveraging civilian technologies for defence, enhancing synergies between defence and civilian research and innovation.

The proposed Regulation is also in line with EU's policy priorities on competitiveness. The Competitiveness Compass, adopted in February 2025 and building on the Draghi Report, identifies closing the innovation gap and translating research into market-ready, scalable products as one of the EU's most urgent structural priorities, with particular emphasis on deep tech, dual-use technologies, and sectors where European sovereignty is at stake.

The Regulation contributes to this objective by accelerating the cycle between innovation and delivery in the defence sector and by providing targeted support to new defence players (particularly SMEs, including innovative startups and scaleups) that are increasingly the primary drivers of disruptive technological development in Europe, therefore directly supporting the Union's goal of strengthening its technological sovereignty and reducing strategic dependencies in critical sectors.

The Political Guidelines for the European Commission 2024-2029 identify simplification as a key, cross-cutting political priority. This is of particular importance for the non-traditional defence actors targeted by the AGILE Programme, which often possess highly relevant technological capabilities but lack the resources to engage with complex and lengthy funding processes.

The Regulation proposal is also in line with the key, cross-cutting political priority of simplification under the objectives related to Europe's sustainable prosperity, competitiveness and innovation. The Competitiveness Compass and subsequent Omnibus simplification packages give concrete expression to this commitment, calling for a significant reduction in administrative burden, particularly for SMEs, and for funding instruments that are accessible, fast and proportionate. The AGILE Programme complements the Defence Readiness Omnibus, with the specific objectives of urgency and agility.

The Regulation is designed in full alignment with these objectives, since the AGILE Programme will include simplified evaluation and award procedures, making it easier for recipients to access funding and support, reducing administrative burden and shortening time-to-award.

The proposed programme is also fully consistent with the Commission proposals for the next Multiannual Financial Framework, in particular the European Competitiveness Fund (ECF). It includes provisions such as the inducement intervention or the possibility to use a more flexible and accessible approach to identifying, selecting and supporting innovative projects and ideas, including through instrument-neutral award procedures. Finally, the proposal is without prejudice to the application EU competition rules.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The AGILE Programme it is based on Article 173 of the Treaty on the Functioning of the European Union (TFEU) (competitiveness of the EU defence industry)

• Subsidiarity (for non-exclusive competence)

Member States' action alone cannot sufficiently address the rapidly evolving security and defence challenges that the EU faces at the required scale and speed. Coordinated action at EU level is necessary to ensure credible deterrence and to maintain technological leadership in the field of defence.

Existing national mechanisms supporting defence innovation vary significantly across Member States. Not all Member States have mechanisms to support rapid defence innovation, leaving innovative companies in some countries without access to funding opportunities. Where such mechanisms exist, they tend to prioritise domestic ecosystems, limiting cross-border cooperation and reinforcing national silos. This fragmented landscape hampers the emergence of EU-wide innovation pathways and prevents innovative solutions from being rapidly tested, scaled and deployed across the Union.

In this context, an EU-level programme accessible to all Member States is necessary to establish a consistent, inclusive approach to defence innovation. Such an EU-level programme would directly address these challenges. It would be accessible to entities from all Member States and focus on developing solutions for urgent defence needs identified and shared by several of them, thereby fostering cooperation and facilitating joint procurement.

Moreover, it would support the enlargement of the EDTIB by enabling the emergence of new defence actors across the EU. At the same time, it would contribute to reducing reliance on third-country defence systems and solutions. By placing a specific emphasis on the swift deployment of defence solutions, including through iterative testing with the direct engagement and feedback of Member States, the programme would also enhance interoperability, an outcome that is considerably less likely to be achieved through purely nationally managed mechanisms.

• Proportionality

The measures set out in the AGILE Programme do not go beyond what is strictly necessary to achieve their objectives, are proportionate to the scale and urgency of the problems that have been identified to those objectives.

The Regulation establishing the programme aims to create a fast, flexible and mission-driven EU instrument to accelerate disruptive defence innovation and rapidly deliver solutions that respond to urgent defence and security needs identified by Member States. It will serve to test innovative approaches and gather operational lessons for the next MFF. To achieve this

objective, the proposed measures are carefully calibrated to be proportionate to the needs of the Regulation.

The Regulation follows a targeted and narrow approach in time, scope and budget. The impact of the programme will be primarily limited to a targeted group of defence industry stakeholders, with particular focus on innovative SME's, including innovative startups and scaleups. This targeted approach minimises the impact on the civilian sector. Furthermore, the Programme would create opportunities for the civilian sector to contribute to enhancing defence innovation across the EU, strengthening synergies and fostering a collaborative environment.

- **Choice of the instrument**

The Commission proposes a Regulation of the European Parliament and of the Council. This is the most suitable legal instrument as only a Regulation, with its uniform application, nature and direct applicability, can provide the necessary degree of uniformity needed to accelerate disruptive defence innovation and rapidly deliver solutions that respond to EU's Member States urgent defence needs.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

The Commission published a Call for Evidence in the Have Your Say portal on 17th February, which was open for four weeks. The Call for Evidence received 6 responses from a range of stakeholders, including EU citizens (4 responses) and companies/businesses (2 responses), with respondents coming from Belgium, Italy, Slovakia, Spain, and Germany. Submissions covered a broad range of topics, including support and specific proposals for the design of more agile and startup-friendly funding mechanisms, recommendations on transparency and anti-profiteering frameworks for defence procurement, and suggestions on how to design and implement the programme to better integrate innovative SMEs and new entrants.

Additionally, the Regulation builds on an extensive consultation process carried out with all the relevant stakeholders, including Member States and industry, both established players and new entrants, for the preparation of the EU Defence Industry Transformation Roadmap and other defence-related initiatives. The consultation process has included events and exchanges, such as Roundtables with New Defence players and defence industry, respectively in June and November 2025, a Strategic Dialogue with Industry in May 2025 and consultations with EUDIS Business Accelerator startups and scaleups.

The AGILE Instrument also builds on the stakeholder's feedback included in the EDF Interim Evaluation Report, published in June 2025, which examines the Fund's first years of implementation. It highlighted several key issues, particularly the need for reducing the administrative burdens for applicants, especially with reference to SMEs, and the time-to-grant.

- **Collection and use of expertise**

The Commission has relied on the input received from stakeholders in response to the Call for Evidence published on 17 February 2026.

In addition, the Commission drew on input gathered during a dedicated discussion with think tanks and experts, aimed at collecting insights and exchanging ideas to support the preparation of the EU Defence Transformation Roadmap. This discussion brought together experts from

across the EU covering a range of domains, including defence, innovation, geopolitics, and disruptive technologies.

- **Impact assessment**

An impact assessment has not been carried out for this initiative.

The initiative is highly targeted and proportionate in nature. It is designed as a pilot programme to be implemented exclusively within the current MFF. The primary objective is to test innovative approaches in view of the next MFF period. Conducting a full impact assessment for such a time-limited pilot would be disproportionate and create delays incompatible with its fundamental purpose.

Additionally, the initiative is limited in terms of scope and impact. It has a limited budget of EUR 115 million, sourced entirely from internal reallocations within the current EU budget allocated to programmes related to defence industry and space. It creates no additional financial burden on Member States or the EU budget, and its impact is confined to a specific segment of defence stakeholders, primarily innovative SMEs, including innovative startups and scaleups.

The objectives of the Programme focus on needs identified through extensive stakeholder engagement and analysis. The need for faster support mechanisms, reduced administrative burden, and greater risk tolerance has been consistently documented in policy evaluations and stakeholder consultations, providing a solid evidence base for the proposed approach.

- **Regulatory fitness and simplification**

The Regulation is not expected to increase the administrative burden.

- **Fundamental rights**

N/A

4. BUDGETARY IMPLICATIONS

The initiative has a budget of EUR 115 million, financed entirely through internal reallocations within the current MFF. The resources will be drawn from existing programmes related to defence industry and space, specifically the European Defence Fund (EDF), the European Defence Industry Programme (EDIP) and the EU Space Programme. This budgetary envelope aims to strike a balance between minimising the impact on existing programmes and ensuring that the resources can be fully absorbed within the one-year timeframe for implementation to drive defence innovation. It is calibrated to meet the observed financing needs of SMEs, including innovative startups and scaleups, developing emerging and disruptive products and technologies for defence, enabling the programme to achieve a tangible impact and support the growth these companies in the defence sector and the uptake of innovative defence solutions by Member States.

These reallocations will not have a negative impact on the objectives and implementation of existing programmes, ensuring that ongoing commitments and planned activities under these programmes can continue as planned. The reallocation has been designed to maintain the effectiveness of current programmes while enabling this targeted initiative to address urgent defence innovation needs. Union support provided under the Programme, in most cases, will benefit the same entities that are targeted by other defence and space programmes, but in a more targeted and faster manner. This is particularly relevant for EDF, which will see its objectives

complemented by this initiative.. Moreover, for EDIP, the budget reallocation comes from the part of the budget initially allocated to support actions, mostly targeting SMEs, so channelling this funding through AGILE will ensure an effective and impactful Union support to the same group of target beneficiaries. Finally, the programme's support for emerging and disruptive defence solutions for defence in the space domain will also have a positive spill-over effect on the EU Space Programme and the Secure Connectivity Programme, ultimately contributing to the Union's space policy objectives.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The implementation of AGILE will be closely monitored throughout 2027, with a focus on its ability to deliver rapid, high-impact defence innovation. Monitoring will track key aspects such as speed of decision-making and time-to-grant, participation of new defence players, including SMEs, including innovative startups and scaleups, involvement of associated third countries' entities, in particular Ukrainian ones, and the transition from innovation to testing or deployment.

The Commission will carry out a targeted evaluation at the end of the implementation period to assess its effectiveness, efficiency and EU added value. The results and lessons learned could inform thinking on future EU defence innovation programmes whithin the context of the the Commission's proposals for the Multiannual Financial Framework from 2028 onwards,

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the Programme for agile and rapid defence innovation (AGILE)

(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[7],

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The return of high-intensity warfare brought about by Russia's unprovoked and unjustified war of aggression against Ukraine constitutes an existential challenge for 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 required by Member States' armed forces in scale and time, in particular in times of war.

(2) The Member States, in the Heads of State or Government of the Union meeting in Versailles on 11 March 2022, committed to bolster European defence capabilities and to increase their defence expenditure, step up cooperation through joint projects and common procurement of defence capabilities, close shortfalls, boost innovation and strengthen and develop the European defence industry.

(3) Innovation is critical to achieve and support 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 this requires rapid testing, validation and integration of these technologies into defence capabilities, as well as continuous engagement with the technology and innovation ecosystem.

(4) The war in Ukraine shows how rapidly defence technologies are evolving. Innovation cycles are becoming faster, which means defence products must adapt rapidly. These

[7] OJ C , , p. .

changes are also reshaping battlefield dynamics. SMEs, including innovative startups and scaleups, often with an important civilian background, play a key role in supporting Ukraine's defence and armed forces. These new defence actors bring faster innovation, greater flexibility, cost-efficient solutions, and new operational ideas and processes. As a result, they are becoming a major driving force in transforming the EDTIB. The joint White Paper European Defence – Readiness 2030 highlights the importance of a strong technological innovation ecosystem. This is essential to ensure that Europe's defence industry can keep pace with the rapidly changing nature of modern warfare.

(5) To provide comprehensive support for the collaborative research and development (R&D) of defence products and technologies, the Union has established the European Defence Fund (EDF). With a budget of EUR 7.3 billion under the 2021-2027 MFF, the EDF aims to promote the competitiveness, efficiency and innovation capacity of the EDTIB, as well as reducing fragmentation within the EDTIB. As one of the largest defence R&D 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 start-ups, and to lower barriers to market entry. The EUDIS involves several initiatives, such as targeted R&D calls, business acceleration and matchmaking services, hackathons, and equity financing, accounting for around 20% of the EDF budget committed each year. These actions have significantly 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 EU defence innovators.

(6) Regulations (EU) 2021/695[8] and (EU) 2024/795[9] 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 EIC direct support to defence technologies in the form of direct equity financing.

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[8] 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, pp. 1–68, ELI: http://data.europa.eu/eli/reg/2021/695/oj).

[9] 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).

(7) Regulation (EU) 2025/2653[10] has also introduced targeted changes to Regulation (EU) 2021/697[11], particularly with regards to the actions on disruptive technology for defence. Specifically, those changes provide the possibility to define in the work programme the most appropriate forms of selection and award criteria and procedures for each call for project proposals. In addition, Regulation (EU) [reference of defence readiness omnibus], 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.

(8) In addition to those substantial efforts, a new programme should be established (the AGILE Programme, 'the Programme') to provide rapid, agile and targeted support to SMEs, including innovative start-ups and scaleups insofar as they meet the requirements of the SME definition, to develop innovative defence solutions. The programme should focus on supporting the development of emerging and disruptive products and technologies for defence up to a high technology readiness level, including the adaptation of civil technologies for defence applications, to address the most urgent capability development needs of Members States and associated third countries, with a particular focus on low cost defence solutions.

(9) In order to ensure the efficient implementation of the EU budget, the AGILE Programme will be fully complementary to existing EU instruments supporting defence innovation. EUDIS supports non-traditional defence actors within the broader EDF framework, including R&D grants for consortia and other support actions targeting single entities (Business Accelerator, Matchmaking). HEDI, managed by the European Defence Agency (EDA), fosters cooperation among Member States on defence innovation. The EIC is a key EU 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. AGILE fills a distinct gap, as it will offer streamlined, direct support to individual SMEs, including innovative startups and scaleups, for the development of innovative solutions and its uptake 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 supporting defence innovation, while complementing existing EU 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 to enable innovative companies (particularly SMEs, including innovative startups and scaleups) 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.

(10) In particular, the Programme should seek to significantly accelerate the innovation cycles of defence products and technologies with high disruptive potential, expected to

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[10] 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).

[11] 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, pp. 149–177, ELI: http://data.europa.eu/eli/reg/2021/697/oj).

be fully exploitable within the next 1 to 3 years. It should offer innovators the greatest possible flexibility to propose novel solutions, including from single legal entities, while allowing for subcontracting of specific tasks or collaboration with other entities during implementation.

(11) However, the persistent structural challenge for European defence SMEs, including innovative startups and scaleups, 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. By doing so, it should support the uptake of innovation solutions by their armed forces and defence industry, 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 European Readiness Flagships.

(12) To this end, the Programme should support activities involving field testing, experimentation and demonstrations. These 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 is crucial at every stage of this process, from setting up testing requirements to assessing demonstrated capabilities. This will 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.

(13) 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, make the resilience and responsiveness of the European space sector a strategic priority. Space is identified in the White Paper for European Defence – Readiness 2030 as a key strategic enabler within the priority capability areas established by the EU and its Member States, and the Defence Readiness Roadmap proposes a European Space Shield as a potential flagship initiative. 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 (EOGS) 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 EU, in line with the Space Programme, the Secure Connectivity Programme or as regards the activities of the EU Satellite Centre (SatCen), while ensuring consistency with the relevant Union space-related initiatives.

(14) To ensure uniform conditions for implementing this Regulation, implementing powers should be conferred on the Commission for the adoption of work programmes. Those powers should be exercised in accordance with Regulation (EU) No 182/2011[12] . To ensure the swift adoption of these work programmes and, ultimately, the implementation of the Programme for the benefit of the European defence SME ecosystem, the Commission should be able to use the advisory procedure set out in Article 4 of the aforementioned Regulation.

(15) The work programme should establish challenges, defined as calls for proposals addressing specific defence needs identified in coordination with Member States, based on a structured process involving Member States so that supported projects respond to genuine and prioritised defence needs of Member States. For this purpose, the work programme may also draw on input from major industries and the EDA with a view to addressing specific, mission-driven capability needs. 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 EU 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 such calls and challenges, the Commission should ensure that the Programme contributes to strengthening defence industrial capacity across the Union as a whole and to addressing urgent and lasting threats.

(16) The Programme aims to support the innovation efforts of non-traditional defence players, and primarily SMEs, including innovative start-ups and scaleups. By providing targeted support, the Programme seeks to accelerate the maturation and fine-tuning of their disruptive technologies and products, and bring them closer to the market, ultimately enhancing their competitiveness and growth.

(17) As the AGILE Programme aims to support the innovation capacity of the Union's defence industry, only legal entities which are established in the EU 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 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 an action, and the recipients should have their executive management structures in the EU or in an associated third country. To safeguard these essential security and defence interests, those eligibility criteria should also apply to funding provided through procurement.

(18) The interim evaluation of the European Defence Fund (EDF) has shown that the administrative burden and time required to provide guarantees when an EU-established recipient is controlled by a non-associated third country or entity are incompatible with the speed and flexibility necessary for effective programme implementation. To address this challenge and facilitate the swift implementation of the Programme, derogations from the principle that recipients must not be controlled by entities established outside the EU or associated countries should not be permitted. Practice from previous defence industry programmes also indicates that the provision of guarantees results in additional

[12] 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

procedural complexity and longer evaluation periods, while removing this exception is unlikely to significantly affect the number of eligible entities.

(19) To ensure Member States' armed forces can benefit from cutting-edge technologies and innovation, the Programme should be able to provide incentives to attract SMEs, including innovative start-ups and scaleups, established outside the EU or associated third countries but have the potential to contribute significantly to the achievement of the Programme's objectives. To this end, the work programme should be able to identify certain award procedures under which such SMEs may participate in the AGILE programme even if they do not yet meet the eligibility requirementsrelating to their establishment or the establishment of their executive management structure in the EU or an associated third country (inducement intervention). Under this approach, recipients would be granted a temporary and conditional waiver of such eligibility requirements, which they would have to comply with within the timeline specified in the legal commitment to receive Union support. The financial interests of the Union should be duly protected, and payments should only be made once the eligibility requirements have been fulfilled by the end of the waiver period.

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

(21) Given the need for the actions supported under the AGILE Programme to be implemented within a short timeframe, while minimising the administrative burden on applicants, financing not linked to cost, or simplified cost options, including single lump sums, should be used where the Union support is provided in the form of a grant. Union support should only be provided in the form of reimbursement of actual eligible costs where the objectives of a specific action cannot be achieved in any other way.

(22) The functioning of the defence industry sector 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 fully fund all related costs. Furthermore, these actors face persistent barriers in accessing finance, including co-financing, in particular private finance for investments, due to the risks market actors associate with such investments. Therefore, leveraging public investment for the Union defence sector is vital, given the compelling need to boost investment in defence innovation. As these measures would not otherwise be undertaken, it appears justified that Union financial support can cover up to 100 % of the eligible costs for actions eligible under the AGILE Programme.

(23) To further simplify and accelerate the submission and evaluation process, the Union support 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. This summary should be evaluated before the proposals are evaluated in full against the relevant award criteria set out in the work programme. This 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 to the Union, proportionate to the objectives pursued. The financial interest of the Union should be duly protected, and no financing should be provided until the full evaluation has been completed.

(24) For the same purpose, it should be possible to derogate from certain obligations under Regulation (EU, Euratom) 2024/2509 concerning the content of grant applications, the selection criteria, and the evaluation procedure. This would allow the award decision to be adopted and the grant agreement to be signed on the basis of a preliminary assessment of eligibility and selection criteria, relying in particular on applicants' declarations on honour, including with regard to control requirements. The Commission should adopt award decisions without delay and complete the final evaluation of the relevant criteria 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.

(25) As an alternative to this accelerated evaluation procedure, and in order for the Union to support innovation solution without initial artificial narrowing or limitation linked to the specific form taken by the Union support, the AGILE 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 such an approach, ideas should be assessed and selected based on their merit in contribution to the objectives of the AGILE 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 selection, based on the specific characteristics, requirements and merits of the individual project.

(26) 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 for costs incurred before the grant application is submitted to be eligible for funding, as provided for in Article 196(2) of Regulation (EU, Euratom) 2024/2509. The AGILE Programme focuses on late-stage development activities that bridge the critical gap between commercialisation and procurement, bringing emerging and disruptive products and technologies for defence 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. This will enable the Programme to support critical innovation actions that started up to three months before the closing of the call for proposals to receive EU support and accelerate their completion, ensuring the timely delivery of results addressing the most urgent challenges faced by the armed forces of Members States and associated third countries.

(27) Directive 2009/81/EC of the European Parliament and of the Council[13]provides for a specific exclusion from the obligations it provides for contracts awarded under certain cooperative programmes based on research and development. Following the adoption of Directive XXX [Omnibus directive 2025/0177 (COD)], the defence and security procurement directive makes clear that research and development project managed by EU institutions or bodies and implemented in accordance with Union rules and funded from the Union budget, constitutes a cooperative programme conducted jointly by at

[13] 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

least two Member States and can be continued for the phases after the research and development phase. In this case, contracts awarded under the follow-up programme may also be excluded. This exemption applies, in particular, to contracts awarded within the framework of projects supported by the AGILE Programme.

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

(29) This Regulation should apply without prejudice to EU competition rules, in particular Articles 101 to 109 TFEU and the legal acts that give effect to those Articles.

(30) Given the urgent need to support crucial investments in defence capabilities and particularly in defence innovation in the context of pressing geopolitical challenges it is appropriate to provide for an exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the TEU, to the Treaty on the Functioning of the European Union and to the Treaty establishing the European Atomic Energy Community. On the same basis, this Regulation should enter into force on the day following that of its publication in the Official Journal of the European Union.

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

(32) Regulation (EU, Euratom) 2024/2509 [14] applies to the Programme. It lays down the rules on the establishment and the 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.

(33) 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 the prevention, detection, correction and

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14 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).

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, 23.12.95, 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 292,15.11.96, 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).

investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative penalties.

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

(35) In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds 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.

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

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

Article 2

Definitions

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

(1) 'legal entity' means a legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programme (SEAP), established in accordance with Regulation (EU) 2025/2643, which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of Regulation (EU, Euratom) No 2024/2509;

(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 goods, services and works that fall within the scope of Article 2 of Directive 2009/81/EC;

(4) 'emerging and disruptive product or technology for defence' means a defence product or technology that brings about a radical change, including a paradigm shift in the concept and conduct of defence affairs, including by replacing existing defence

[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).

technologies or rendering them obsolete, and that is expected to be fully exploitable at the end of the action;

(5) 'small and medium-sized enterprises' or 'SMEs' means small and medium-sized enterprises as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC.

(6) 'background information' means any information necessary for, or useful to the implementation of the Programme, generated before or outside the framework of the Action and provided to and used for the purposes of the Action.

(7) 'foreground information' means data, know-how or information generated in the operation of the Programme, whatever its form or nature.

Article 3

Objectives

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

2. The Programme has the following specific objectives:

   (a) to significantly accelerate innovation cycles of emerging and disruptive products and technologies for defence developed across the Union by SMEs, including start-ups, taking into account the urgent needs of Member States and tapping into the innovation potential of the Union's industry as a whole.

   (b) to support the uptake by Member States' armed forces, and European defence industrial prime contractors of emerging and disruptive products and technologies for defence developed by SMEs, including innovative start-ups and scaleups, and their scaling up across Europe, thereby reinforcing the technological edge of Member States' armed forces and enhancing the resilience and security of supply for such defence products and technologies across the EU.

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 not completed by the end of the Programme, as well as expenses covering critical operational activities and services.

4. The financial envelope referred to in paragraph 1 of this Article 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 and certification, operation and maintenance of corporate information technology systems and platforms, as well as information and communication activities, including corporate communication on the political priorities of the Union, and 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, EU 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 any of its specific activities or objectives referred to in Article 3. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

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. 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 point (c) of that subparagraph. 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 thus made available to the Instrument, 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.

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 Union contribution from another programme may also receive a contribution under the Programme. The rules of the relevant Union programme shall apply to the corresponding contribution, or a single set of rules 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, EU institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, provided the financial interests of the Union are protected. Such procedures shall be subject to a single set of rules and lead to the conclusion of single legal

commitments. For that purpose, the partners to the joint award procedure may make resources available to the Programme in accordance with Article 5 of this Regulation, or the partners may 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 Regulation (EU, Euratom) 2024/2509, in joint award procedures the evaluation committee may be partially composed by members that are representatives of the partners in that procedure.

Article 7

Third countries associated to the Programme

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

   (a) members of the European Free Trade Association, who 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 Programmes with the countries referred to in Article 7 (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 of participation in the Programme, including the calculation of financial contributions, consisting of an operational contribution and a participation fee, to a programme and its general administrative costs;

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

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

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

3. For the purposes of point (d), the associated third country shall grant the necessary rights and access required under Regulations (EU, Euratom) 2024/2509 and (EU, Euratom) No 883/2013, and guarantee that enforcement decisions imposing a pecuniary obligation on the basis of Article 299 TFEU, as well as judgements and orders of the Court of Justice of the European Union, are enforceable and 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 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.

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

3. In accordance with point (a) of Article 196(2) of Regulation (EU, Euratom) 2024/2509, financial contributions may, where relevant and necessary for the implementation of an action, 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 closing 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, funding shall be provided as financing not linked to costs or simplified cost options, in accordance with Regulation (EU, Euratom) 2024/2509. Funding may be provided in the form of actual eligible cost reimbursement only where the objectives of an action cannot be achieved otherwise.

5. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, the evaluation committee may be composed partially or fully of independent external experts.

Article 9

Eligibility

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

2. In award procedures under direct and indirect management, one or more of 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;

3. For actions supported under the Programme as listed in Article 10, with the exception of actions referred to in point (d) of Article 10 (1), recipients of Union funding shall be SMEs, including innovative startups and scaleups, and shall comply with the eligibility requirements set out in this Article.

4. Except for actions referred to in point (c) of Article 10 (1), recipients shall be established in the EU or in an associated third country, have their executive management structures in the EU or an associated third country.

5. 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 of Union funding which are used for the purposes of the funded action 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 recipients of Union funding involved in an action 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 which are 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 EU 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.

8. Legal entities may be deemed to fulfil the eligibility conditions referred to in this paragraph where they have fulfilled equivalent conditions under Regulations (EU) 2018/1092[20], (EU) 2021/697[21], (EU) 2023/1525[22], or (EU) 2023/2418[23] of the European Parliament and of the Council or under Regulation (EU) 2025/1106[24] and provided that no subsequent changes call into question the fulfilment of those conditions.

9. In award procedures, the following actions shall not be eligible for funding:

   (a) actions or parts thereof, that are already fully financed from other public or private sources, except contributions from the Union in the context of synergy actions referred to in Article 6;

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

Article 10

AGILE actions

1. Actions eligible for funding under the Programme shall implement the objectives set out in Article 3 of this Regulation and may take one of the following forms, or a combination thereof:

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[20] 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).

[21] 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).

[22] 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).

[23] 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).

[24] 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*

(a) support for the fast development of emerging and disruptive products and technologies for defence, including where it is based on integration and adaptation of civilian technologies with dual use potential for defence purposes;

(b) support for the market uptake of emerging and disruptive products and technologies for defence, including through dedicated and iterative field testing and demonstrations and including through support to aggregation of demand;

(c) support for the establishment of an entity or of its executive management structure in the EU or in an associated third country for the effective implementation of actions under points (a) and (b);

(d) supporting action necessary for the effective implementation of actions under points (a) and (b), including but not limited to qualification, certification, access to infrastructure, access to innovative manufacturing capacities and processes, skills development, procurement of studies and ecosystem building and strengthening activities.

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, or other rights necessary to carry out the action are not subject to a restriction by a non-associated third country or a non-associated third-country entity directly, or indirectly through one or more intermediary legal entities, which would prevent the effective implementation of the action.

3. Recipients of the Programme shall benefit, where possible and appropriate, from fast-track access to EU testing and experimentation facilities and to the EUDIS Business Accelerator.

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, award criteria shall be set out in the work programmes referred to in Article 16 and shall take into account the following principles:

(a) disruptiveness potential;

(b) the quality of the proposal and ability to implement the action;

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

2. The work programme referred to in Article 16 shall lay down additional details concerning the application of the award criteria laid down in paragraph 1, taking into consideration the objectives of the call for proposals, as well as the selection and evaluation procedure.

Article 12

Selection and award procedure

1. In order to ensure that actions listed in Article 10 can be effectively implemented without undue delay, the work programme may identify award procedures, under

direct or indirect management, that benefit from an accelerated and simplified award procedure.

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

   (a) Limitation of the requirements for the award decision and signature of legal commitments to a preliminary evaluation of award and exclusion criteria; the award decision may be taken based solely on a self-declaration of applicants and tenderers on selection and eligibility criteria, especially regarding control, without request for corresponding supporting documents during the preliminary evaluation. The Commission shall finalise the final evaluation without undue delay.

   (b) Notification of the results of the preliminary evaluation to the applicants and tenderers shall be completed within a period specified in the work programme; the award decision shall be taken within a period specified in the work programme.

3. Where the final evaluation referred to in paragraph 2 point (a) concludes that the recipient does not meet all the eligibility and selection criteria, the legal commitment shall be terminated.

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, a call for expression of interest may be launched without specifying the kind of activities or the instrument of budget implementation to be used, to enable 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.

   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. The evaluation committee shall determine the most appropriate instrument of budget implementation under direct or indirect management, as well as propose the maximum amount and form of the Union contribution.

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

   The award procedure shall otherwise proceed in accordance with the rules as set out in Regulation (EU, Euratom) 2024/2509 applicable to the respective instrument of budget implementation.

Article 13

Inducement intervention

1. By way of derogation from Article 9 of this Regulation, the work programme may specify that an award procedure takes the form of an inducement intervention to allow for a temporary and conditional waiver of compliance with the eligibility requirementsrelating to the place of establishment or the executive management.

2. Compliance with the eligibility criteria that have been temporarily waived in accordance with paragraph 1 of this article shall be achieved and evaluated within a timeframe specified in the legal commitment. The Union support shall be provided once all the requirements have been met.

3. If the eligibility criteria that have been temporarily waived in accordance with paragraph 1 of this article are not complied within the specific timeframe specified in the legal commitment, the action shall be considered ineligible and any Union funding shall be fully recovered.

4. For the purpose of this article, no pre-financing shall be paid.

Article 14

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 to any control or restriction by non-associated third countries or by non-associated third-country entities, directly, or indirectly through one or more intermediate legal entities, including in terms of technology transfer.

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

3. Technology transfers shall be carried out in full compliance with the provisions set out in Directive 2009/43/EC on simplifying terms and conditions of transfers of defence-related products within the Community and, where relevant, in Regulation (EU) 2021/821 setting up a Union regime for control of exports, brokering, technical assistance, transit and transfer of dual-use items.

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

5. Where Union support is provided in the form of the public procurement of a study, results shall be owned by the EU and all Member States or 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 support is provided in the form of a grant, EU institutions, bodies, offices or agencies as well as granting authorities shall enjoy upon request royalty-free access rights to results, without impacting the ownership of results, including IPRs on background information, for the only purpose of developing, implementing and

monitoring existing Union policies or programmes in the fields of its competence and the right to grant.

Article 16

Work Programme

1. The Programme shall be implemented by 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 to be supported by the Programme. Those categories shall be in line with the objectives referred to in Article 3.
3. With the exception of the award procedure defined in Article 12(5), the work programme shall contain functional requirements where appropriate and shall specify the form of Union funding under Article 8, while not preventing competition among the calls for proposals.
4. The Commission shall adopt the work programme by means of an implementing act. This implementing act shall be adopted in accordance with the advisory procedure referred to in Article 17(3).

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 Defence Agency (EDA) shall be invited to provide its views and expertise to the committee as an observer. The European External Action Service shall also be invited to assist in the work of the committee.
3. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Article 18

Relationship with Directive 2009/81/EC

The procurement contract of a Member State concerning any defence product resulting from an action supported under the Programme shall be considered as a contract awarded in the framework of a cooperative programme based on research and development as referred to in Article 13 (c) of Directive 2009/81/EC [following the adoption of Omnibus directive 2025/0177 (COD)].

Article 19

Application of the rules on classified information

1. Within the scope of this Regulation:
   (a) Member States and associated third countries on whose territory recipients are established shall assess the sensitive nature of the background and foreground information handled during the implementation of the funded actions.

(b) If such information bears a national classification level, the Member States and associated third countries referred to in point (a) shall establish the adequate security framework, in accordance with national laws and regulations.

(c) Each Member State shall ensure that it offers a degree of protection of EU classified information equivalent to that provided by the security rules of the Council set out in Decision 2013/488/EU;

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

2. The Commission shall make available an accredited secured 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 the recipients. That system shall take into account Member States' national security regulations.

Article 20

Audits

Audits on the use of the Union contribution carried out by persons or entities, including by persons or entities other than those mandated by the EU 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.

Article 21

Information, communication and publicity

1. Recipients of Union funding shall acknowledge the origin of the funds and ensure the visibility of that funding, including when promoting the actions 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 taken pursuant to this Regulation, and to the results obtained.

3. Financial resources allocated to the Programme may contribute to the organisation of dissemination activities, match-making events and awareness-raising activities, including to open supply chains to foster the cross-border participation of SMEs.

Article 22

Entry into force and application

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 Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE 3
1.1. Title of the proposal/initiative 3
1.2. Policy area(s) concerned 3
1.3. Objective(s) 3
1.3.1. General objective(s) 3
1.3.2. Specific objective(s) 3
1.3.3. Expected result(s) and impact 3
1.3.4. Indicators of performance 3
1.4. The proposal/initiative relates to: 4
1.5. Grounds for the proposal/initiative 4
1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative 4
1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone. 4
1.5.3. Lessons learned from similar experiences in the past 4
1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments 5
1.5.5. Assessment of the different available financing options, including scope for redeployment 5
1.6. Duration of the proposal/initiative and of its financial impact 6
1.7. Method(s) of budget implementation planned 6
2. MANAGEMENT MEASURES 8
2.1. Monitoring and reporting rules 8
2.2. Management and control system(s) 8
2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed 8
2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them 8
2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure) 8
2.3. Measures to prevent fraud and irregularities 9
3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE 10
3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected 10

3.2. Estimated financial impact of the proposal on appropriations 12
3.2.1. Summary of estimated impact on operational appropriations 12
3.2.1.1. Appropriations from voted budget 12
3.2.1.2. Appropriations from external assigned revenues 17
3.2.2. Estimated output funded from operational appropriations 22
3.2.3. Summary of estimated impact on administrative appropriations 24
3.2.3.1.Appropriations from voted budget 24
3.2.3.2. Appropriations from external assigned revenues 24
3.2.3.3. Total appropriations 24
3.2.4. Estimated requirements of human resources 25
3.2.4.1. Financed from voted budget 25
3.2.4.2. Financed from external assigned revenues 26
3.2.4.3. Total requirements of human resources 26
3.2.5. Overview of estimated impact on digital technology-related investments 28
3.2.6. Compatibility with the current multiannual financial framework 28
3.2.7. Third-party contributions 28
3.3. Estimated impact on revenue 29
4. DIGITAL DIMENSIONS 29
4.1. Requirements of digital relevance 30
4.2. Data 30
4.3. Digital solutions 31
4.4. Interoperability assessment 31
4.5. Measures to support digital implementation 32

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Regulation of the European Parliament and of the Council Establishing the Programme for Agile and Rapid Defence Innovation (AGILE)

1.2. Policy area(s) concerned

Defence Industry, Research and Innovation, Competitiveness.

1.3. Objective(s)

1.3.1. General objective(s)

The general objective of the Programme is to support the rapid delivery of emerging and disruptive products and technologies for defence addressing the most recent and fast evolving challenges faced by Member States' armed forces, in particular those stemming from Russia's war of aggression against Ukraine. It aims to enhance the rapid innovation capacity and responsiveness of the European defence technological and industrial base (EDTIB), fostering its competitiveness and contributing to strengthening the Union's defence readiness, as well as reducing strategic dependencies on non-associated third countries.

1.3.2. Specific objective(s)

The Programme has two specific objectives:

To significantly accelerate innovation cycles of emerging and disruptive products and technologies for defence developed across the Union by SMEs, including innovative startups and scaleups, taking into account the urgent needs of Member States and tapping into the innovation potential of the EU's industry as a whole.

To support the uptake by Member States' armed forces and European defence industrial prime contractors of emerging and disruptive products and technologies for defence developed by SMEs, including innovative startups and scaleups, and their scaling up across Europe, thereby reinforcing the technological edge of Member States' armed forces and enhancing the resilience and security of supply for defence products and technologies across the Union.

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

AGILE is expected to demonstrate new pathways for more efficient defence innovation support that could could inform thinking on future EU defence innovation programmes whithin the context of the the Commission's proposals for the Multiannual Financial Framework from 2028 onwards.

It will test streamlined funding mechanisms for innovative start-ups, scale-ups and SMEs in the defence sector, demonstrating faster routes to market for defence innovation. It will boost defence readiness by delivering innovative defence solutions aligned with the needs of armed forces in the EU Member States and associated countries.

It will contribute to improved protection of people in the EU, by improving the technological edge of armed forces and by strengthening deterrence.

It will demonstrate the feasibility of a lower administrative burden and accelerated procedures for supported companies (particularly SMEs, including innovative startups and scaleups) which are currently disproportionately affected by the lengthy timelines of existing defence R&D programmes, providing valuable lessons for future programmes.

1.3.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

Progress towards SO1 will be monitored through the number of applications received and proposals awarded per call, including participation of first-time defence innovators; average time to award/signature of grant agreement, measured from call closure to Union funding award signature and disbursement of relevant funds. The target is to keep time to award to 4 months, with a baseline of 8 months (based on EDF experience).

Progress towards SO 2 will be monitored through the number of proposals awarded per call, particularly for the actions related to cross-border uptake of emerging and disruptive products and technologies for defence, tracking progress of participants in the Programme and the extent to which funded projects lead to uptake by Member States' armed forces or prime contractors. Baselines and targets will be set at programme launch and reviewed at the end of the programming period (1 year duration).

1.4. The proposal/initiative relates to:

☑ a new action

☐ a new action following a pilot project / preparatory action[25]

☐ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

Given that the Programme is limited to the current MFF, all requirements are short to medium term. The immediate priority is to establish the Programme's governance and operational structures and publish calls for proposals as early as possible to maximise the time available for project implementation and budget absorption, allowing funded projects to deliver tangible results before the end of the programming period.

Indicative timeline for rollout: adoption of the Regulation by end 2026, publication of the first Work Programme and calls for proposals at the beginning of 2027, and signature of grant agreements by Q2-Q3 2027.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action,

[25] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

that is additional to the value that would have been otherwise created by Member States alone.

Coordinated EU-level action is crucial for swiftly achieving credible deterrence and technological leadership in defence. The rapid innovation cycles seen in modern warfare, as highlighted by the war in Ukraine, require the EU to be able to swiftly develop and deploy innovative defence solutions. Member States' action alone cannot sufficiently address the challenges identified at the required scale and speed in line with EU strategic interests. Not all Member States have mechanisms to support rapid defence innovation, leaving innovative companies in some countries without access to funding opportunities. Even where national instruments exist, they typically have a domestic focus and lack the scale needed to support cross-border deployment of solutions meeting EU-wide operational needs. This results in fragmented efforts, duplicated investments, and missed opportunities for collaboration across the EU's Defence Technological and Industrial Base (EDTIB).

An EU-level action such as AGILE provides clear added value by ensuring all companies across Member States have equal access to fast, streamlined funding regardless of national policy in their home country. By operating at EU scale with simplified procedures and short award times, AGILE can respond to the pace of modern warfare more effectively than fragmented national approaches. It tackles cross-border challenges by supporting solutions that meet EU Member States' operational requirements, tapping into the innovative potential of the EU industrial ecosystem as a whole and enabling new defence players to emerge across the EU. This coordinated approach reduces duplication, maximises the impact of EU investments, and decreases collective reliance on non-EU systems in ways that individual Member States' actions cannot achieve.

1.5.3. Lessons learned from similar experiences in the past

The design of the Programme draws on lessons learned from existing defence programmes, including the European Defence Fund (EDF) and its interim evaluation report. Building on these experiences and in full complementarity, AGILE aims to introduce a more agile and responsive approach to defence innovation support, tailored to the rapidly evolving needs of the EU's defence sector. It also builds on extensive defence stakeholder consultations (including through the 2025 Strategic Dialogue with the European Defence Industry and the Implementation Dialogue to prepare the Defence Readiness Omnibus package).

AGILE will adopt simplified methodologies and processes, including on governance, selection, evaluation and award procedure, and eligibility assessment, to enable faster decision-making and reduce administrative burden (both for applicants and for the Commission). This streamlined approach will facilitate swift support for innovative defence solutions.

AGILE will focus on providing targeted support to single entities, particularly SMEs, including innovative startups and scaleups, which are often at the forefront of innovation. This approach will not only simplify the application and funding process but also enable more direct and effective support for these key players in the defence innovation ecosystem.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The proposed Programme is fully compatible with the current MFF 2021-2027, as it does not require any new budget or alteration to the overall budget allocation for existing programmes. Instead, it involves the redeployment of existing envelopes for space and defence to support rapid defence innovation.

The Programme will operate within the existing financial framework, leveraging synergies with other EU instruments, such as the European Defence Fund (EDF) and the European Innovation Council (EIC). By building on the strengths of these programmes, addressing specific gaps and working in full complementarity, AGILE will enhance the overall effectiveness and efficiency of EU funding in this area.

The implementation of AGILE in 2027 will provide lessons and insights that can serve to inform the approach to defence innovation in the next MFF.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Given the current stage of the MFF 2021-2027, the availability of new funding sources is limited. Consequently, the financing of the Programme relies on internal reallocations within the existing MFF.

The total funding allocated to the Programme is €115 million, which will be financed entirely through redeployment of resources from existing programmes under the Directorate-General for Defence Industry and Space (DG DEFIS). The breakdown of the funding sources is as follows:

€35 million from the European Defence Industrial Programme (EDIP)

€35 million from the European Defence Fund (EDF)

€22.5 million from the EU Space Programme

€22.5 million from secured connectivity Programme

This approach allows for the optimal use of available resources in support of defence, ensuring that the Programme can be implemented without requiring additional funding from the EU budget.

1.6. Duration of the proposal/initiative and of its financial impact

☑ **limited duration**

– ☐ in effect from XX/XX/XX to XX/XX/XX

– ☑ financial impact from 2027 for commitment appropriations and from 2027 to 2029 for payment appropriations.

☐ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☒**Direct management** by the Commission

– ☑ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☑ international organisations and their agencies (to be specified)

– ☑ the European Investment Bank and the European Investment Fund

– ☑ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☐ public law bodies

– ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☑ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☑ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☐ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

The AGILE Regulation ensures that several implementation methods can be selected: direct management, indirect management, or a combination of both. The choice of implementation method will be made on a case-by-case basis to maximise impact, efficiency, and effectiveness of the resources allocated to the Programme. For example, indirect management may be used

for certain activities, such as testing and validation campaigns, where existing expertise and capabilities can be leveraged, including e.g. for the European Defence Agency. This flexible approach will allow for the optimal use of resources and ensure the Programme's objectives are achieved in a timely and effective manner.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Given the limited duration of the instrument, the Commission will prepare an implementation report at the end of the implementation period to present the key achievements and lessons learned. This will inform decisions on the design of support to defence innovation under the next MFF from 2028.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The Programme will utilize all forms of EU funding available under the Financial Regulation, including grants, prizes, and procurements. This will enable the Programme to respond to the diverse needs of the companies, from prototype development to testing and validation, with a focus on technologies and products at high TRL levels.

By using a range of funding instruments, the Programme can provide support that is tailored to the specific needs of each project, and can help to bridge the gap between research and market deployment. The Programme will aim to pay on the basis of milestones achieved, ensuring that funding is tied to concrete results. The Programme will be designed to balance the need for speed and flexibility with the need for effective control and risk management. The Programme will also have a mechanism in place for recovering funding if applicants are found not to fulfil eligibility and selection criteria, and will strive to have a quick time-to-grant while ensuring that the necessary controls are in place.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The Programme has identified a risk that some applicants may be finally found not to fully comply with the eligibility criteria. To mitigate this risk, the Programme will conduct a preliminary evaluation of selection and eligibility criteria based on declarations of honour by applicants. To provide an additional layer of control, the Programme will also conduct random sampling of applicants for fully fledged ownership and control assessments (OCAs) by REA.

This approach is considered balanced and justified, given the Programme's focus on supporting SMEs in the defence sector. Internal data from EU defence programmes suggests that the vast majority of defence SMEs in the European Union are EU-controlled, and the risk of non-compliance is therefore considered to be relatively low. If the applicant is finally considered to not fulfil eligibility criteria, the Programme foresees that any paid Union funds shall be recovered.

Additionally, the Programme will include an inducement intervention, where eligibility criteria (particularly EU establishment) may be waived under certain conditions, provided that the beneficiary fulfils these criteria within a specified timeline. To minimise risks associated with this intervention, no pre-financing will be paid to beneficiaries who receive funding under this scheme. The internal control system will be designed to ensure that these risks are effectively managed and that the Programme's objectives are achieved.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

The cost of controls for the Programme is estimated to be around 2-3% of the total programme budget, which is considered to be a reasonable and proportionate amount given the programme's objectives and risk profile. This estimate takes into account the costs of conducting preliminary evaluations, random sampling for OCAs, and other control measures.

The expected level of risk of error is estimated to be low, given the Programme's focus on milestone-based payments and the mechanism for recovering funding if applicants are found not to fulfil eligibility and selection criteria. The Programme aims to maintain an error rate below 2%, in line with the Commission's overall target. The cost-effectiveness of the controls will be regularly reviewed and assessed to ensure that they remain proportionate and effective in managing the Programme's risks.

2.3. Measures to prevent fraud and irregularities

AGILE will rely on existing measures and frameworks to prevent and detect fraud and irregularities. The Programme will be subject to the Commission's overall anti-fraud framework, which includes regular monitoring and reporting on fraud risks and incidents. The Commission will continue to work closely with the European Anti-Fraud Office (OLAF) and other relevant authorities to prevent and investigate fraud and irregularities.

Additionally, audits on the use of the Union contribution will be carried out by persons or entities, including by persons or entities other than those mandated by the Union institutions, bodies, offices or agencies, and will form the basis of the overall assurance under Article 127 of the Financial Regulation. The European Court of Auditors will also examine the accounts of all Union revenue and expenditure in accordance with Article 287 TFEU.

ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[26]	from EFTA countries [27]	from candidate countries and potential candidates [28]	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
5	13.0901 Programme for Agile and Rapid Defence Innovation	Diff.	YES	NO	NO	NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

[26] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
[27] EFTA: European Free Trade Association.
[28] Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Source of financing of appropriations under the Programme for agile and rapid defence innovation (AGILE)

Contribution from Heading 1	2021	2022	2023	2024	2025	2026	2027	Total
E.04020100.02 Galileo							-11.250	-11.250
E.04020200 Copernicus							-11.250	-11.250
E.04030100 Secured connectivity							+22.500	+22.500
Total Heading 1							0.000	0.000
Contribution from Heading 5	2021	2022	2023	2024	2025	2026	2027	Total
E.13030100 EDF							-35.000	-35.000
E.13010600 EDIP							-3.500	-3.500
E.13080100 EDIP							-31.500	-31.500
E.13050100 Secured Connectivity							-45.000	-45.000
Total Heading 5							-115.000	-115.000

3.2.2. Summary of estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☑ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.2.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework	5	Security and Defence – Cluster 13 Defence

DG DEFIS			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
Operational appropriations							
13.0901 Programme for Agile and Rapid Defence Innovation	Commitments	(1a)				115.000	**115.000**
	Payments	(2a)				30.000	**30.000**
Budget line	Commitments	(1b)					**0.000**
	Payments	(2b)					**0.000**
Appropriations of an administrative nature financed from the envelope of specific programmes							
		(3)					
TOTAL appropriations for DG DEFIS	Commitments	=1a+1b+3	**0.000**	**0.000**	**0.000**	**115.000**	**115.000**
	Payments	=2a+2b+3	**0.000**	**0.000**	**0.000**	**30.000**	**30.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
TOTAL operational appropriations	Commitments	(4)	0.000	0.000	0.000	115.000	**115.000**
	Payments	(5)	0.000	0.000	0.000	30.000	**30.000**
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	0.000	0.000	**0.000**

TOTAL appropriations under HEADING 5 of the multiannual financial framework	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**115.000**	**115.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**30.000**	**30.000**

			Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	0.000	0.000	0.000	115.000	**115.000**
	Payments	(5)	0.000	0.000	0.000	30.000	**30.000**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	0.000	0.000
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**0.000**	**0.000**	**0.000**	**115.000**	**115.000**
	Payments	=5+6	**0.000**	**0.000**	**0.000**	**30.000**	**30.000**

Heading of multiannual financial framework	**7**	'Administrative expenditure'				
DG DEFIS		Year **2024**	Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.582	1.164	**1.746**
• Other administrative expenditure		0.000	0.000	0.018	0.161	**0.179**
TOTAL DG DEFIS	Appropriations	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**

EUR million (to three decimal places)

		Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**0.000**	**0.000**	**0.600**	**116.325**	**116.925**
of the multiannual financial framework	Payments	**0.000**	**0.000**	**0.600**	**31.325**	**31.925**

3.2.3. *Summary of estimated impact on administrative appropriations*

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☑ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.582	1.164	**1.746**
Other administrative expenditure	0.000	0.000	0.018	0.161	**0.179**
Subtotal HEADING 7	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**

3.2.3.2. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027
HEADING 7					
Human resources	0.000	0.000	0.582	1.164	**1.746**
Other administrative expenditure	0.000	0.000	0.018	0.161	**0.179**
Subtotal HEADING 7	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**
Outside HEADING 7					
Human resources	0.000	0.000	0.000	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.600**	**1.325**	**1.925**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. *Estimated requirements of human resources*

– ☐ The proposal/initiative does not require the use of human resources

– ☑ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. Financed from voted budget

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year 2024	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	3	6
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (inFTEs)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**3**	**6**

The staff required to implement the proposal (in FTEs):

	To be covered by current staff available in the Commission services	**Exceptional additional staff***		
		To be financed under Heading 7 or Research	**To be financed from BA line**	**To be financed from fees**
Establishment plan posts	6		N/A	
External staff (CA, SNEs, INT)				

Description of tasks to be carried out by:

Officials and temporary staff	The FTEs sought will work on the policy development as programme manager to set up the priority domains (5 AD). The assistant will cover all the administrative part linked natably to the calls, etc
External staff	

3.2.5. Overview of estimated impact on digital technology-related investments

TOTAL Digital and IT appropriations	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL MFF 2021 - 2027
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☑ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

See table 3.2.1

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☑ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

– ☑ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

  – ☐ on own resources

  – ☐ on other revenue

  – ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[29]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
Article …….					

For assigned revenue, specify the budget expenditure line(s) affected.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[29] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

4. DIGITAL DIMENSIONS

The Programme does not establish any new requirements of digital relevance. It will rely on existing and already assessed digital and IT systems, notably for EDF.

4.1. Requirements of digital relevance

The Programme will rely on existing IT systems and digital infrastructure already in place for EU defence programmes, notably EDF. These systems have already been subject to interoperability assessments in the context of the relevant LFDS and associated Digital Statements.

Since no new or significantly modified binding provisions concerning digital public services are introduced by this Regulation, and given that Programme's digital implementation will be carried out through already-assessed systems without modification to their core architecture or cross-border interoperability features.

4.2. Data

Data collection, processing and exchange related to the Programme (including application submission, eligibility assessment, grant management and reporting) will follow the data governance frameworks, standards and specifications already established under the EDF and related EU programmes.

The once-only principle has been observed, and no new data collection obligations are introduced. Data flows, stakeholder roles and reporting obligations remain consistent with those already assessed. No additional assessment is therefore required under this section.

4.3. Digital solutions

The Programme will not introduce new digital solutions. Implementation will rely on existing platforms and systems already deployed for EU defence funding programmes, in particular those used under the EDF, which have already undergone the relevant assessments regarding functionality, responsible body, accessibility, reusability, AI Act compliance where applicable, and conformity with the EU cybersecurity framework and other applicable digital policies including eIDAS.

4.4. Interoperability assessment

Given that the Programme relies entirely on existing IT systems already assessed in the context of the EDF, no new cross-border interoperability requirements are introduced. The digital public services affected by the Programme (including call management, application submission, evaluation support and grant monitoring) are supported by network and information systems whose cross-border interoperability has already been evaluated. No remaining barriers to cross-border interoperability have been identified that would not already be covered by existing assessments.

4.5. Measures to support digital implementation

Since the Programme relies on existing and already-assessed digital infrastructure, no new dedicated digital implementation measures are required. Smooth digital implementation will

be ensured through the application of existing operational procedures, user guidance and support mechanisms already in place under the EDF and related programmes.

If any adjustments to existing systems are needed during implementation, these will be addressed within the governance frameworks of the relevant programmes without giving rise to new requirements of digital relevance.