

press release

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## **While European leaders cheer the EU's investment in the military industry, a report denounces the opacity of the first projects funded by the European Defence Fund**

The first work program of the European Defence Fund (EDF) was launched in 2021. The call was published during the last quarter of that year, and in January 2023, the list of approved projects was published, with 60 projects out of the 142 submitted. The budget allocated to these projects amounts to 1.166 billion euros, of which 322 million correspond to military research projects and 845 million to military development projects.

Amid a political and media debate on increasing military spending and investment in armaments to reduce the EU's dependence on the United States, some European leaders have even supported cuts to pensions, healthcare, and education. In this context, the Centre Delàs d'Estudis per la Pau and the European Network Against Arms Trade (ENAAT) have published an analysis revealing the lack of transparency in the first round of projects funded by the European Defence Fund. The study is based on years of work by researchers from European organizations that are members of ENAAT, focusing on the financing of the European military industry, as well as on parliamentary questions posed to the European Commission with the aim of gathering information on the six largest projects funded by the EDF in its 2021 call.

**The five main beneficiary companies of this first call (Leonardo, Thales, Airbus, Saab, and Indra) receive more than 30% of the funding and are, at the same time, the companies that lobbied the most for the creation of the EDF** and that had previously influenced the conclusions of the Group of Personalities on Research and Defence. The Group, which was created in 2015, was composed of 16 members, of which nine directly or indirectly represented future beneficiaries of the Fund: six arms companies (four of which are among the five largest beneficiaries of the first round of the EDF: Airbus, Indra, Leonardo, and Saab), the Aerospace and Defence Industries Association of Europe (ASD), the most important lobbying organization for the European arms industry, and two research institutes involved in military research programs (Fraunhofer and TNO). The final report of the Group, published in February 2016, served as the basis for the eventual proposal by the European Commission (EC) to create the European Defence Fund (EDF). **The analysis concludes that this**

report was heavily influenced by major arms manufacturers. Specific phrases from the arms industry lobby were included in the official calls for proposals, later used in consortium project proposals, and can still be found in the public descriptions of the funded projects.

Furthermore, the report highlights that **the European defense industry is being subsidized through the EDF program, as the results of these projects will lead to military prototypes and new technologies that member states are committed to purchase, according to the Fund's regulations.**

The new report [\*"European Defence Fund: Opaque Use of Public Funds"\*](#) has analyzed a sample of six projects (EPC, FAMOUS2, EPIIC, COUNTERACT, EICACS, and Euro-HAPS) that form a representative subgroup of all projects from a technological and magnitude perspective. Together, they account for more than a third of the allocated amounts. The main conclusions drawn are:

- **A lack of transparency is observed in the application of the EU's ethical guidelines.** The decision-making process during the review and allocation of funds for EDF projects is strongly influenced by lobbying groups from the arms industry.
- **Civil society is not receiving enough information or evidence** to demonstrate that these ethical controls are being carried out in accordance with international obligations.
- **Lack of transparency is detected in the project review process and in the exclusion of companies** based on the provisions of the Financial Regulation.
- There is a genuine concern about the **excessive reliance on self-assessments by the EDF project candidates themselves.** The EU's legal and ethical risk assessment procedures rely primarily on the self-assessments conducted by the applicants (mainly companies). These evaluations basically consist of filling out a form and checking the corresponding box.
- **Lack of transparency is detected in technical aspects that may lead to ethically unacceptable situations** and that are contrary to international law.
- **The use of unmanned systems that utilize AI technologies poses clear risks.** Although the current information remains vague, a significant number of analyzed projects explicitly mention the use of AI, while most of the remaining projects probably use these techniques in specific subsystems. It is key to determine whether the designed systems will be capable of reacting autonomously to unexpected situations, in what cases they would be able to do so, and what kind of reaction they would have.

In this regard, Pere Brunet, researcher at the Centre Delàs d'Estudis per la Pau and author of the report, concludes that ***"all AI systems in EDF projects must be subject to strict control by recognized independent experts not belonging to the military field and by civilian ethics committees. Complying with the European Ethical Guidelines for Trustworthy AI is, unfortunately, insufficient from an ethical point of view, given that these systems are not completely reliable, reproducible, or explainable, which also entails difficulties in accountability in the event of civilian casualties."***

Previous analyses of the initial PADR and EDIDP programs concluded that, in these cases, the EC had significantly reduced its standards regarding transparency and ethical controls, drastically lowering the levels considered usual in other European research programs, also creating opaque scenarios that cannot be monitored by European citizens and civil society organizations. *"All of this is especially concerning in a field—the military— that is particularly delicate from an ethical perspective and from the perspective of international humanitarian law (IHL)," Brunet points out.* It was expected that these aspects would improve in the next EDF program, but, **according to this new research, the mid-term review of the 2021 EDF call has revealed that the problematic aspects already detected in the initial PADR and EDIDP calls have not improved, remaining as questionable and controversial as they were, and even tending to worsen.**

- The full report is available at:

<https://centredelas.org/publicacions/fed-uso-opaco-fondos-publicos/?lang=en>

- For more information and interviews:

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