

## NATO and EU: Funds and Financing for Defense, Security, and Innovation

*This document provides a brief overview of funding allocated to defense, security, and innovation in Europe. Due to obvious reasons, detailed data is not always available, so general assessments are provided instead. Additionally, the main areas of intervention and the key organizations managing them are listed.*

### 1 PROCUREMENT BY NATO PROCUREMENT AGENCIES WITH ANNUAL EXPENDITURE VALUES

To ensure efficiency and interoperability among the forces of member countries, NATO relies on several procurement agencies responsible for acquiring common goods and services.

#### MAIN NATO PROCUREMENT AGENCIES:

**NATO Support and Procurement Agency (NSPA)** – Based in Luxembourg, NSPA is NATO's primary procurement agency. It provides integrated logistics support, including procurement, maintenance, and technical assistance for a wide range of goods and services, from fuel and ammunition to complex weapon systems.

**NATO Communications and Information Agency (NCIA)** – Responsible for delivering secure and interoperable communication and information systems for NATO. It manages the acquisition and maintenance of networks, satellite systems, software, and other critical technologies.

#### Annual expenditure values:

Exact annual expenditure figures for each agency are difficult to obtain, as these figures are not publicly available and can vary significantly depending on ongoing projects. Some general information:

- **NSPA:** In 2021, NSPA managed a project portfolio worth approximately €4.4 billion (Source: NSPA). This portfolio is growing due to procurement and program management for initiatives such as **AGS (Alliance Ground Surveillance)** and **AFSC**, which will replace the AWACS program.
- **NCIA:** The NCIA's annual budget is about **€70 million** (Source: NATO). However, this figure does not include costs for specific acquisition projects, which may be financed separately and, in some cases (e.g., ACCS), have

reached several hundred million euros per year.

#### Examples of procurements:

- **NSPA:**
  - Purchase of fuel for aircraft and naval vessels
  - Supply of ammunition and missiles
  - Maintenance of aircraft and military vehicles
  - Management of NATO bases and infrastructure
  - Recently, procurement and management of multinational NATO programs
  - Procurement on behalf of individual countries for materials and maintenance
- **NCIA:**
  - Development of satellite communication systems
  - Implementation of secure communication networks
  - Acquisition of software and hardware for information management
  - More recently, system engineering support for other NATO structures/organizations

#### Trends:

NATO procurement agencies increasingly focus on acquiring innovative technologies such as artificial intelligence, big data, and cybersecurity.

Collaboration between agencies and the defense industry is growing, aiming to reduce costs and improve efficiency.

Environmental sustainability is becoming a key factor in procurement decisions.

### 2. EUROPEAN DEFENSE EXPENDITURE THROUGH THE EDF (EUROPEAN DEFENCE FUND)

The **European Defence Fund (EDF)** is a critical tool for the European Union's path toward greater integration and autonomy in defense. Established in 2021, this multi-year program (2021-2027) aims to foster cooperation among EU member states, stimulate technological innovation, and strengthen the **European Defence Technological and Industrial Base (EDTIB)**.

#### EDF objectives:

- **Encouraging cooperation** between member states, governments, industries, and research centers to develop shared defense capabilities.
- **Supporting collaborative R&D projects** focused on cutting-edge technologies and interoperability.
- **Enhancing the competitiveness** of the European defense industry, particularly SMEs.
- **Reducing dependence on non-EU technologies and supplies**, promoting strategic autonomy.

#### Financial resources:

- For the period **2021-2027**, EDF has a total budget of **€7.953 billion**, divided as follows:
- **Research:** €2.651 billion for collaborative research on emerging defense technologies.
- **Development:** €5.302 billion to support prototype development and technology demonstrations.

#### Funded actions:

- **Basic research** on technologies with potential defense applications (nanotechnology, biotech, AI).
- **Technological development** of next-generation weapons systems (drones, cybersecurity, unmanned vehicles).
- **Feasibility studies** for new defense projects.
- **Support actions** such as workshops and training to foster collaboration.

#### Notable funded projects:

- **European Patrol Corvette (EPC):** Development of a new class of patrol corvettes.
- **Eurodrone:** Development of a Medium Altitude Long Endurance (MALE) drone.
- **ESSOR:** Next-generation military satellite communication systems.
- **TWISTER:** Space-based surveillance and interception of hypersonic missiles (13 participating countries, €70M in 2023).
- **OCEAN2020:** Integration of unmanned platforms for maritime surveillance (€40M).
- **EU HYDEF:** Hypersonic missile defense system (€60M).
- **YYY:** Development of an integrated air defense command and control system (€100M).

- **ZZZ:** Smart camp methodology for out-of-area operations (€60M).

#### Expenditure overview:

As of **March 30, 2023**, the European Commission allocated **€1.2 billion** to EDF projects (Source: European Commission).

### 3. EU EXPENDITURE ON FRAMEWORK PROGRAMS AND HORIZON EUROPE, WITH SPENDING FORECASTS

The **EU Framework Programs**, particularly **Horizon Europe**, represent key investments in research and innovation. These programs support projects across various fields to enhance Europe's position as a global leader in science and technology.

#### Horizon Europe (2021-2027):

Total budget: **€95.5 billion**, including €5.4 billion from **Next Generation EU**.

Focus: Green transition, digitalization, resilience, and inclusivity.

#### Key pillars:

- **Scientific Excellence:** Support for frontier research, mobility grants, and infrastructure investments.
- **Global Challenges & Industrial Competitiveness:**
  - Health (vaccines, diagnostics, chronic diseases)
  - Climate, energy & mobility (renewables, carbon capture, sustainable transport)
  - Food & agriculture (sustainable farming, food security)
  - Digital, industry & space (AI, cybersecurity, robotics)
  - Civil security (disaster management, emergency response)
- **Innovative Europe:** Support for startups and SMEs through the **European Innovation Council (EIC)**.
- **Strengthening the European Research Area:** Fostering collaboration and knowledge-sharing.

#### Expenditure & Forecasts:

**2023 data:** Not yet consolidated, but the European Commission provides periodic updates.

**2024 budget: €13.5 billion**, reflecting EU priorities in research and innovation.

#### 2025 outlook:

- **Green transition:** Investments in clean energy, circular economy, and biodiversity protection.



- **Digital leadership:** AI, quantum computing, 5G/6G.
- **Health & well-being:** Chronic disease research, mental health initiatives.
- **Resilience:** Disaster response, food security, critical infrastructure.
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#### 4. SOURCES

##### NATO:

- **NSPA:** <https://www.nspa.nato.int>

- **NCIA:** <https://www.ncia.nato.int/>

##### EU:

- **Horizon Europe website:** [https://ec.europa.eu/info/research-and-innovation\\_en](https://ec.europa.eu/info/research-and-innovation_en)
- **EU Open Data Portal:** <https://data.europa.eu/>
- **EU Budget:** [https://ec.europa.eu/info/strategy/eu-budget\\_en](https://ec.europa.eu/info/strategy/eu-budget_en)