

Brussels Event

EU AND OTHER FUNDING OPPORTUNITIES

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Order of important issues

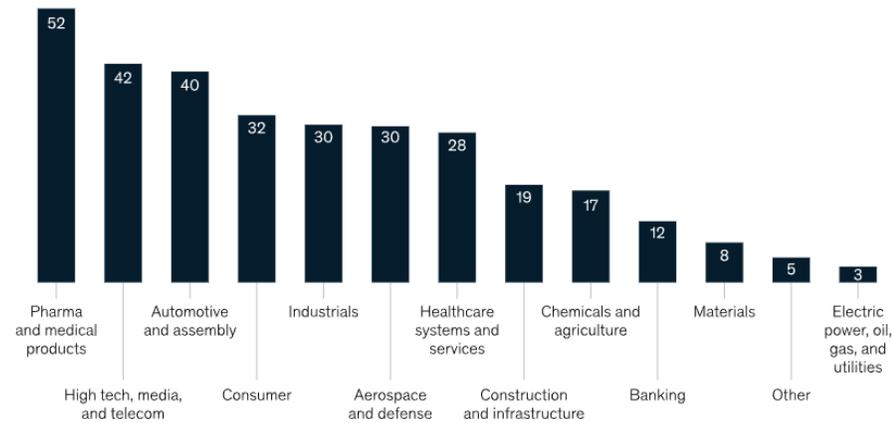
- Complete recognition since it is still now kind of grey area in spite of many good cases and developments
- Firstly, some important EU member states recognition
- Certain single regulation for the EU, based on the concrete experiences of its member states Germany, Malta, Slovenia, ... (EP and member states are crucial) ... what would give ...
- basis for financing in the EU
- Until then mostly private financing, what is already the case
- Some areas one would think it is not so problematic (batteries for example), but then I am not sure you would get credit with the bank for this (still suspicious)
- I think thorough research, besides positive regulation, is necessary for further upward development
- However, where does the most research more or less go? Where the prosperous developments and profits are and the profits are where we have well defined activities which are not in the grey regulation area... one goes with another.
- There is a certain correlation with defence business regarding financing problems

R&D Investment Across Industries

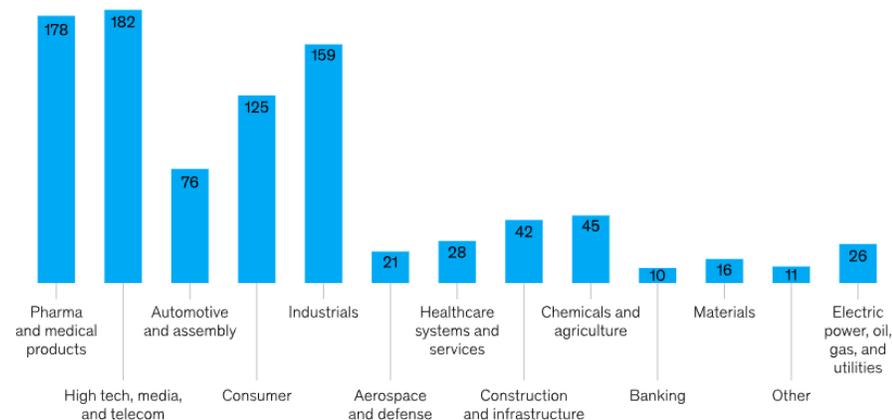
- **Various industries** are **well-recognised** by the amount of **revenue** they **spend** on **Research and Development (R&D)** annually.
- Industries **measure R&D effectiveness** using **RORC** or **R&D Payback Ratio**.
- **RORC or R&D payback ratio**:
 - **Pharmaceutical: \$178 bn / annual (52% of EBIDTA)**
 - **Industrials: \$159 bn / annual (30% of EBIDTA)**
 - **Chemicals & Agriculture: \$45 bn / annual (17% of EBIDTA)**

High R&D spending is not restricted to pharma—the reinvestment of profits in R&D is substantial in many sectors.

Global private-sector R&D spending as a share of EBITDA,¹ by industry, %



Total global private-sector R&D investment, by industry, \$ billion²



SUSTAINABLE DEVELOPMENT GOALS (17 SDG)



Barriers to Cannabis R&D Investment

- **Structural barriers to investment:**
 - legal/regulatory
 - institutional/academic
 - financial
 - even some IP issues
 - **Biases**, and also **stigma** as a **cause for R&D prevention**.
 - Proving or trying to prove harmful effects in support of prohibition and is quite successful because many things are not explored/researched enough to counterpart with.
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Industry Segmentation

- The **emerging industry** is **segmented** and **disconnected** due to the patchwork of **different regulatory jurisdictions** and the **lack of legacy infrastructure**.
- **Potential role of the EU:**
 - **Pivotal role** in **shaping** the **regulatory framework** and **market dynamics** across its **member states**.
 - As a very **large economic bloc** in the **world**, the **EU** has the **potential** to **influence global cannabis trends** and **standards** through its **regulatory decisions** and **trade policies**.
 - The **EU** can **facilitate the harmonisation** of **regulations governing** cannabis cultivation, production, and distribution **among** its **member states**.
 - **Why this event in Brussels?** To give signals to the EU to do something in direction of regulation harmonisation in the EU, but the European Commission will not do anything if it doesn't get push from member states and European Parliament.



Cannabis R&D Investment Opportunities

- **EU** member state **attitudes** are **changing**, and **cannabis is viewed** in a more **favourable light**.
 - **EU member state governments** are **decriminalising** and **removing** many **regulatory barriers**.
 - **Germany decriminalised** the **possession** and **home cultivation** of Cannabis, which is the **latest example** of this **trend**. Some other countries follow like Slovenia for example.
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Financial Sector Challenges

- **Accessing financial services** is a **struggle** for **the cannabis industry**, even in **legal jurisdictions**, due to **slow response** from **financial institutions**.
 - There is a need for Market **Leadership**- and/or **government or EU intervention** in sense allowing very regulated financial sector to credit this business. However, first this, and than European Central Bank has to follow and only after that things might change.
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Leadership in R&D

- **Private investment** needs to lead the way in **Commercial Innovation**.
 - While **Public investment** needs to **take** the **lead** on more **far-sighted research** that **benefits society** with a **focus** on **health, sustainability, ecology,** and **infrastructure**.
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Cannabis Investment Opportunities

- **Pharma/Medical sectors** are well-known.
 - **Energy:** potential for energy storage (batteries) & bio-fuels.
 - **Industrials:** alternatives to plastics and carbon nano-materials.
 - **Construction:** hempcrete, insulation, bio-composite alternatives to wood products.
 - **Sustainability:** regenerative agriculture, carbon sequestration, renewable resources.
 - Cannabis-adjacent technologies are used for **agronomics**, processing, manufacturing, services, and data.
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Solutions & Suggestions

- **Financial institutions** must **facilitate investment** and assist, rather than hinder, investment and transactional activity.
 - **Governments, EU institutions and bodies** need to **provide guidance** on compliance and **offer clear guidelines** and regulatory frameworks to help financial institutions.
 - **Facilitate industry dialogue** by bringing together **financial institutions, regulatory authorities, and industry stakeholders.**
 - **Develop financial products** and **services** to **explore opportunities.**
 - **Build partnerships** with industry stakeholders **to forge partnerships and strategic alliances** with **various stakeholders.**
 - **Advocate** for **regulatory reform** and **policy changes** that **remove barriers** to cannabis investments.
 - **Implementation** of **good data tracking metrics to demonstrate return on R&D investment.** **Transparency** builds **confidence & trust.**
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EU/Government Incentives

- **Tax Credits and Programs to Encourage R&D Investment.**
 - **Government/EU-funded grant programs** to provide **financial support.**
 - **Streamline EU-wide regulatory processes** to **simplify** and **expedite regulatory approval processes.**
 - **Simplified access** to **research facilities** and **laboratories.**
 - **Encourage public-private partnerships** to **facilitate collaborations.**
 - **Promote international cooperation** to **support initiatives** for international cooperation and **knowledge-sharing** in cannabis R&D projects.
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EU Sectoral and Horizontal Policies' Priorities

- Sectoral policies:
- Energy, critical raw materials, Digitalisation and advanced technologies, high-speed/capacity broadband networks, computing and AI, Semiconductors, energy-intensive industries, clean technologies, automotive, defence, space, pharma, transport
- Horizontal policies:
- Accelerating innovation, closing the skills gap, sustaining investment, revamping competition, strengthening governance, financing investment

European Research Area (ERA)

- ERA is behind its key priorities, lagging behind the main competitors (USA and China)
- Spending for R&I (2,3% of GDP) for the EU is quite o.k., but still lagging behind the USA (3,6%) and South Korea (5,2%) - the figure for the EU would be lower without the NGEU and within it, especially without RRF
- Sharing research infrastructure is progressing, although most of the EU members don't have financial and organisational resources to build, operate and upgrade such infrastructure
- Not enough venture capital to finance all innovations; EU „give-away“ financing does not take enough risk (no risk, no break-through returns)
- Very good in basic research but bad in commercialising it
- Leading in green-tech, but some others might take advantage of it

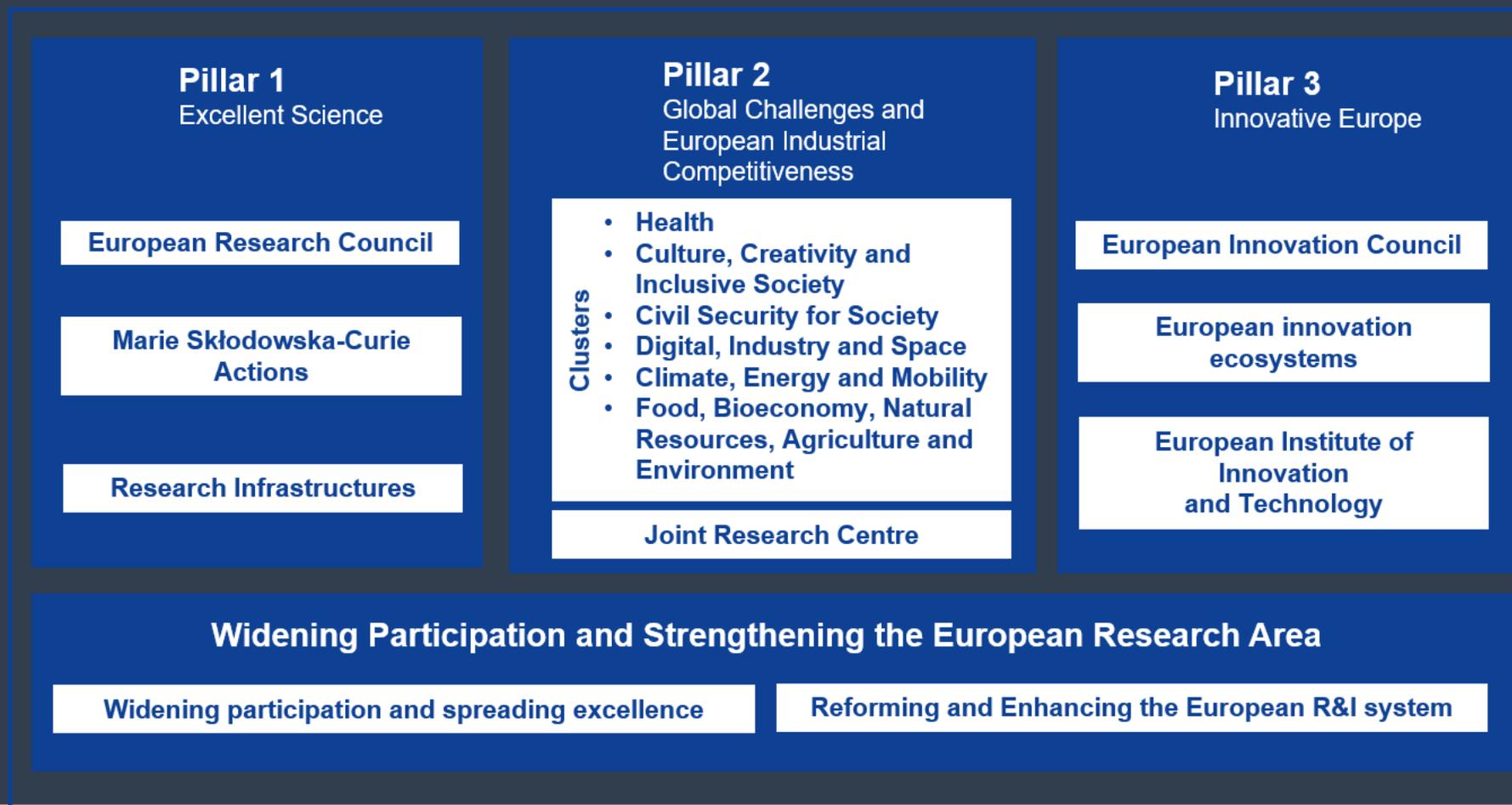
Financing investment

- Very high savings which are not efficiently channelled into good productive sustainable investments
- Capital market segmented and not efficient enough, especially for the innovative SMEs
- Mainly bank financing
- EU budget still not large enough and has too conservative attitude toward risk
- Capital Market Union (CMU) needs the issuance of a common safe asset (=financial instrument) with a clear and transparent reference rate and good liquidity
- CMU needs liquid debt instruments like bonds for some joint large projects like 250 bn euros green bonds for the NGEU in the 2021-2027 budget
- CMU needs pension funds support in all respects
- For the next EU budget (2028-2034), the “Competitiveness Pillar (Fund)” to direct EU funding towards priority projects under the Competitiveness Coordination Framework
- Bringing in and supporting much more private capital investments in all EU activities

EU BUDGET 2014-20 : EU BUDGET 2021-27

Categories for:	2021 - 2027	Categories for:	2014 - 2020
Single Market	144	Competitiveness for growth and jobs	125,6
Cohesion and resilience	1,100	Economic & Territorial Cohesion	324,9
Natural resources and the environment	374	Sustainable growth: natural resources	372,9
Migrations and borders	23		
Security and defence	13	Security and citizens	15,7
Neighbourhood and world	98	Global Europe	58,7
EU administration	73	EU administration	61,7
TOTAL	1,824	TOTAL	959,5

Structure of the **Horizon Europe**



Adaptation to climate change, including societal transformation



European Commission (EC)

 <p>Teresa Ribera <i>Clean, Just and Competitive Transition</i></p>	 <p>Henna Virkkunen <i>Tech Sovereignty, Security and Democracy</i></p>	 <p>Stéphane Séjourné <i>Prosperity and Industrial Strategy</i></p>	 <p>Kaja Kallas <i>High Representative/ Vice-President Foreign and Security Policy</i></p>	 <p>Roxana Mînzatu <i>People, Skills and Preparedness</i></p>	 <p>Raffaele Fitto <i>Cohesion and Reforms</i></p>
 <p>Maroš Šefčovič <i>Trade and Economic Security Interinstitutional Relations and Transparency</i></p>	 <p>Valdis Dombrovskis <i>Economy and Security Productivity Implementation and Simplification</i></p>	 <p>Dubravka Šuica <i>Mediterranean</i></p>	 <p>Olivér Várhelyi <i>Health and Animal Welfare</i></p>	 <p>Wopke Hoekstra <i>Climate, Net Zero and Clean Growth</i></p>	 <p>Andrius Kubilius <i>Defence and Space</i></p>
 <p>Marta Kos <i>Enlargement</i></p>	 <p>Jozef Síkela <i>International Partnerships</i></p>	 <p>Costas Kadis <i>Fisheries and Oceans</i></p>	 <p>Maria Luís Albuquerque <i>Financial Services and the Savings and Investments Union</i></p>	 <p>Hadja Lahbib <i>Preparedness and Crisis Management Equality</i></p>	 <p>Magnus Brunner <i>Internal Affairs and Migration</i></p>
 <p>Jessika Roswall <i>Environment, Water Resilience and Competitive Circular Economy</i></p>	 <p>Piotr Serafin <i>Budget, Anti-Fraud and Public Administration</i></p>	 <p>Dan Jørgensen <i>Energy and Housing</i></p>	 <p>Ekaterina Zaharieva <i>Startups, Research and Innovation</i></p>	 <p>Michael McGrath <i>Democracy, Justice and the Rule of Law</i></p>	 <p>Apostolos Tzitzikostas <i>Sustainable Transport and Tourism</i></p>
		 <p>Christophe Hansen <i>Agriculture and Food</i></p>	 <p>Glenn Micallef <i>Intergenerational Fairness, Youth, Culture and Sport</i></p>		

* Order based on Ursula von der Leyen presentation

Some current EC prevailing ideas

European Commission (EC) ideas (internal EC materials):

- To follow Draghi's report as much as possible
- Common Fund for Research&Innovation (R&I)
- "Commission could ask member states for reforms in exchange for EU funding" (3 % budget)
- Defence financing (800bn euros ?!) and the so called "dual use" in this respect
- Tariffs against USA ?!

THE NEW HE (2028-34) SHOULD BE

- NEW HE SHOULD BE:
 - ONE BIG PROGRAMME,
 - SIMPLE AND FLEXIBLE,
 - EVALUATED WITH THE HELP OF AI BUT ONLY AS A HELP (ETHICS),
 - MORE SME AND PRIVATE SECTOR IN RESEARCH,
 - MORE OPEN TO THE THIRD COUNTRIES,
 - MORE COORDINATED WITH THE NATIONAL PROGRAMMES,
 - WIDENING PROGRAMMES WILL BE CHANGED
 - UP TILL NOW, EXISTING HE CCA 25.000 APPLICANTS, WHICH GOT cca 40 BILLION EUROS



EU-Commission: Competitiveness Compass (29 Jan 2025)

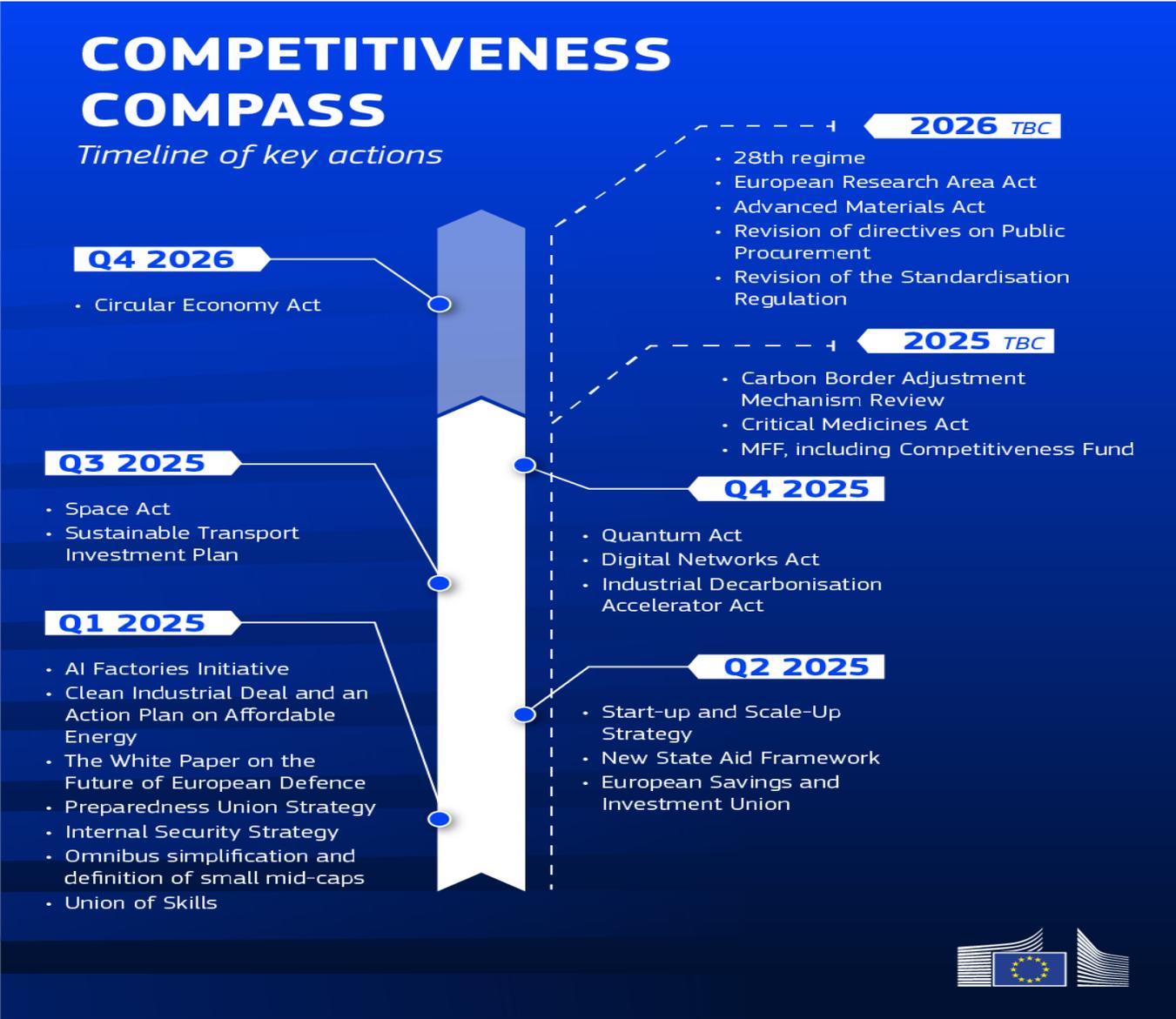
Three transformational imperatives and five horizontal enablers to boost competitiveness



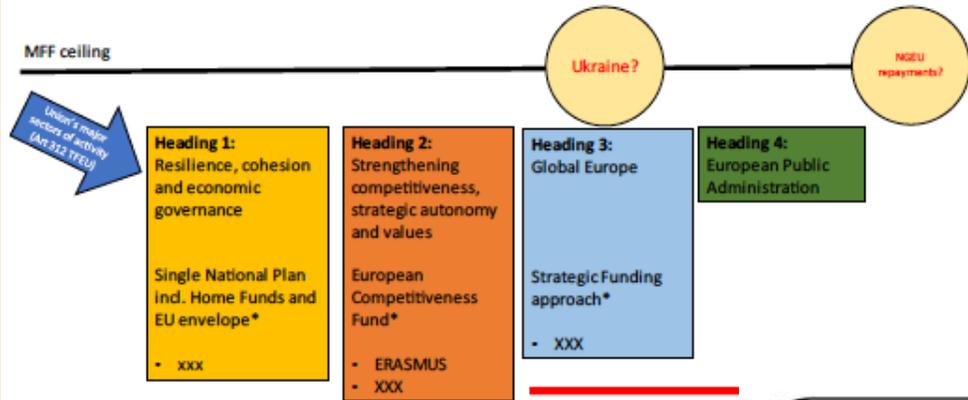
Source: EU Compass to regain competitiveness (2025)

PwC

Competitiveness Compass, feb 25

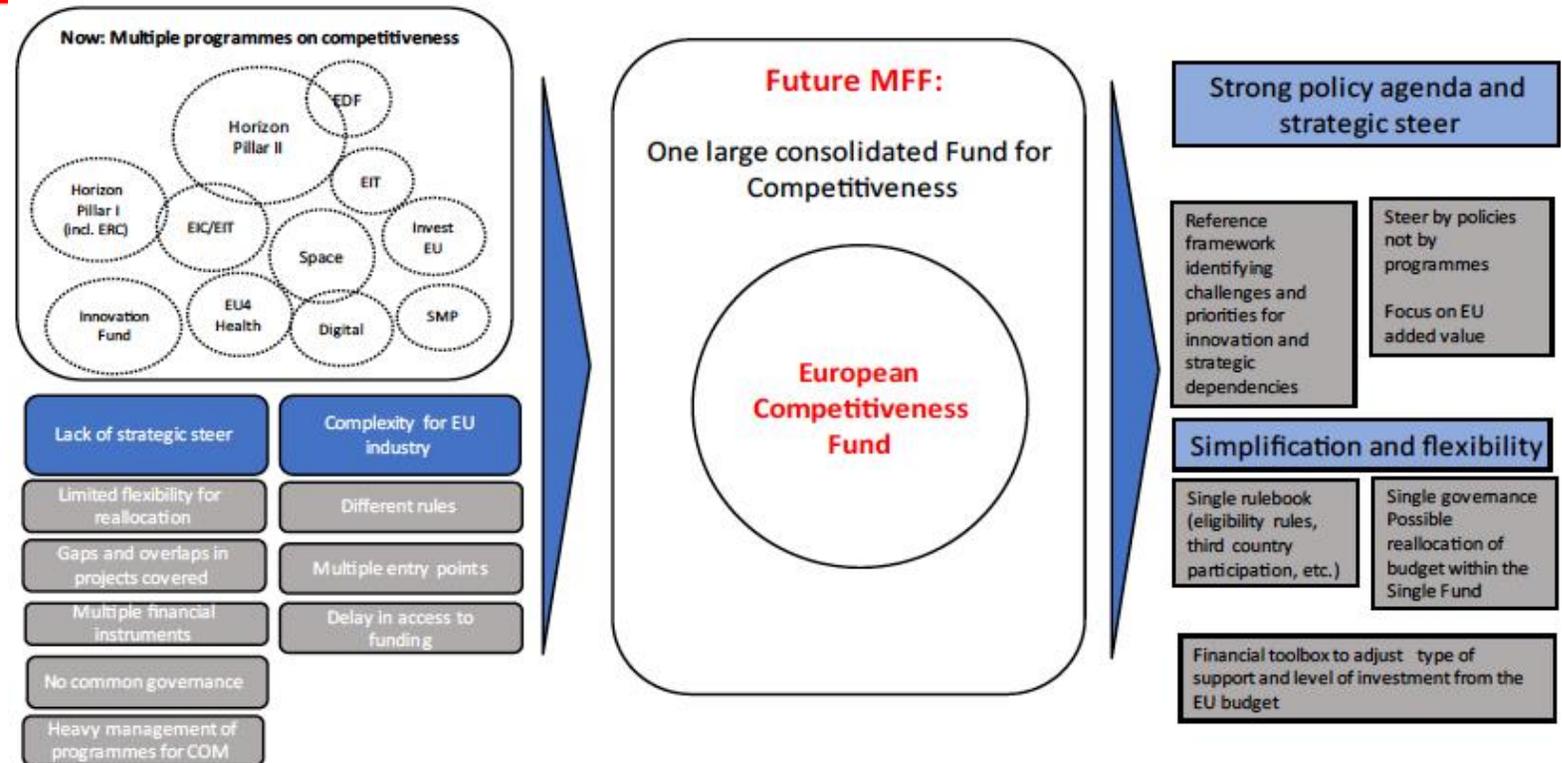


MFF architecture: assembling the pieces of the puzzle

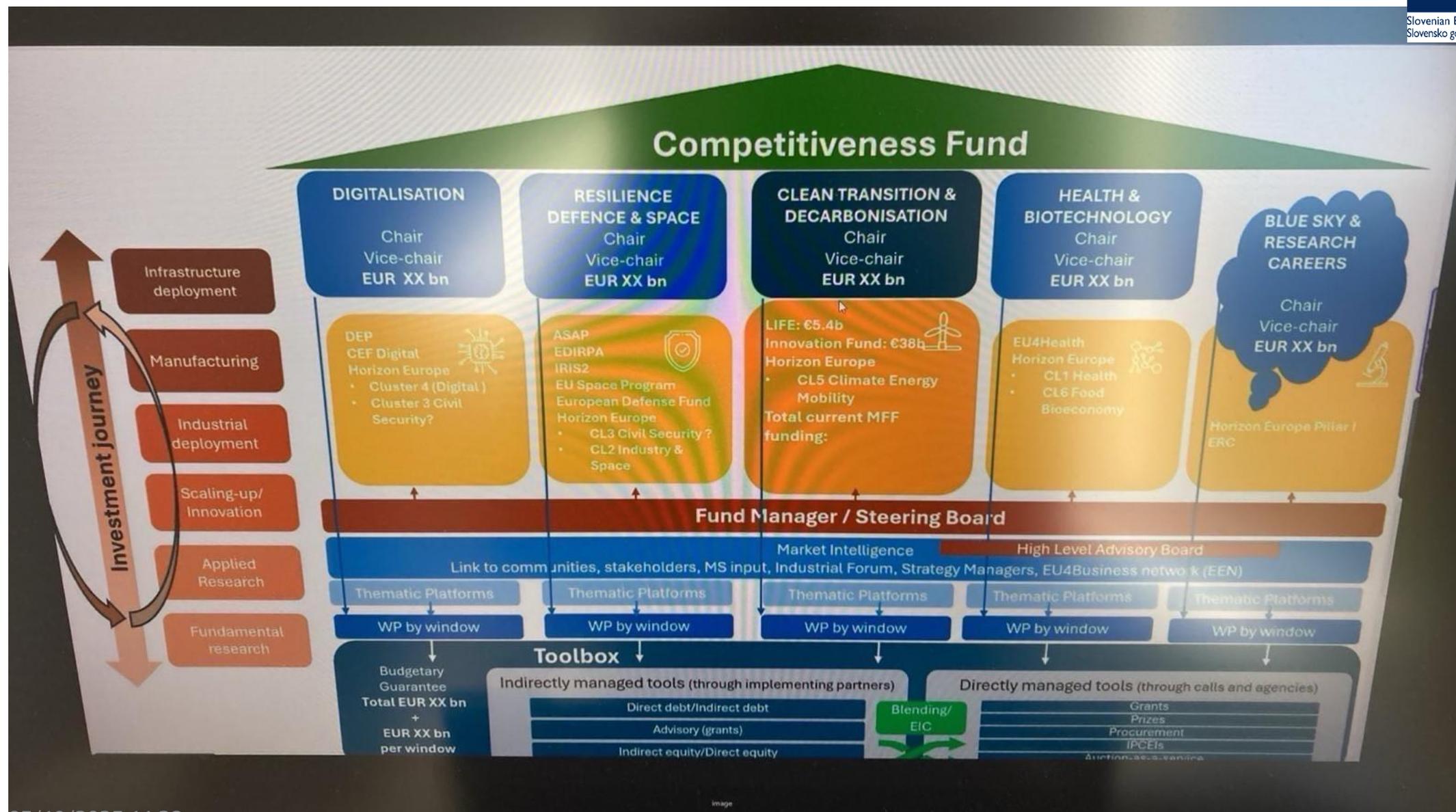


* Number of basic acts/programmes and envelopes to be clarified

European Competitiveness – a scenario



Competitiveness Fund – the newest version



THE NEW EU BUDGET

The current multiannual financial framework (MFF) — the EU’s long-term budget — runs until the end of 2027. In 2025, the Commission will put forward comprehensive proposals for the post-2027 MFF and for the next generation of financial programmes. As announced in President von der Leyen’s Political Guidelines, the Commission is working towards a focused, simpler and more impactful EU budget that reflects the EU’s strategic priorities, with the ambition to be an ‘investment Commission’.

This consultation covers general issues with the implementation of EU funds, such as performance, monitoring and reporting. The decision to cluster issues serves to support the preparatory work and does not pre-empt the architecture of future programmes.

The consultation is part of the overall public consultation exercise on the next MFF. Related public consultations that are open for feedback can be found here:

- [EU’s next long-term budget \(MFF\) – implementing EU funding with Member States and regions](#)
- [EU’s next long-term budget \(MFF\) – EU funding for competitiveness](#)
- [EU’s next long-term budget \(MFF\) – EU funding for external action](#)
- [EU’s next long-term budget \(MFF\) – EU funding for cross-border education, training and solidarity, youth, media, culture, and creative sectors, values, and civil society](#)
- [EU’s next long-term budget \(MFF\) – EU funding for civil protection, preparedness and response to crises](#)
- [EU’s next long-term budget \(MFF\) – EU funding for the single market, and cooperation between national authorities](#)

Conclusions

- **Embrace the evolving regulatory landscape in the EU**
 - **Foster the benefits of the R&D cross-border collaborations**
 - **Advocate for EU-wide supportive policies:**
 - Engage with policymakers and industry stakeholders
 - **Invest in education and awareness:**
 - Promote understanding of the potential benefits of cannabis R&D investment among stakeholders, including investors, researchers, policymakers, and the public.
 - **Commit to responsible and sustainable practices as part of the EU Green Deal**
 - **Seize the opportunity to position the EU as a global leader in cannabis innovation and Slovenia within it**
 - by fostering a conducive ecosystem for research, entrepreneurship, and market development
 - **The last but not the least FINANCING !!!**
-



We have to go faster...



Thank you for your attention!

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