

Investment Guide to Germany

Grants for R&D

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- ▶ How to Profit from Public R&D Spending
- ▶ Research Categories

Different Types of R&D Incentives

R&D projects can count on numerous forms of financial support. There are many programs allocating R&D grants, interest-reduced loans, and special partnership programs. Financing is provided by the European Union (EU), the German government, and the individual German states.

- [R&D Grants in Germany](#)
- [EU R&D Grants](#)
- [Further Subsidy Options](#)

Research and development (R&D) is considered to be among the most important areas for the development of the German economy. Industry and the public sector have made a commitment to spend around three percent of national GDP per year on R&D activities. This amounts to approximately EUR 70 billion R&D spending each year.

R&D incentives programs generally provide money for R&D project personnel expenditure. Other costs for instruments and equipment may also be eligible if they can be clearly assigned to the relevant R&D project (if such instruments and equipment are used beyond the lifetime of the R&D project, only the depreciation costs for the duration of the R&D project are considered eligible).

How to Profit from Public R&D Spending

To participate in R&D funding programs, companies must define an R&D project with clear objectives and a fixed time line. The project application should highlight the innovative character of the project and the technological risks involved.

An application for R&D funding also has to set out a commercialization plan, detailing how research results will be transformed into products, processes or services which generate additional turnover and/or employment in the region where the R&D project is located.

The total amount of incentives a project may receive depends on the size of the company (small, medium-sized, or large), whether the project is conducted in cooperation with other companies or research institutes, and the research category of the project. The research category expresses the scope of the intended project.

Research Categories

There are three basic research categories:

- fundamental research (experimental or theoretical work aimed at gaining new knowledge)
- industrial research (research with a specific practical objective aimed at improving existing products, processes, or services)


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- experimental development (research aimed at producing drafts, plans, and prototypes)

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