

Public Loans

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About Public Loans

Investors can access publicly subsidized loan programs in Germany. These programs usually offer loans at below current market value interest rates in combination with attractive grace periods. These loans are provided by so-called development banks: publicly owned and organized banks which exist at the national and state level.

Each financial tool or program offered by such banks is accessible to foreign investors and subject to the same conditions available to investors from Germany.

Investors profit from interest-reduced loans as they are a means of acquiring capital in a cost effective way during the investment phase, thus easing financial long-term planning. Small and medium-sized enterprises (SMEs) in particular can profit from interest-reduced loans.

Public Loan Programs on National Level

The KfW Bankengruppe is the nationally operating development bank of the Federal Republic of Germany. It makes available a number of different financing tools such as promotional loan programs, mezzanine financing, and private equity.

The KfW is organized into different departments - each specialized according to different target groups and available financing tools.

The KfW offers a number of loan programs for investment projects. The Entrepreneur Loan (*Unternehmerkredit*) is the most important one. Please read about program details here.

- [KfW Entrepreneur Loan \(in German only\)](#)

The KfW is contacted via the applicant's bank which normally complements its own financial package using the range of KfW financing tools available. Investors should have a German bank or a subsidiary of their domestic bank in Germany to ease the KfW loan application process.

State Development Bank Loan Programs

In addition to the KfW, each German state has its own development bank financing projects within the respective state. They offer own loan programs, especially targeted at start-ups and growing companies.

State development bank loans are generally tailored to meet the requirements of small and medium-sized enterprises (according to the EU Commission's SME definition).

Loans are collateralized with the usual securities. Applications are made through the investor's private bank to the respective state development bank. Interest-reduced loans may constitute a subsidy and can usually be combined with

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other public funding. Please be aware, that the total amount of cash incentives available may be reduced when combined with other programs.

Loan Programs of the European Investment Bank (EIB)

At the European level, the European Investment Bank (EIB) finances investment projects in cooperation with private banks. The EIB provides loans below general market conditions, offers long-term repayment periods, and is a host of other favorable conditions. It specializes in large investment projects.

To receive support, projects must be viable in four areas:

- Economics
- Technology
- Environment
- Finance


The EIB only finances projects contributing to the EU's general economic policy objectives - enhancing the development and integration of economically weaker regions and building up the general structure of the EU as a business location. The EIB acts as a financial partner until the investment project is completed. Loans are granted to projects in both the public and private sectors. EIB loan programs are open to large enterprises as well as SMEs. As a rule, the EIB lends up to 50 percent of investment project costs.

The main financing tools are intermediated loans. Credit lines to banks and financial institutions help them to provide financial means to SMEs with eligible investment programs or for projects costing less than EUR 25 million.

- [EIB Loan Programs for Investment Projects](#) 

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