

# FINANCING AND INCENTIVES FOR R&D AND PRODUCTION IN GERMANY

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**Germany Trade & Invest (GTAI) is the economic development agency of the Federal Republic of Germany.**

# Business Location Germany

- Market and industry analyses
- Market entry analyses
- Extensive legal information (tax, labor law, etc.)
- Funding and financing information
- Partnering and site selection support



Germany's economic stimulus 2020

**€ 130 bn**

To cope with repercussions of COVID-19, maintain prosperity and increase future readiness

Healthcare sector share

**€ 10 bn**

To support hospitals, public health authorities, manufacturing and reserve of PPE, vaccines development

# Hospital Sector Stimulus 2020 (KHZG)

€4.3 bn for digitalisation goals and COVID-19 measures

- Provision of state-of-the-art emergency care
- Countrywide standard of digital infrastructure, IT-security
- Compensation of revenue losses
- Remuneration of additional costs
- Bonus payments to staff in COVID-19 service

**€3 bn federal sources,  
€1.3 state funds.**

**In ordinary times, state  
governments support  
hospital investments.**

# Variety of incentives

## Funding instruments:

- Grants
- Equity
- Mezzanine capital
- Loans
- Loan collaterals

Funding



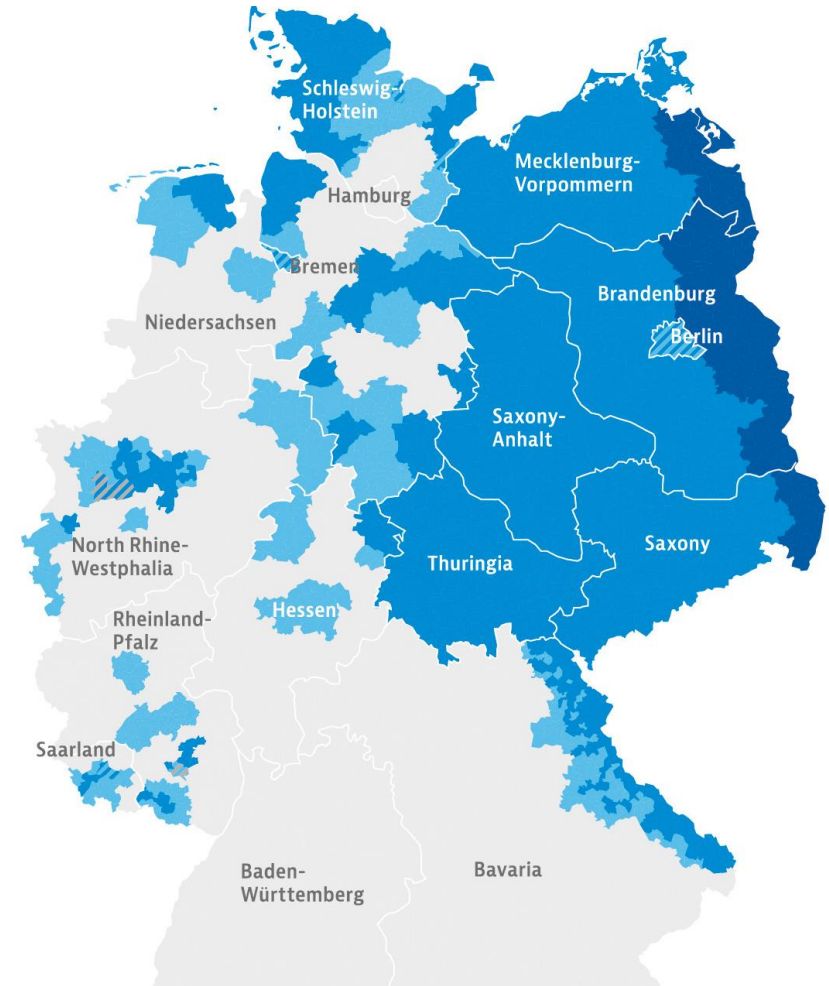
## Required Funding for:

- Investments
- Working Capital
- Research & Development
- Specific Purposes
- Personnel

Germany offers a broad range of funding instruments to support the capital needs of investors. A combination of funding instruments is usually possible.

# Germany offers up to 40% cash grants

	Small enterprises	Medium-sized enterprises	Large enterprises
Border area to Poland	max 40%	max 30%	max 20%
C Region	max 30%	max 20%	max 10%
D Region	max 20%	max 10%	max EUR 200k



# Public loan programs

## 125k EUR

- **Startup loans (Gründerkredite)**
- For founders and SME
- Up to three years principal-free
- Interest rates starting at 1.5%

## 500k EUR

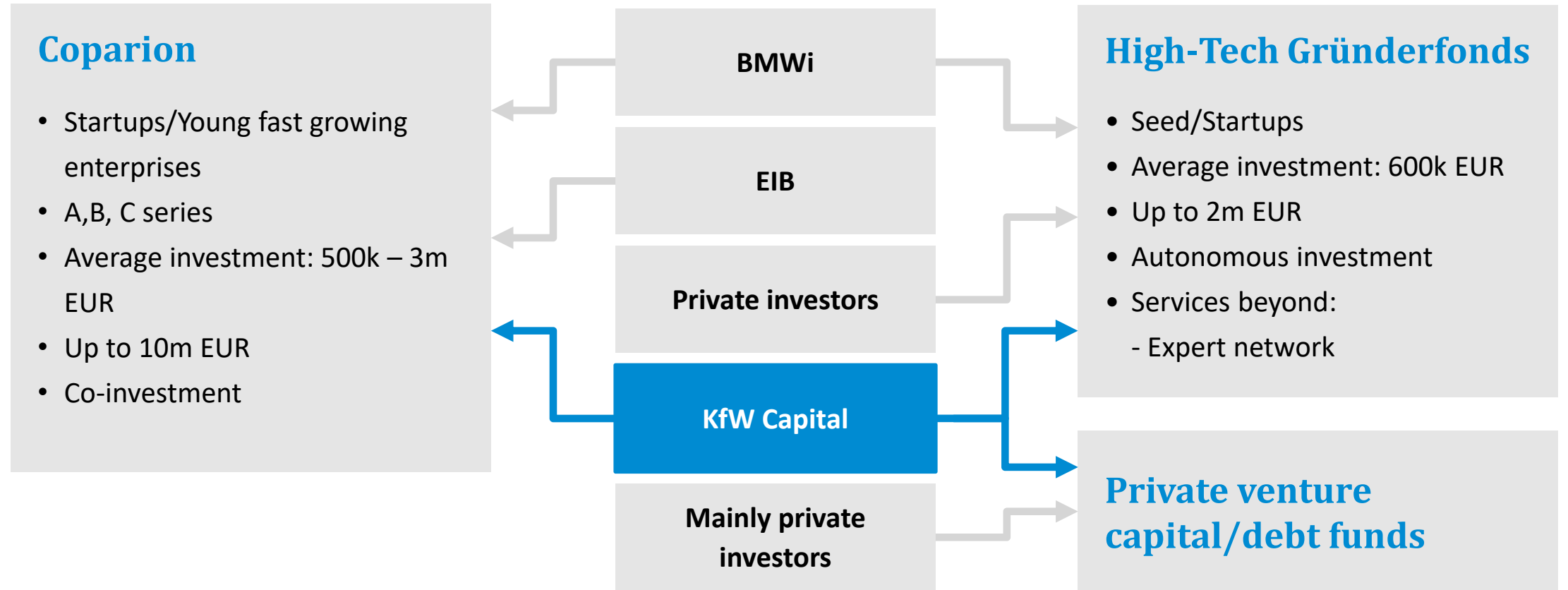
- **ERP-Capital for Foundation**  
(ERP-Kapital für Gründung)
- 10% Equity required
- 40% of the investment
- Up to 15 years, 7 principal free

## 1m EUR

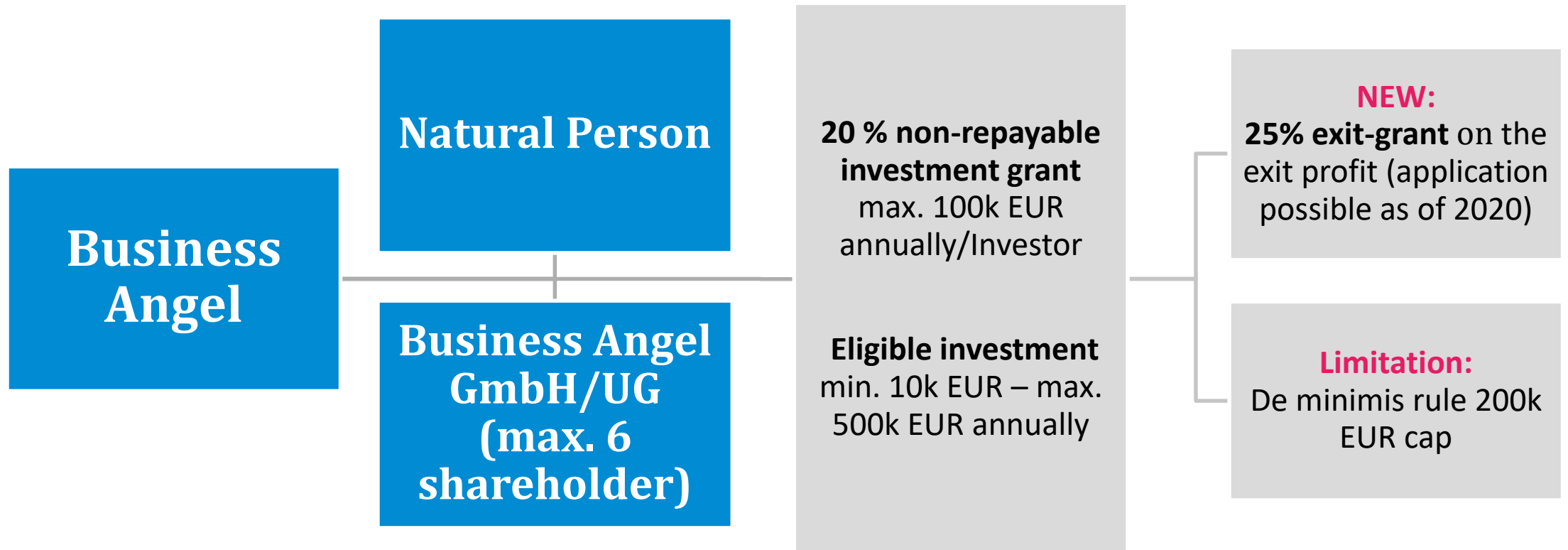
- **Standard public loans**
- For SME and large enterprises  
>5y
- Interest rates starting at 1.0%
- Up to 10 years, 2 principal free



# Public sources for young innovative enterprises by KfW-Group



# INVEST 2.0: Mobilizing startup investments



# Grants for Research & Development

## European Level:

- Horizon Europe

## National Level:

- Technology-specific programs: High-Tech Strategy 2025
- Technology-open programs: Central Innovation Program for SME (ZIM)
- Research Tax Credit Act 2020
- KMU Innovativ
- Industrie in Klinik

## Regional Level:

- Programs available in all German Federal States

# Horizon Europe

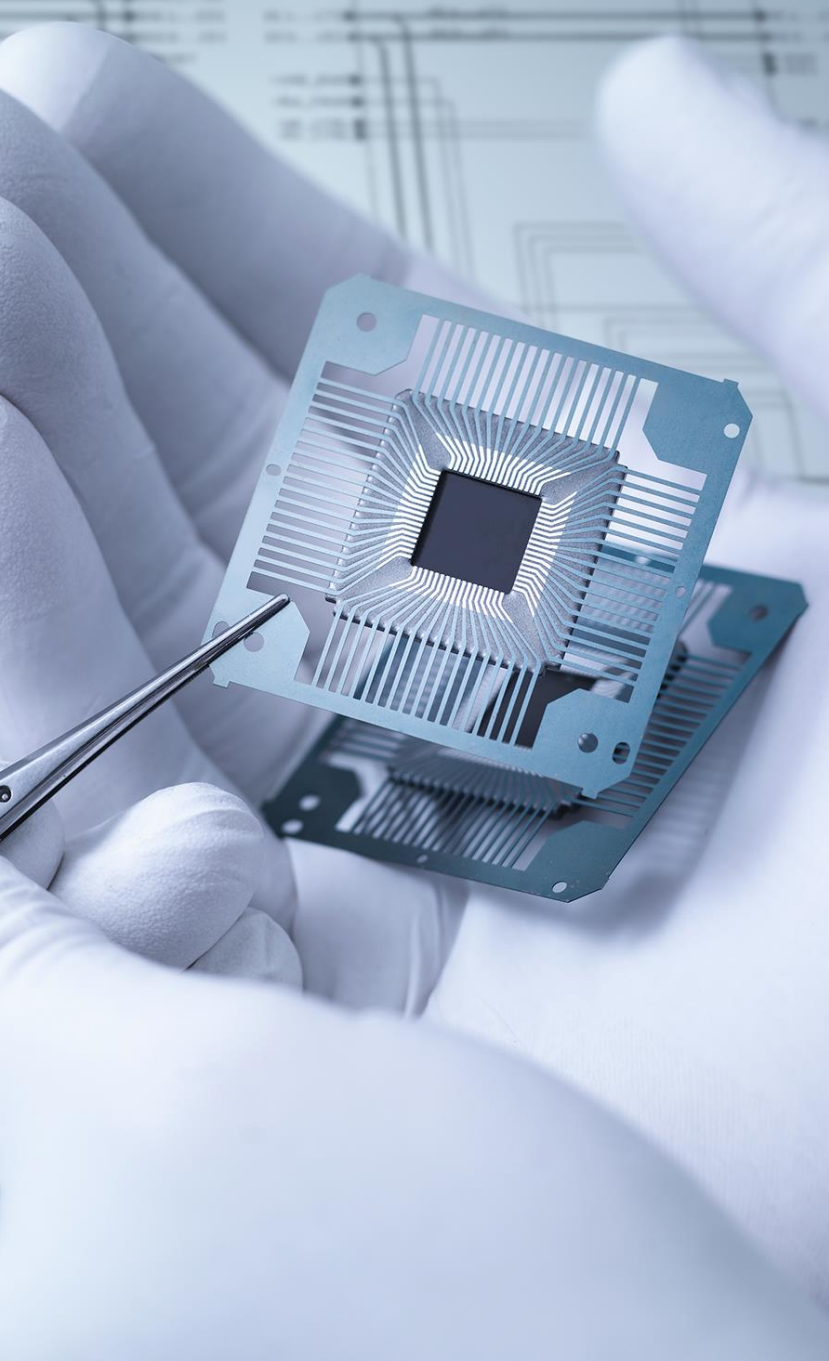
- Timeframe: 2021 bis 2027.
- Budget €85.6bn.
- Built on three pillars: Excellent Science, Global Challenges/Industrial Competitiveness, Innovative Europe
- Focus on international partnerships (at least two partners)
- Funding up to 100% eligible costs of a project
- Emphasis on commercialisation and dissemination of results within Europe.



# Tax Credit Act 2020

- Possible Tax Credit up to €500k = 25% of eligible costs up to €2m.
- €2m is the limit per company per project.
- Companies can cooperate on larger projects, up to a maximum eligible cost level of €15m per project.
- As a result of the coronavirus economic stimulus package, the possible tax credit and €2m limit have both been doubled up to the end of 2021.

# High-Tech Strategy 2025



- Seven key areas of research and development:
  - Health
  - Sustainability
  - Climate protection
  - Mobility
  - Urban areas
  - Safety and security
  - Economy and Work 4.0
- On basis of calls for proposals
- Grants up to 50% of eligible costs for projects

# Central Innovation Program (ZIM)

- For small to medium enterprises (max. 1000 emp.)
- Technology open, no call for proposals
- Max. eligible costs €550k per project.
- Grant rates for enterprises: between 25% and 60% (depending on company size, cooperation degree and location)
- Up to end 2024
- No specific technological focus

# KMU Innovativ (Medtech)



- Medical technology one of ten different disciplines
- Targeted at SME (EU definition)
- Basis of calls for proposals
- Collaborations possible
- Funding up to 50% eligible costs of a project (for small companies possibly more)
- Two-month project approval process
- Project development support possible





# Industrie in Klinik

- To strengthen synergy between medtech research and clinics, certifying R&D innovation in a clinical environment
- Speeds transfer of innovation into clinical trials
- Two phase model: a) concept creation @ max €50,000 over six months, then b) trial/model phase three years of funding
- Up to 50% eligible costs (education/research establishments can get up to 100%)
- Joint applications possible

# Current project call/R&D program examples

## Prevention and care of epidemic infections with innovative medical technology (IIK)

- Awarded as a cash grant assessed on costs
- Funding for industry-led, high-risk, pre-competitive R&D projects on med tech/device solutions for prevention/diagnosis/therapy/aftercare of epidemic infectious diseases
- Collaborative projects – SMEs especially
- Can include clinical feasibility studies
- Up to 50% project funding (can be more)
- Project run time max. 36 months (from Jan 21)
- Results to be made public in Germany/EU

## Production research (KMU-I)

- SMEs targeted
- high-risk industrial research and pre-competitive development projects in production research
- Awarded as cash grants assessed on costs
- Up to 50% funding (can be more)
- Project fundable run time max 2 years
- Two-stage application process of proposal, projects evaluated twice yearly (April/October)
- Collaboration possible
- Results published/implemented in Germany/EU

# Contact Us

Germany Trade & Invest is the economic development agency of the Federal Republic of Germany. The company helps create and secure extra employment opportunities, strengthening Germany as a business location. With more than 50 offices in Germany and abroad and its network of partners throughout the world, Germany Trade & Invest supports German companies setting up in foreign markets, promotes Germany as a business location and assists foreign companies setting up in Germany.

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