



## Trend Chart on Innovation in Europe

DE 19

### General presentation of the measure/scheme/action/regulation

#### Country

Germany

#### Geographical coverage, national or regional (state region)

(National)

#### Title of the measure

Grants for R&D in SMEs in Eastern Germany

#### Information Source/Reference

[www.fhms.de](http://www.fhms.de)[www.aif.de](http://www.aif.de)

#### Overview (nature, main goals)

The programme aims at fostering R&D and innovation in SMEs in Eastern Germany by offering subsidies for (a) R&D and innovation projects and (b) R&D personnel. The programme is regarded as a major instrument for increasing technology competitiveness SMEs in Eastern Germany. Subsidies for R&D projects are provided both directly for SMEs and for non-profit external research institutions.

#### Action Plan objective addressed by measure

- I.2. Mobility Students/Researcher/Teachers
- II.5. Financing
- III.2. Strengthening Company Research
- III.4. Co-operation Research/Universities/Companies
- III.5. Absorption of Technologies by SMEs

#### Administering agency

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#### Name of the manager(s) responsible for the implementation of this measure with address, fax, phone

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## Description of Scheme

### General Information

#### Reference to legal basis (e.g. act, public document, ...)

Directive on the Programme, issued by the BMWI on December 14th, 2000. (see [www.fhms.de/html/infocenter/frame\\_info.htm](http://www.fhms.de/html/infocenter/frame_info.htm) Bundesanzeiger Nr. 240, December 21, 2000 incl. changes from March 13, 2001 Bundesanzeiger Nr. 58 (p. 4951), March 23, 2001)

#### Does the measure receive central funding or regional funding?

Central

#### Start date

1992

#### Expected date of completion

2001, continuation expected

#### Previous measure (name, date, links with the current measure)

From the 1980s until 1991, subsidies for R&D personnel were provided under the measure "PKZ" (Personalkostenzuschuss) for West German SMEs.

#### Reasons for launching/modifying the new measure

Low level of R&D in SMEs in the new Laender. Strengthening innovative competence and innovation activities in SMEs as a prerequisite for competitiveness.

#### Have any of the main features of the measure/scheme/action/regulation changed during its implementation

A new directive was introduced in December 2000 substituting a Directive from 1997 and coming into force at January 1st, 2001. In the field of subsidies for R&D personnel, promotion for a certain enterprise was restricted to a maximum number of 14 periods (one period is equal to six months).

#### What is the predominant role of the government?

funding source

## Target Group

#### Who are the target groups of the measure?

SMEs/Industrial SMEs

Research Institutes

## Organisation and Implementation

### Organisation and Structure

The measure is initiated and regulated by the Federal Ministry of Economy and Technology (BMWI). Coordinating and administering agencies are Gewiplan GmbH for R&D project subsidies and the AiF (Association of industrial Research Organisations) for R&D personnel subsidies. Applications must be sent to these institutions depending on the kind of promotion applied for. R&D projects are financed by subsidies up to 45 per cent of all costs and up to 75 per cent if the project is carried out by a non-profit external industrial research institution. R&D personnel is financed by subsidies up to 40 per cent of the wages spent for personnel which is carrying out R&D activities, but not more than 50.000 Euro per year and employee and not more than 150.000 Euro per year and firm.

#### What are the criteria for eligibility?

For R&D projects: SMEs must be located in Eastern Germany and must meet the EU-criteria for SMEs (not more than 250 employees, not more than Euro 40 mill. annual turnover etc.). For R&D personnel: in addition, SMEs must be from the production sector (manufacturing, construction, energy supply, mining) and with a value added in these sectors of at least 20 per cent.

#### What is the mode of delivery of the measure?

direct grants-in-aid

#### Financing : Overall budget allocated to the measure

For R&D personnel: 372 mill. Euro for the period 1992 to 2000

#### Financing : expenditure per year

1999: 66.5 mill. Euro, of which 45.5 mill. Euro for R&D projects and 21 mill. Euro for R&D personnel (1998 almost the same figures) 2000: 33 mill. Euro for R&D personnel

#### Financing : other budgetary sources (additional financing)

There are several other programmes financing R&D projects at SMEs (see DE\_15, DE\_10, DE\_20, DE\_28, DE\_26). For East German SMEs, the regional clustering programmes InnoRegio (DE\_16) and Innovative Regional Growth Poles (DE\_57) also provide support for R&D activities.

## Results

### Result Measurement

#### What are the main indicators for the measurement of the results ?

Increase in R&D activities by SMEs in Eastern Germany, sustainable R&D activities at E

German SMEs and increase in innovation performance

**Where an evaluation has taken place, what were the main results achieved?**

evaluations are currently being carried out, no results available yet

**If no official evaluation has been undertaken, have there been any indicators of success?**

There seems to be evidence that R&D activities by SMEs in Eastern Germany are strongly encouraged by this programme, and the level of R&D activities would be considerably lower if no public financial support would be available.

**Observations**

**Which mechanisms seem to function well in the measure?**

Both R&D projects promotion and the promotion of R&D personnel are highly demanded. There was a significant shift from promoting medium-sized enterprises in the early 1990s to promoting small enterprises (less than 100 employees) at the end of the 1990s.

**Which mechanisms seem to be less successful in the measure?**

not available yet

**Are there any other measures planned or in operation as a follow up to this measure? Direction of the planned measures? Objectives? Target groups?**

In 2002, a redesign of this measure is expected.

