



## Trend Chart on Innovation in Europe

DE 28

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

#### Country

Germany

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

(National)

#### Title of the measure

ProInno

#### Information Source/Reference

[www.forschungskoop.de](http://www.forschungskoop.de)

#### Overview (nature, main goals)

PRO INNO aims at increasing innovation competence, innovation activities and competitiveness of SMEs. The programme supports SMEs in the field of R&D co-operation. Financial incentives should stimulate SMEs with no R&D activities yet to engage in R&D. The programme especially addresses the barriers in SMEs without regular R&D activities and outside of networks, but with at least some innovation orientation. The programme supports international co-operation as well.

#### Action Plan objective addressed by measure

I.2. Mobility Students/Researcher/Teachers

I.4. Innovation & Management

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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### Description of Scheme General Information

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

Directive of the BMWi on the PRO INNO programme, 01-01-2000, Federal Law and the Budget of the Federal Government Bundesanzeiger Nr. 100, June 2, 1999 incl. changes from December 29, 1999

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

Central

**Start date**

1999

**Expected date of completion**

2003

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

Promotion of research co-operations by SMEs ("Forschungskooperation - FoKo", ended 1999), which was a follow-up of a smaller programme, FiW, that started in the 1980s.

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

In 1999, the BMWi initiated the ProInno as a modified follow-up to the "Promotion of research co-operation by SME" programme. This German promotion programme provides an example of a measure aimed at encouraging SMEs to co-operate in innovation projects with other firms and with public and private research organisations. While the ability to absorb and productively use external knowledge is seen critical for innovation success, many small and medium-sized firms face particular problems in building up external knowledge links. Missing academic qualifications of employees, a lack in own R&D resources, insufficient innovation management capabilities, information asymmetries concerning potential co-operation partners, and high threats to firm survival in the case of failure of investment in R&D reduce the willingness of SMEs to get engaged in R&D and innovation co-operation with other firms and with research organisations. A main focus of PROINNO is to support SMEs in their first step towards more systematic R&D activities and the linking into R&D and innovation networks.

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

Slight modification in subsidy rates for profit-oriented private research organisations (from 75 per cent to 45 per cent) and for SMEs in East-Berlin (from 45 per cent to 40 per cent).

**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  
Universities

**Organisation and Implementation****Organisation and Structure**

PRO INNO supports three types of projects:- R&D co-operation projects by an SME (a) with firms, (b) with public or private research organisations, or (c) in the way of external research contract to research institutions.- R&D projects for SMEs which did no R&D so far- Exchange of R&D personnel between firms and/or public research organisations. Project proposals may be applied to the management (AiF). There are no dead-lines within the running time of the programme. Proposals are evaluated by the management. Approval for subsidies by the BMWi.

**What are the criteria for eligibility?**

Subsidies are provided for firms in Germany with less than 250 employees and annual revenues of max. 40 mill. Euro or annual balance of max. 28 mill. Euro and research organisation as co-operation partners. Criteria:- R&D projects must have a high technological risk, they must be oriented towards significantly new products, processes services, and they must sustainably increase the innovation level of a firm. R&D project should either (a) represent the first way into R&D for an SME, the entrance into a new field of technology or the use of a new combination of technologies, or (b) increase co-operation experiences in the field of R&D, co-operation with foreign partners or co-operation with more than one partner at the same time. All projects funded should contribute to growth and employment.

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

Direct subsidies. Subsidies of a maximum of 35 % (New Länder: 45 %) of project costs. In the case of personnel exchange: 40 % (50 % for New Länder) and 50 %, resp., in the case of personnel exchange). The maximum amount of public subsidies per project are 106.000 Euro (New Länder: 136.500) in the case of R&D co-operation or R&D projects : 126.000 Euro in the case of personnel exchange.

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

1999-2003: ca. 500 mill. Euro

#### Financing : expenditure per year

in 1999: ca. 108 mill. Euro, in 2000: 111.5 mill. Euro

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

There are some programmes which provide funding in neighbouring fields such as InnoNet(DE\_26) for co-operation in pre-competitive stages, direct subsidies for R&D in thematic programmes (DE\_15), R&D co-operation on a regional basis (InnoRegio: DE\_1 as well as some Programmes provided by the Länder.

### Results

#### Result Measurement

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

no, but for each project a concept for success control has to be provided together with the project proposal indicating the success factors and outcomes of the project. The success is evaluated after ending of the project.

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

As the programme started in 1999, there was no evaluation yet. The previous programme "Promotion of research co-operations by SMEs" was evaluated in 1998. Evaluation of 2000 under <http://www.bmwi.de/Homepage/Presseforum/Innovation%20Aktuell/010130innov1.jsp>

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

High level of familiarity with the programme among SMEs, esp. in the New Länder. With the first year (from programme start at 2.6.99 until autumn 2000) 3,370 firms applied project proposals.

### Observations

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

R&D co-operation projects with other firms (ca. 42 per cent of all project allowances), R co-operation with research organisations (ca. 24 per cent of all project allowances), promotion of SMEs in the New Länder (60 per cent of all granted subsidies), stimulation of participation of very small firms and young firms (ca. 60 per cent of all proposals applied stem from firms with less than 20 employees, ca. 40 per cent of proposals applied stem from firms not older than 5 years). High participation rate of private non-profit research organisations, of technical colleges (Fachhochschulen) and Institutes: the Fraunhofer-Society (if compared to the size of these research organisations).

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

Stimulation SMEs to engage in R&D for the first time (ca. 14 per cent of all project allowances, about 150 projects in the first year of running of the programme, which is a low figure compared to the high potential of innovation oriented SMEs not doing R&D systematically yet). Low rate of participation by large public R&D organisations such as Helmholtz-Gemeinschaft, Wissenschaftsgemeinschaft Leibniz and Max-Planck-Gesellschaft.

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

As the programme only started a year ago and will go until the end of 2003, no planning following measures has taken place yet.

