The federal government and the federal states of Germany support domestic and foreign enterprises that plan to invest in Eastern Germany through attractive subsidies. Various support instruments such as grants for manufacturing and service projects, low-interest loans and guarantees are available. Likewise, subsidies can be applied for labor costs as well as qualification and R&D measures to reduce costs.

**Investment Grants**

The most important investment grant program is the "Joint Task for the Improvement of Regional Economic Structures" (GRW). The GRW is a national incentives program which offers direct subsidies/grants for investment projects in specific regions. Eligible costs in the context of establishment of a new production site or a new service location refer to either the investment-related capital expenditure for new buildings, equipment and machinery, or personnel costs. Large companies can receive up to 20 percent; medium-sized companies up to 30 percent; and small companies up to a maximum of 40 percent of eligible investment costs reimbursed. The maximum support regions are located in Eastern Germany.

**Loan and Guarantee Programs**

Loan programs provided by the national development bank KfW Group and regional development banks play an important role in the German funding system. Lengthy credit periods, attractive interest rates and repayment-free periods are the most important features of the measures provided. A number of public loan pro-
grams provide an additional interest-rate advantage to investments made in Eastern Germany. SMEs in particular are often entitled to preferential conditions.

Public guarantees can be used to replace or supplement any shortfall in loan securities. A special government-state guarantee instrument providing a public guarantee of up to 80 percent of the loan amount borrowed is available for investment projects with a volume of more than EUR 10 million in Eastern Germany.

R&D Grants

All research programs financed by the German federal government are concentrated within the High-Tech Strategy. The High-Tech Strategy defines future fields of priority with a high dependency on continual high-tech research and development. Here, the federal government periodically calls for R&D project proposals followed by a competition of the best project ideas.

A number of national R&D programs with no specific technological focus also exist. The "Central Innovation Program for SMEs" (ZIM) is the most prominent of these programs. It offers an additional bonus for R&D projects of small enterprises in Eastern Germany. The “Entrepreneurial Regions” (Unternehmen Region) innovation initiative also consolidates five programs in one closely integrated financial support instrument to promote the special character of innovation in Eastern Germany.

Our service

Together with our experts from the GTAI Investor Support Services team, we are happy to advice foreign investors on the opportunities to finance their investment project in Eastern Germany with the support of incentives.
CONTACT US

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✉️ Submit your question

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