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1. Introduction

Foreword

This brochure offers investors in Bavaria a quick, practical overview of opportunities for financial support. The programs are provided for through support from the Free State Bavaria, the Federal Republic of Germany and the European Union.

The main emphasis of the Bavarian Government's support policy is focused on the following:

- Supporting medium-sized enterprises:
To strengthen the productivity and flexibility of the Bavarian economy through a balanced industrial structure.
- Supporting technological development:
To become more competitive by making significant advances in know-how in global competition. This also applies in particular to environmental technologies.
- Promotion of economically less developed regions:
To focus on reducing the gap between developed and less developed regions.

Different offices are responsible for various support programs. Relevant contact partners and internet links can be found in this brochure.

Invest in Bavaria will assist you by answering questions concerning your investment project. We provide customized information regarding locations and opportunities for support. We can also assist in establishing personal contacts to the relevant authorities, local communities, chambers of commerce, associations and networks. Feel free to contact us!

Invest in Bavaria

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Important General Information

start

Starting the project

Generally, support is only possible for any of the support programs if the request for support is submitted before the project commences and the project isn't started until the authorities have issued a preliminary approval of the grant.

Program integration

The different support programs can, to some extent, be combined. This allows for various support programs to be utilized simultaneously. Decisions in this regard will be made on a case to case basis.

Definition of SME

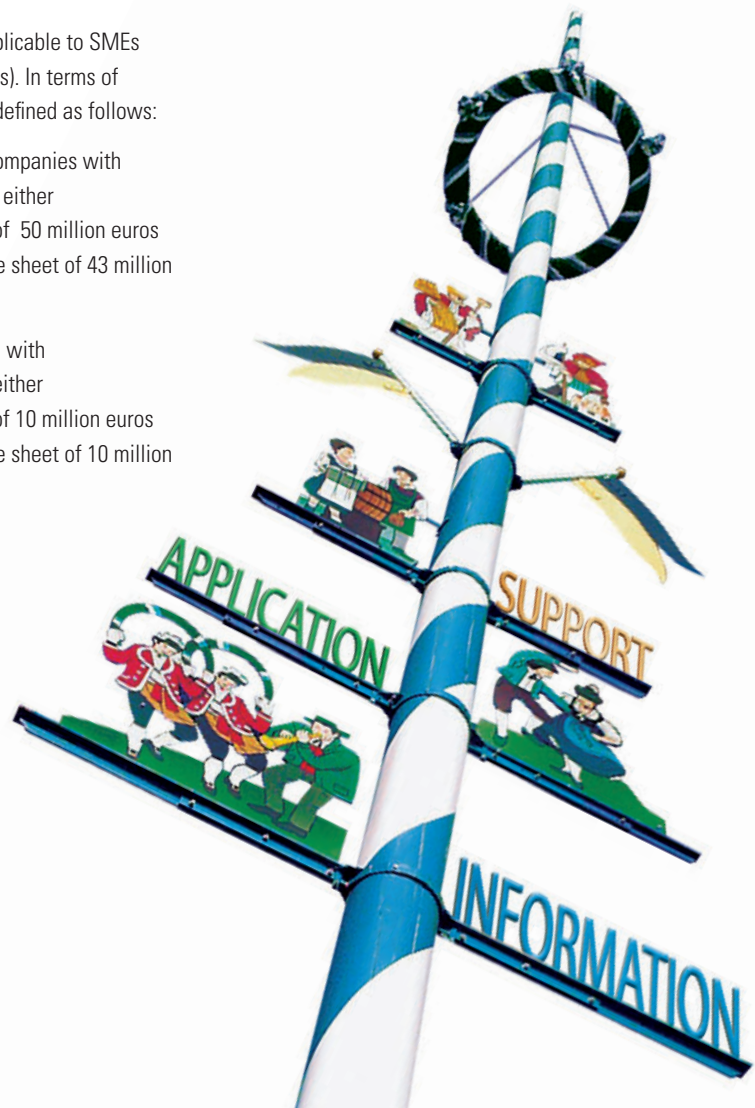
Many support programs are only applicable to SMEs (small- and medium-sized enterprises). In terms of European State Aid Law, SMEs are defined as follows:

- Medium-sized enterprises are companies with
 - less than 250 employees and either
 - a maximum annual turnover of 50 million euros
 - or a maximum annual balance sheet of 43 million euros.
- Small enterprises are companies with
 - less than 50 employees and either
 - a maximum annual turnover of 10 million euros
 - or a maximum annual balance sheet of 10 million euros.

Where applicable, interconnections with other companies must be taken into consideration when determining the SME characteristics. For details please see Commission Recommendation 2003/361/EC of 6 May 2003.

Legal entitlement

There is no entitlement for support in any given case. Rather, decisions are made from case to case by the relevant office and are dependent on the availability of funds.



2. Support for medium-sized enterprises

Program

Start-up loan (Startkredit) and investment funding (Investivkredit) from the Bavarian Small and Medium-Sized Business Credit Program (Mittelstandskreditprogramm MKP)

Who can apply?

- Small- and medium-sized commercial enterprises
- Self-employed professionals in all regions of Bavaria

Type of support

Low interest loans (possibly combined with other grants of up to 100% of eligible costs).

Volume of support

- Maximum loan amounts of 310,000 euros
- Minimum loan amounts of 12,000 euros
- Up to 40% of the amount of eligible costs to be financed
- Start-ups receive special conditions.
- If a loan cannot meet bank requirements and cannot be sufficiently secured, a 50%, or in the case of start-ups even a 70% release from liability is possible, or a guarantee may be applied for. Release from liability means that the LfA assumes a portion of the default risk along with the applicant's principal bank and thereby strengthens the preconditions for a loan application to be approved.

Where to apply

Applications can be made through the applicant's principal bank with LfA Förderbank Bayern.

Information is available at:

LfA Förderbank Bayern
Königinstrasse 15
80539 Munich
Telephone: 01801 / 21 24 24
Fax: 089/2124-22 16
E-Mail: info@lfa.de

Website

www.lfa.de
www.startup-in-bayern.de

3. Regional support

Program

Bavarian regional support programs for commercial enterprises (BRF)

Joint Task "Improvement of Regional Economic Structure" (Gemeinschaftsaufgabe GA)

Area of application by region

- BRF: All Bavarian territory with the exception of densely populated areas as designated by the state development program, i.e. GA areas and other regional incentive areas. These restrictions do not apply to the densely populated areas in Nuremberg and Augsburg.
- GA: C and D incentive regions (see map).

Who is eligible?

- Companies in the sectors of industry, trade, commerce and other commercial service sectors as well as tourism related companies.
- In BRF: Only small and medium-sized companies (SMEs)
- In C- und D incentive regions of the GA program: large companies as well.

Type of support

- Equity increasing investment subsidies
- Interest subsidy granted by the LfA Förderbank Bayern
- A combination of investment subsidy and interest subsidy is possible

Volume of support

- The grant amount is determined by the amount of the eligible investments
- The maximum amount of support in the C- incentive regions of the Joint Task "Improvement of regional economic structure" (GA) is for large companies: up to 15% for medium-sized companies: up to 25% for small companies: up to 35% of eligible investment costs. The percentage rate of support may deviate depending on the location.
- In the D- incentive regions large companies can be supported up to a maximum of 7.5% of eligible investments, respectively a maximum amount of 200,000 euros within a period of 3 years; small companies up to 15 % of eligible investments, and medium-sized enterprises up to 7,5 % of eligible investments.
- In all other regions eligible for receiving support, the maximum support amount for small companies is 15 %, and for medium-sized enterprises is 7.5% of eligible investments. Medium-sized enterprises in these regions obtain support only in exceptional cases that are significant in terms of labor market policy.

Where to inquire

At the relevant regional administration, i.e. the "Bezirksregierung" of Upper Bavaria, Lower Bavaria, Swabia, Upper Palatinate, Upper Franconia, Middle Franconia, Lower Franconia

Where to apply

Restrictions

Website

At the relevant regional administration, i.e. the "Bezirksregierung" of Upper Bavaria, Lower Bavaria, Swabia, Upper Palatinate, Upper Franconia, Middle Franconia, Lower Franconia

- Applying companies must have a market that targets national and international markets beyond a regional level (so-called „primary effect“).
- Minimum investment limit of 500,000 euros, in some cases as low as 250,000 euros (e.g. 1st and 2nd administrative district ranking to the Czech Republic and the Joint Task (GA) areas).

www.stmwivt.bayern.de -> Support programs

The Joint Task "Improvement of Regional Economic Structure" Map of Incentive Regions 2007-2013



4. Support for environmental protection projects.

Programs

Environmental protection loan (Ökokredit) from Bavarian Environmental Funding Programs (UKP)

Who is eligible?

Small- and medium-sized commercial enterprises

Aim for support

The following environmental protection investments are supported:

- Sewage treatment
- Air pollution control
- Acoustics and noise-protection
- Waste industry
- Energy conservation
- Utilization of renewable energy
- Land and groundwater-protection
- Environmental investigative probes and cleanup programs

Type of support

- Loan financing
- If necessary, release from liability or guarantees available

Volume of support

- The portion of loan funding in the sector of environmental investigation and cleanup operation is up to 80% of the eligible portion of the project. The portion of loan funding in the other sectors is up to 50% of the eligible portion of the project.

- Loans may not exceed 1.1 million euros.

If a loan cannot meet bank requirements and cannot be sufficiently secured, a partial release from liability is possible. Release from liability means that the LfA assumes a portion of the default risk from the applicant's principal bank and so improves the preconditions for securing a loan. For sectors other than investigation and cleanup operation, it is possible to apply for a guarantee.

Where to apply

Through the applicant's main bank with LfA Förderbank Bayern.

Information is obtainable at:

LfA Förderbank Bayern
Königinstrasse 15
80539 Munich

Telephone: 01801 / 21 24 24 (calls charged at local rates)

Fax: 089/2124-22 16

E-Mail: info@lfa.de

Website

www.lfa.de

5. Support for innovation and technology

Programs

Who is eligible?

What is supported?

Type of support

Volume of support

Where to apply

Restrictions

Website

Bavarian technology support programs [BayTP]

Small and medium-sized commercial enterprises.

- Development projects: The applicant's development of technologically new or significantly improved products and production processes; from conception to the first prototype, which meets all functional requirements.
- Application projects: The introduction and implementation of new technologies that are not essentially developed by the company itself.

Support as a loan or subsidy

Maximum support 35% for a subsidy or 80% for a loan
If a loan cannot meet bank requirements and cannot be sufficiently secured, it is possible to apply for a 50% or 70% release from liability for development projects and a guarantee for application projects.

- Administrative districts of Upper Bavaria, Lower Bavaria and Swabia
Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology
Innovationsberatungsstelle Südbayern
(Innovation Advice Centre Southern Bavaria)
Prinzregentenstrasse 28
80538 Munich
- Administrative districts of Upper Palatinate, Upper Franconia, Middle Franconia, Lower Franconia:
Landesgewerbeanstalt Bayern (LGA)
Innovationsberatungsstelle Nordbayern
(Innovation Advice Centre Northern Bavaria)
Tillystrasse 2
90431 Nuremberg

Projects whose main emphasis lies in the software sector are excluded from support.

www.stmwivt.bayern.de -> Support programs -> Technology support

5. Support for innovation and technology

Program

Support for technology-oriented business start-ups [BayTOU]

Who is eligible?

Technology-oriented commercial companies meeting the definition of SME that are not older than three years and have up to five employees

What is supported?

Development of new products, processes and technical services which promise significant economic benefits for the company as a result of their application as well as development of a technology based concept for founding an enterprise.

Type of support

Subsidy

Volume of support

Maximum support 35%
Minimum subsidy is 15,000 euros. Maximum support for a new technological concept is 26,000 euros.
For the development of software, the maximum support is 127,000 euros.

Where to apply

- Administrative districts of Upper Bavaria, Lower Bavaria and Swabia
Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology
Innovationsberatungsstelle Südbayern (Innovation Advice Center Southern Bavaria)
Prinzregentenstrasse 28
80538 Munich
- Administrative districts of Upper Palatinate, Upper Franconia, Middle Franconia, Lower Franconia:
Landesgewerbeanstalt Bayern (LGA)
Innovationsberatungsstelle Nordbayern (Innovation Advice Center Northern Bavaria)
Tillystrasse 2
90431 Nuremberg

Website

www.stmwivt.bayern.de -> Support programs -> Technology support

5. Support for innovation and technology

Programs

Who is eligible?

Aim of the support

Type of support

Volume of support

Where to apply

Website

Micro-system technology program Bavaria

Commercial companies and research institutions.

Support is intended to enable companies to carry out research and development work in the microsystems technology sector and to accelerate the application of microsystems technology in new products.

Subsidy

Maximum support is 50% for the overall project

- VDI/VDE-Innovation und Technik GmbH,
Steinplatz 1
10623 Berlin
- or
- VDI/VDE-IT GmbH
Pettenkoferstraße 22
80336 Munich

www.mst-bayern.de

Programs

Who is eligible?

What is supported?

Type of support

Volume of support

Where to apply

Website

New materials program

Commercial companies and research institutions.

Research projects to solve inter-company R&D tasks which are carried out as a combined project in close cooperation with multiple companies, and/or research institutions.

Subsidy

Maximum support is 50% for the overall project

Project Manager Jülich-PtJ
Business Sector NMT
Research Centre Jülich GmbH
52425 Jülich

www.werkstoffinnovationen.de

5. Support for innovation and technology

Programs

Who is eligible?

Commercial companies and research institutions.

Aim of the support

Support is intended to allow companies to carry out research and development work in the information and technology sector and improve and accelerate implementation of products, services and business transactions.

Type of support

Subsidy

Volume of support

Maximum support is 50% for the overall project

Where to apply

■ VDI/VDE-IT GmbH
Steinplatz 1
10623 Berlin

or

■ VDI/VDE-IT GmbH
Pettenkoferstraße 22
80336 Munich

Website

www.iuk-bayern.de

5. Support for innovation and technology

Programs

Who is eligible?

Aim of the support

Main Emphasis

Type of support

Volume of support

Where to apply

Restrictions

Website

Support by the Bavarian Research Foundation

- Universities and other institutions, members or facilities of Bavarian universities
- Companies, self-employed professionals with domicile and/or a branch in Bavaria

Support of university and non-university research projects that are of importance to the scientific-technological development of Bavaria or for the Bavarian economy as well as for the protection of the environment.

- Life Sciences
- Information and communication technologies
- Microsystems technologies
- Material supply systems
- Energy and environmental technology
- Mechatronics
- Nanotechnologies
- Processing and production technologies

Subsidies

- max. 50% for industrial research
- max. 25% for pre-competitive development

Bavarian Research Foundation
Prinzregentenstraße 7
D-80538 Munich

Precondition for an application: Joint commercial-scientific project.

www.forschungsstiftung.de

6. Labor market policy aids

Programs

Who is supported?

What is supported?

Volume of support?

Where to apply

Website

LfA Förderbank Bayern - grants for trainee programs (Ausbilderkredit)

- Small and medium-sized commercial enterprises
- Self-employed professionals in Bavaria who train those with learning disabilities or socially disadvantaged youths within the terms of the social security statute book (Section 242 Sozialgesetzbuch/ SGB) in recognized professions. Excluded are disabled persons according to Section 19 SGB III.

The following environmental protection investments are supported:

- Defrayment of general working capital requirement.
- Financing investments in particular in so far as they relate to the establishment of training positions.
- A loan of up to 50.00 euros for each trainee position within a company filled by a disadvantaged youth.
- The loan amount increases in accordance with the number of trainee positions within the company filled by disadvantaged youths.
- The loan is paid out 100%.
- Repayments take place after the end of the term of 3.5 years commencing with the approval date.

Applications can be made through the applicant's main bank with LfA Förderbank Bayern.

Information is available at:

LfA Förderbank Bayern

Königinstrasse 15

80539 Munich

Telephone: 01801 / 21 24 24

Fax: 089/2124-22 16

E-Mail: info@lfa.de

The LfA requires a certificate from the labor office to approve the loan (refer to the LfA website to download application forms).

www.lfa.de

6. Labor market policy aids

Programs

Who and what is supported?

Volume of support?

Where to apply for support?

Website

Integration subsidies

For the integration of employees eligible for support, employers can receive subsidies towards compensation to offset sub-par performance.

- Employers of a long-term unemployed person can receive up to 50 percent of the regularly paid remuneration as well as an estimated flat rate portion of the employer's contribution to the general social insurance in the form of a monthly subsidy of wage costs for a maximum period of 12 months.
- This scope of services can be extended for elderly, severely disabled or otherwise disabled persons.

Applications must be made at the relevant labor office before concluding an employment agreement.

www.arbeitsagentur.de

7. Guarantees

Guarantees

Who is eligible?

Aim of the support

What kind of loan is guaranteed?

Types of guarantee

Where to apply

Website

Sureties by LfA Förderbank Bayern Sureties by Bürgschaftsbank Bayern GmbH

- Small and medium-sized commercial enterprises
- Self-employed professionals

To simplify the process of obtaining loans for companies without sufficient securities.

In particular, loans pertaining to the following projects are guaranteed:

- Establishing of new and taking over of existing companies and self-employed individuals
- Innovation and cooperation projects
- Under special circumstances providing security for working capital requirements, in particular in connection with investments

The maximum guarantee amount is 80% of the loan. A guarantee should generally not exceed the amount of 5 million euros and 15 years in duration.

- Guarantees issued by the LfA Förderbank Bayern (small government guarantees) up to 5 million euros.
- Guarantees issued by Bürgschaftsbank Bayern GmbH (Self-support centers for the following sectors: trade, artisans, commerce, hotel and restaurant as well as horticulture) up to 1 million euros

Application through the principal bank

Information can be obtained from

LfA Förderbank Bayern

Königinstrasse 15

80539 Munich

Telephone: 01801 / 21 24 24 (calls charged at local rates)

Fax: 089/2124-22 16

E-Mail: info@lfa.de

Bürgschaftsbank Bayern GmbH

Max Joseph-Str. 4

80333 Munich

Telephone: 089/54 58 57-0

www.lfa.de

www.bb-bayern.de

www.startup-in-bayern.de -> Start-up Assistance -> Guarantees

8. Investment capital

Investor

Bayerische Beteiligungsgesellschaft mbH (BayBG)

For which companies are investments suitable?

- Medium-sized companies in the sectors of trade, industry, commerce and service

Types of investment

- Usually silent partnerships
- generally minority shareholding
- Taking over of shares, GmbH [limited company] and KG shares [limited partnership]

During which phases of company development is investment possible?

During the entire financing process

Volume of participation

- From 20.000 up to 5 million euros
- Conditions are negotiable on an individual basis with the BayBG
- Start-ups and new companies can receive start-up capital ranging from 20,000 to 125,000 euros at particularly favorable conditions in the way of a silent partnership (start-up capital programs)
- Equity capital for medium-sized enterprises: Shareholdings between 1 million and 5 million euros are taken over in a joint project between KfW and BayBG and others.

Website

www.baybg.de

8. Investment capital

Investor

Which companies would benefit from investments?

Aim of the investments

Types of investment

During which phase of company development are investments possible?

Investment volume

Website

Bayern Kapital GmbH

Small- and medium-sized enterprises with innovation projects in Bavaria.

Financing innovations primarily in cooperation with an additional investor (lead investor)

- Public and silent investments
- Bayern Kapital remains a minority shareholder and is not involved in the company's management.

In the early stages of the company's development in order to co-finance innovation projects, i.e. from conception to R&D and all the way through to the expansion phase.

- The investment amount is based on the pertinent investment principles of the fund as well as the provision of funds by the lead investors.
- The maximum investment amount for each investor is 2 million euros

www.bayernkapital.de

9. Federal support

Programs

Loan financing

Investment financing

Website

by KfW-Banking groups

- Micro loans
small loans up to 25,000 euros to start a company
- Start-up financing
loans for entrepreneurs, small companies and self-employed professionals whose projects cost less than 50,000 euros
- Venture capital
subsequent loans; security is usually not required here.
ERP (Enterprise Resource Planning in detail:
 - ERP Capital for the founding-process: for entrepreneurs and young companies for a period of up to 2 years after starting their business.
 - ERP Capital for growth: for companies who started their business more than 2 but no longer than 5 years prior to applying for financial support.
 - ERP Capital for work and investments: for established companies who have been in business for more than 5 years.
- Company loans: (the „universal loan“ for investments and working capital).
- Company loans abroad (financing for investments abroad)
- ERP Regional promotion programs: (inexpensive ERP funds for investments in economically underdeveloped regions)
- ERP Innovation programs: (low interest financing for innovative companies)
- KfW Environmental programs: (for investments in environmental protection regardless of the size of the company)
- ERP Environment and Energy saving programs: (for all investments for the protection of the environment i.e. earth, water, air and for energy saving and utilization of renewable energy)

- ERP start-up funds: (for young technological companies)
- ERP investment programs: (for established medium-sized enterprises)

www.kfw-mittelstandsbank.de

www.kfw-foerderbank.de

Note:

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