

Incentive Programmes



SUPPORT FOR COMPANIES LOCATING

– IN HAMBURG Hamburg has a centralized agency for companies seeking information and support with respect to incentive programmes, subsidies and public funding. The specialised ‘Public Funding Consultants’ (‘Förderassistenten’) at the Hamburg “Mittelstandsförderinstitut” (MFI – Institute for the Assistance of SMEs in Public Funding Issues) comprehensively advise companies in all questions relating to this topic.

The “Mittelstandsförderinstitut” (MFI) is a service network for companies. It concentrates the activities of more than a dozen Hamburg-based institutions supporting businesses and start-ups with public funding, incentive programmes, seed or equity capital, loan guarantees and consulting services.

The MFI Public Funding Consultant (‘Förderassistent’) is the main contact for small and medium-sized enterprises and start-ups in Hamburg with regard to incentive programmes, subsidies and public funding. The Public Funding Consultant is intimately familiar with the existing programmes, advises companies which programmes to choose and establishes contact with the funding bodies. This enables businesses to find the most suitable programme for their venture and assess the chances of an application in a realistic and timely manner. The MFI project was initiated and masterminded by the Hamburg Innovation Trust (‘Innovationsstiftung Hamburg’). The following incentive programmes have proven particularly successful for companies locating in Hamburg:

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PROGRAMME TO PROMOTE THE QUALIFICATION OF EMPLOYEES – IN NEW JOBS

(Hamburg Ministry of Economic and Labour Affairs) Strengthening the competitiveness of growing companies and safeguarding jobs were the motivating factors for the Hamburg Ministry of Economic and Labour Affairs (Behörde für Wirtschaft und Arbeit) in creating the Employee Qualification Programme. The programme was designed for companies with headquarters or branch offices in Hamburg whose intention it is to create or preserve jobs in the metropolitan region. The programme is also an incentive for companies planning to set up in Hamburg. Support is provided for the training of employees who were without a job or threatened by lay-offs prior to being hired. In addition, companies are eligible to apply if the dismissal of at least 20 staff members or 10 per cent of the core workforce is imminent. In this case the qualification measures must aim to permanently secure the threatened jobs or avoid layoffs by transferring personnel to new positions. Support for training is tied to specific jobs and individuals who must hold an open-ended employment contract with the company amounting to at least 15 working hours per week and who must be listed by name in the application for the programme. Support is granted for professional development pertaining to a newly created job or to a position which will be sustained by the qualification measures.

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Support Related to Individuals

The duration of training may not exceed six months per individual employee. Programmes leading to a (general) vocational qualification or master craftsman's diploma are not eligible for support. Likewise, professional training already funded by other sources cannot be considered. Depending on their size, companies will receive up to EUR 3,000 per sponsored employee.

Funds are disbursed upon completion of the measure. Apart from company size, the amount of the allocated funds is based on a consideration of the training measure's degree of specificity:

Will the training received be of use to the employee in the event of a change of employer at a later date? Or is it focused on very specific requirements found only at the present place of work? Most companies apply for the universal type of support, which is also granted preferentially over the specialized type.

- Funding body: Hamburg Ministry of Economic and Labour Affairs
- Maximum of EUR 3,000 per sponsored employee
- Grant for qualification measures: Small and medium-sized enterprises (SMEs) up to 70% of total cost, large corporations up to 50% of total cost

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PROGRAMME FOR INNOVATION ('PROFI') of the Hamburg Ministry of Economic and Labour Affairs. The Programme for Innovation ('Profi') addresses research and development activities by enterprises, including cooperation projects with public research institutes. Applications may be submitted by individual companies, jointly by several enterprises, and also by companies cooperating with public research institutes. The programme is open to all industry sectors and promotes application-oriented research and development projects designed to significantly improve products, processes or services. The core fields are mechanical engineering, electronics, crafts, IT, logistics and the maritime industry.

Industrial Research and Experimental Development

The 'Profi' programme focuses on two areas: industrial research and experimental development. Industrial research is defined as ventures aiming to gain new knowledge and skills to be subsequently applied in the development or optimization of innovative products, processes or services. Supported projects can have the objective of examining the feasibility of concepts, ideas or results produced by fundamental research. Experimental development comprises projects geared to the development of products or services based on existing scientific findings or research results, with the goal of producing a structural design, prototype or demonstrator unit. Feasibility studies are also eligible, whereas projects concerning fundamental research are not. The amount of the grant is partly based on company size.

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The programme also provides funds for patent in-licensing costs. SMEs with up to 250 employees typically receive up to EUR 250,000 for a project. Bigger corporations are supported with up to EUR 500,000, in exceptional cases funding can amount to a maximum of EUR 1 million.

Application Procedure

The main criteria for approval are the innovation's practical viability and market prospects, as well as the number and longevity of the jobs created by the project. The first step for companies seeking funding is to submit a project outline to the Hamburg Innovation Trust (Innovationsstiftung Hamburg). A personal meeting will be held to discuss such aspects as market opportunities, timeframe and expected costs. The Hamburg Innovation Trust will review the formal application and present it to the awarding committee which will then make a recommendation in favour of or against the request for support. The final decision on the granting of funds lies with the Ministry of Economic and Labour Affairs. The entire process requires eight to twelve weeks.

- Funding body: Hamburg Innovation Trust (Innovationsstiftung Hamburg), financed by the Ministry of Economic and Labour Affairs
- Support for SMEs and larger corporations, also for cooperation projects with research institutes and universities
- Project areas: Industrial research, experimental development or feasibility studies

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DEVELOPMENT PROGRAMME OF THE **HAMBURG INNOVATION TRUST** (Innovationsstiftung Hamburg)

– **Support for Research-Intensive Technology Projects.** Supporting technology firms developing research-intensive and highly innovative products, processes or services is the objective of this programme, issued exclusively for SMEs by the Hamburg Innovation Trust (Innovationsstiftung Hamburg). It ensures that projects are implemented even if they bear high risks. If a concept proves viable and marketable, it will create and sustain jobs in the supported company.

Eligible for Support: Research, Development and Feasibility Studies

With this programme, the Hamburg Innovation Trust promotes industrial research and experimental development. Supported projects may comprise both phases. The aim of industrial research is the development or optimization of innovative products, processes or services. Sponsored industrial research projects examine concepts, ideas or findings resulting from fundamental research in terms of their technical or scientific feasibility. The object of experimental development is the utilization of existing research results and scientific findings to develop a structural design, prototype or demonstration unit. The need to reliably assess a project's practicability may call for a feasibility study, which is also eligible for support. Applications can be submitted by companies from any industry sector or technological field.

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The majority of funds are granted for IT, communication technology and life science projects. Support is also possible for the development of knowledge-intensive services. Examples of such innovations are found in trade, telecommunication, the health sector, tax and management consulting and many other fields.

Competent Support Throughout the Application Process

The Hamburg Innovation Trust will typically contribute EUR 200,000 to 700,000 to supported projects. The average funding rate is approximately 40 per cent. The exact rate is determined by the current stage of development of the planned product, process or service.

The Hamburg Innovation Trust supports entrepreneurs in all phases of the application process. For example, if a venture still lacks mature planning, the company will be supported in fully developing the concept and receive valuable assistance to highlight the elements that are relevant for the awarding of funds.

- Funding body: Hamburg Innovation Trust (Innovationsstiftung Hamburg)
- Approx. EUR 2 million annually to support both newly formed as well as already established innovative companies
- Funding for highly innovative projects with particularly extensive research requirements, also in cooperation with scientific institutes and universities

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OTHER INCENTIVE PROGRAMMES Other incentive programmes/ support schemes which may be of interest for companies setting up in Hamburg include:

Life Sciences Programme of the Hamburg Ministry of Science and Research

The programme supports research and development projects in the field of life sciences implemented by SMEs in cooperation with other companies and/or universities.

- Target group: Small and medium-sized enterprises (SMEs) and innovative start-ups in Hamburg
- Industry sectors: Life sciences
- Funding: The grant amount typically ranges from EUR 100,000 to 500,000, the average funding rate is 40%.

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Programme for Energy and Innovation of the Hamburg Ministry of Urban Development and the Environment

This programme promotes the development of products or production techniques for the generation or transformation of energy or, alternatively, products, services and processes which will save resources or energy when practically applied.

- Target group: SMEs and innovative start-ups in Hamburg
- All industry sectors, with a focus on projects in the field of renewable energies
- Funding: The grant amount typically ranges from EUR 100,000 to 500,000, the average funding rate is 40%.

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Financing and Consultancy for Very Young Technology Companies (MAZ level one GmbH)

As an accredited coach for the “High-Tech Gründerfonds” (High-Tech Start-Up Fund), MAZ level one GmbH supports start-ups in their search for first-round financing through the “High-Tech Gründerfonds” – which may include stepping in as a side investor.

- Target group: Very young technology firms, particularly university or research facility spin-offs
- Industry sector: Preferably companies in the fields of natural sciences or engineering, photonics, micro, nano or information technology, as well as biotechnology and life sciences
- Support granted: Comprehensive support services plus financing (EUR 250,000 to 550,000 per company) provided jointly with the “High-Tech Gründerfonds” provided that a share in the company is offered in return

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Equity Capital from BTG Hamburg

BTG Hamburg is the Free and Hanseatic City of Hamburg's venture capital company for the SME sector (Mittelständische Beteiligungsgesellschaft) which supports Hamburg-based companies and start-ups with equity capital products:

- Venture capital for Hamburg-based companies and start-ups
- Equity capital for very young technology enterprises in cooperation with partner company, MAZ level one GmbH

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Loan Guarantees from Bürgschaftsgemeinschaft Hamburg

Bürgschaftsgemeinschaft Hamburg (Hamburg Society for the Provision of Loan Guarantees) provides default guarantees for small and medium-sized enterprises (SMEs). For the most part these are companies with less than 250 employees and an annual sales volume of up to EUR 50 million, or a balance sheet total of up to EUR 43 million.

In case you are interested in the funding options provided by these incentive programmes, please contact your project manager at HWF Hamburg Business Development Corporation. The project manager will put you in touch with the MFI Public Funding Consultants and all other relevant contacts.