

You are here: [English Homepage](#) > [Loans](#) > [The individual loan programmes](#) > [ERP Innovation Programme \(Loan Variant\)](#) > Financing conditions

Financing conditions

Who is eligible? What may be financed? Financing share and maximum amount, liability and collateral

Who is eligible?

Applicants planning to introduce an innovative product, process or service in Germany or to participate significantly in its introduction into the market. The applicant must have contributed significantly to the development of the innovation.

R&D phase

- Self-employed professionals and enterprises whose annual turnover usually may not exceed EUR 125 million
- Larger enterprises with an annual turnover of up to EUR 500 million if their innovation is new to Germany

The turnover of associated companies is counted as well.

Market introduction phase

Self-employed professionals and enterprises that meet the SME criteria of the EU

Exception: public investment companies, venture capital firms and institutional investors

Financing may be provided during the market introduction stage regardless of whether funds were provided during the R&D phase.

What may be financed?

R&D phase

- Individual personnel costs, overheads, travel expenses, costs of materials and computers attributable to the project
- Individual costs of R&D assignments and of consulting services and similar services
- Investment costs relating to the innovation project
- Costs that are required for the further development and improvement of the investment based on experience gained in the course of commercial use
- Quality assurance measures

The R&D phase also includes the construction of a first prototype, the implementation of demonstration and pilot projects and the production of items or the implementation of processes aimed at gathering

information about usage properties, quality problems and user needs. The R&D phase ends with the start of commercial production.

Market introduction phase

- Costs of management consulting
- Training of staff
- Market research
- Market information relating to the new product, process or service
- Investments relating to the market introduction, e.g. machinery, first warehouse, buildup of a sales division

The phase of introduction into the market ends not later than three years after the start of commercial use.

Financing excludes the consolidation of existing loans and ex-post financing for projects which have already been completed.

Financing share and maximum amount

R&D phase

Up to 100% of the eligible costs but not more than EUR 5 million per project

Market introduction phase

- Up to 80% in eastern Germany and Berlin but not more than EUR 2.5 million per project
- Up to 50% in western Germany but not more than EUR 1 million per project

Collateral

Customary bank collateral. Together with your bank you will agree on the type and volume of collateral during the loan negotiations. The particular risk situation of innovations may be reasonably taken into account.

Exemption from liability

As the financing of research and development is fraught with risk, KfW Mittelstandsbank participates in the risk by granting the on-lending credit institution an exemption from part of the liability. It also grants the credit institution a right of first satisfaction from the collateral, which means that in the event the enterprise fails, proceeds from the realisation of the collateral will first be used to satisfy the claims of the credit institution. This procedure is intended to make it easier for the enterprises to obtain the KfW loans.

Credit institutions may be exempted from part of their liability as shown below:

- 60% for loans to enterprises with an annual turnover of up to EUR 5 million
- 50% for loans to enterprises with an annual turnover between EUR 5 million and EUR 50 million

- 40% for loans to enterprises with an annual turnover between EUR 50 million and EUR 125 million

If the turnover of the financed enterprise exceeds EUR 125 million the on-lending bank assumes the full primary liability for the loan.

Combination with other programmes

A combination with other financing programmes is possible as long as the limits established by the European Union for business assistance are not exceeded. In the event of a combination with the Equity Variant of this programme the maximum financing amount is EUR 5 million.

Further Information

- ["SME Definition" \(PDF, 225 KB, non-accessible\)](#) (in German only)
- [Information sheet](#)