

3.9 Start-up funding for young entrepreneurs

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Entrepreneurs have access to a comprehensive range of support services during the start-up phase.

Access to information

The federal government (Bund) and the states (Länder) fund advisory services for start-ups (and company takeovers). The federal government funds the start-ups after launch, the states fund the pre-launch phase. The competent ministries are, at federal level, the Federal Ministry for Economic Affairs and Energy ([Bundesministerium für Wirtschaft und Energie](#), BMWi) and, at federal state level, the respective ministries in charge of economics and entrepreneurship.

Chambers of commerce and industry (Industrie- und Handelskammern), chambers of trades and crafts (Handwerkskammern) and local business development organisations (kommunale Wirtschaftsförderer) also offer extensive advisory services to young people and adults alike.

BMWi runs a number of portals with information for start-ups. These services are also aimed at young entrepreneurs.

- www.foerderdatenbank.de – funding database and tips on support for start-ups
- www.existenzgruender.de – comprehensive information about starting a business and contact details for public bodies and institutions offering start-up advice
- www.existenzgruenderinnen.de – information for young female entrepreneurs
- www.exist.de – scheme providing support for university- and research-based start-ups in the early phase
- gruenderplattform.de/ – guide to finding the right public bodies and authorities with information about the formalities of starting a business
- www.nexxt-change.org – partner-run platform to match business owners interested in succession with young entrepreneurs

- <https://efre-bw.de/wirtschaft-4u/> by BMWi specifically for children, adolescents and school pupils - information about starting a student-run business (Schülerfirma)

Links to further information

- BMWi GründerZeiten booklet, issue 06: Financing start-ups ([Existenzgründungsfinanzierung](#))
- BMWi GründerZeiten booklet, issue 28: Start-ups – Financing and venture capital ([Start-ups: Finanzierung und Wagniskapital](#))
- Information about start-up activities in Germany in the 2020 Start-up report ([Gründungsmonitor 2020](#)) of KfW (Kreditanstalt für Wiederaufbau) banking group

Access to capital

The federal government contributes to consulting costs for existing young enterprises, businesses, and businesses in difficulty with grants under the “promoting entrepreneurial know-how” scheme ([Förderung unternehmerischen Know-hows](#)). The scheme is co-financed by the European Union’s European Social Fund (ESF). The federal states help with the cost of advisory services and/or provide free start-up advice for the pre-launch phase.

BMWi has various funding schemes for young entrepreneurs and start-ups. These include:

- EXIST scholarship scheme for start-ups ([Gründerstipendium](#)): a nationwide support scheme for innovative start-ups from universities and other research institutions during the early phase of development.
- ERP start-up loans scheme ([Gründerkredit](#)): low-interest loans for business and freelance start-ups and young enterprises for up to five years after launch.
- Digital innovations competition ([Gründerwettbewerb Digitale Innovationen](#)): supports innovative start-ups in the ICT industry.
- INVEST contribution to venture capital ([Zuschuss für Wagniskapital](#)): income tax-exempt venture capital grant for private investors (business angels) who invest in innovative young start-ups and keep their stake for at least three years.

[Deutsche Börse Venture Network](#), established in 2015, is based on a BMWi initiative that called a round table to discuss financing for young enterprises. The network matches young, fast-growing enterprises with international investors to help the young businesses finance their growth effectively and build a broad network of contacts.

BMWi also funds a business angels network in Germany ([Business Angels Netzwerk Deutschland e.V.](#)), an umbrella association of German private investors, or business angels, who provide equity to fund young enterprises. Besides contributing to the companies’ venture capital, under the scheme a business angel assists the start-up with their expertise. Often, business angels become investors in the company in question. They may also become silent partners. Another frequently used option is a convertible loan that can be converted to an investment at a later stage.

Example at federal state level

The state of Brandenburg (Ministry of economics and energy/Ministerium für Wirtschaft und Energie) runs a

programme called [Meistergründungsprämie Brandenburg](#) that is aimed specifically at entrepreneurs holding a master craftsman's or equivalent foreign qualification to assist them in starting up their own firm or taking over an existing craft business. They receive a one-off grant.

Access to EU funding programmes

Germany is eligible for the European programme for Employment and Social Innovation (EaSI)'s [Guarantee Financial Instrument](#) for microfinance and social entrepreneurship. As of 31 August 2020, no projects from Germany have received funding under the programme).