



Federal Office
of Economics
and Export Control
BAFA

Promotion of Small and Medium-Sized Enterprises

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Promotion of Small and Medium-Sized Enterprises

One of BAFA's main tasks in the promotion of economic development is to provide assistance to the small and medium-sized companies with the aim to strengthen their competitiveness. At the same time a contribution is to be made to the employment policy by increasing the readiness to business start-ups and to facilitate the adaptation to structural changes.

For this purpose, the following promotion programmes and individual assistance projects were launched by the federal government; BAFA makes a considerable contribution to their putting into practice.

An important task is the **promotion of advisory services and training**. Financial aid is granted for start-up counselling and general advisory services, e.g. issues of business management, adjustment to new competitive conditions and environmental protection. Furthermore, assistance is granted for information and

training courses above company level with the aim to improve the productivity of already existing companies or to give information about business start-up. Since 01 January 2005 the European Social Fund (ESF) has co-funded the federal programmes.

In order to improve the market and export chances of German companies, the Federal Ministry of Economics and Technology organises, in cooperation with BAFA, the **federal participation in trade fairs and exhibitions abroad** where especially small and medium-sized companies can take part with common exhibition stands.

The programme **Participation in Trade Fairs within the Export Initiative "Renewable Energies"** offers the possibility to interested German companies in this sector to participate in specific trade fairs at home and abroad.

The **Foreign Chambers of Commerce undertake projects in the field of renewable energies** in order to further support the export activities of German companies.



German Presentation at the CeBIT, Shanghai



Airviews of the Berufsbildungs- und Technologie-Zentrum Rohr-Kloster (Vocational Training and Technology Centre).

In this field BAFA deals with the individual project applications and the overall application of the Association of German Chambers of Industry and Commerce (DIHK).

The **Marketing Promotion Programme** is to support the small and medium-sized companies from the new laender in their foreign trade activities to open up new markets. Apart from country-specific foreign trade consultation, the assistance measures focus on the deliberate acquisition and mediation of foreign business partners.

The new **ERP start-up fund** – the successor of the “**Technology Participation Programme**” (BTU) which expired in 2004 – provides equity funds for small technology-based firms together with a private investor to finance innovation projects. If the investing company goes into default the government would bear part of the deficiency payment effected by out-of-court arrangement. BAFA sees to it that the government’s interests are safeguarded in those out-of-court arrangements.

Furthermore, BAFA is in charge of important

individual tasks of the BMWi’s promotion of the small and medium-sized companies.

For instance, the **Institut für Mittelstandsforschung** (Research Institute for Small and Medium-Sized Companies) receives annual financial assistance in order to be able to fulfil its task to investigate the situation, development and problems of the small and medium-sized companies.

In addition, BAFA supports the work of the **Rationalisierungs- und Innovationszentrum der Deutschen Wirtschaft e. V. (RKW)** (Rationalisation and Innovation Centre of German Industry) and of the **Arbeitsgemeinschaft für wirtschaftliche Verwaltung (AWV) e. V.** (Work Group for Economic Administration) by giving annual grants.

The **Deutsche Zentrale für Tourismus e. V.** (Central Tourism Office) receives grants to support its activities aimed at the promotion of tourism, especially international and national placement of Germany as an attraction for tourists.

By promoting the **projects of the Deutsches Seminar für Tourismus e. V. (DSFT)** (German Seminar for Tourism) being a central, branchrelated and inter-company educational institute, the further training of professional and managerial staff in all branches of tourism is assisted.

In order to increase the productivity of small and medium-sized companies, BAFA grants financial assistance from BMWi' s funds to **cooperation meetings** held between **technical service companies and innovative firms** with partners and research institutes from Central and Eastern Europe organised by several project sponsors on behalf of the government.

As part of a project promotion BAFA supports the activities of the Deutsche Seminar für Städtebau und Wirtschaft (DSSW) (German Seminar for Urban Development and Economy) by annual grants from BMWi' s funds to contribute to the **revitalisation of East German town centres**.

Together with the laender and the Zentralverband des Deutschen Handwerks (Central Association

of German Handicrafts), the government, through BAFA, participates especially in the maintenance of the **Deutsches Handwerksinstitut (DHI) e. V.** (German Handicrafts Institute) in order to **increase productivity in handicrafts**. Its purpose is to conduct scientific studies on specific issues, mainly in the economic and technical area, in order to promote German handicraft trades.

One of the projects supported by BAFA is the modernisation and restructuring of **vocational training centres above company level** serving the further education and training. Assistance is granted to vocational training centres in the craft trades in the Federal Republic as a whole as well as trade and industry of the new laender. Of special importance in this respect is the further development of the vocational training facilities to become **centres of proficiency** by the help of which the potential and innovative ability of small and medium-sized companies is to be increased. In addition, the project is funded by the land where the training centre is based, the Federal Institute for Vocational Training in accordance with its assistance terms, and



Chamber of Commerce of Halle-Dessau



Interreg III B North Sea Programme: Project Watercity International II at Emden, Stigt Schreyershoek (wooden stairs)

the respective educational facility.

Furthermore, BAFA gives annual grants to the **Federal Award for Outstanding Innovation Results** on the occasion of the International Handicrafts Fair in Munich as well as to the annual Competition of the Young Handicraftsmen on national level organised by the **Stiftung für Begabtenförderung im Handwerk** (Foundation for Talents Promotion in Handicrafts) and the **International Professional Competition** organised every two years.

In the case of the German industrial film award sponsored by the Federal Ministry of Economics and Technology, BAFA functions as an agency for the annual competition. The aim is to assist German short films dealing with issues of the modern industrial and service society in the Federal Republic of Germany.

BAFA also participates in the presentation of the **German Shoe and Leather Award** given as an incentive to increase the efficiency and competitiveness of the predominantly small and medium-sized German shoe and leather ware producers.

In 2005 the new federal assistance programme **“Innovative shipbuilding guarantees competitive jobs”** entered into force. In accordance with the guidelines German shipyards may apply for conditionally repayable grants to cover their expenses for investments, design, engineering and testing. These expenditures must result directly from the industrial application of innovative products and procedures in shipbuilding which are new or much better than the usual technological level and bear the risk of technical or industrial setbacks.

Apart from the promotion of small and medium-sized companies, BAFA administers other economic and political measures:

In accordance with the provisions of the **film promotion law**, BAFA issues certificates for cinema films which are the prerequisite for film producers to get financial assistance by the Film Promotion Agency. BAFA is also responsible for the recognition of coproductions made on the basis of international film agreements. BAFA issues certificates of origin for the

utilization of film rights abroad.

On the basis of a **NATO Security Investment Programme** funded by all NATO states, BAFA publishes invitations to tender concerning projects carried out in a foreign NATO state. Besides this, it decides whether companies, which are established in a NATO country and want to participate in the bid, are qualified for the project's implementation.

In addition, BAFA is the accreditation agency and responsible for granting the attestation and certifying agencies the authority to check the procedures and methods of awarding contracts and issuing certificates within the area of application of the EEC Guideline 93/38.

Within the framework of the **EU Regional Development** BAFA is acting as the „paying authority“ of the government in assisting projects under the **European Regional Development Fund (ERDF)**. It is involved in the flow of payments to the laender responsible for the projects, in the assessment of financial data for the ERDF and the exchange of data relevant for structural funds between the Commission and the laender.

BAFA was also assigned tasks of **EU finance control**. It includes to check the correctness of project accounting, the eligibility of the whole project costs and the compliance with the relevant EU provisions. In addition, the project's purpose is controlled.

The aim of the audits is to check 5% of the total expenses within a given assistance period.



Trade Fair Tower Frankfurt am Main

INTERREG IIIC

Approximation of European regions

BAFA compiles the **Statistics of the Joint Task "Improvement of the Regional Economic Structure" (JT)**. The purpose of the JT is to promote projects undertaken in structurally weak regions by the manufacturing industry as well as related infrastructure which strengthen the economic competitiveness and create new or secure jobs. On behalf of the all the laender, BAFA records all JT projects eligible for promotion. The statistics show for each promoted investment project the funds granted by the federal government and those granted by the laender governments, they also show the regional and structural distribution of the funds. The main purpose of the statistics is success analysis.

By **indexation control** BAFA makes an important contribution to the maintenance of **stable prices**. **Price clauses** operating automatically to safeguard the value of pecuniary debts enhance inflationary tendencies. For this reason, their agreement is generally prohibited in most areas of the legal system. Exemptions to the indexation ban are especially possible in longterm contracts. In these cases it is possible to link the amount of pecuniary debts to an index. BAFA decides upon application whether such clauses may be authorised in an individual case. The licensing procedure does not apply to longterm commercial lease contracts; in such cases the stable value index clause shall be considered authorised by law under certain conditions.

In the field of **consumer protection** in public health, BAFA took over tasks arising from the Law on Foodstuffs and Articles Required for Human Needs (LMBG). It declares its agreement with exceptional rules and general orders referring to foodstuffs and articles required for human needs that have not yet been permitted in German. BAFA has to assess the economic aspects of the exceptions and, in particular, consider possible consequences for the competitive position of German manufacturers.

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