



# SUPPORT MECHANISMS FOR INTERNATIONAL HYDROGEN PROJECTS BY THE GERMAN GOVERNMENT

To support German and foreign companies that wish to implement hydrogen projects, the German government offers a variety of helpful measures. These can be direct funding schemes, as well as de-risking instruments and overarching support for entering new markets. The following overview provides informational guidance and can be used as a decision guide for finding the most suitable funding or support opportunity.



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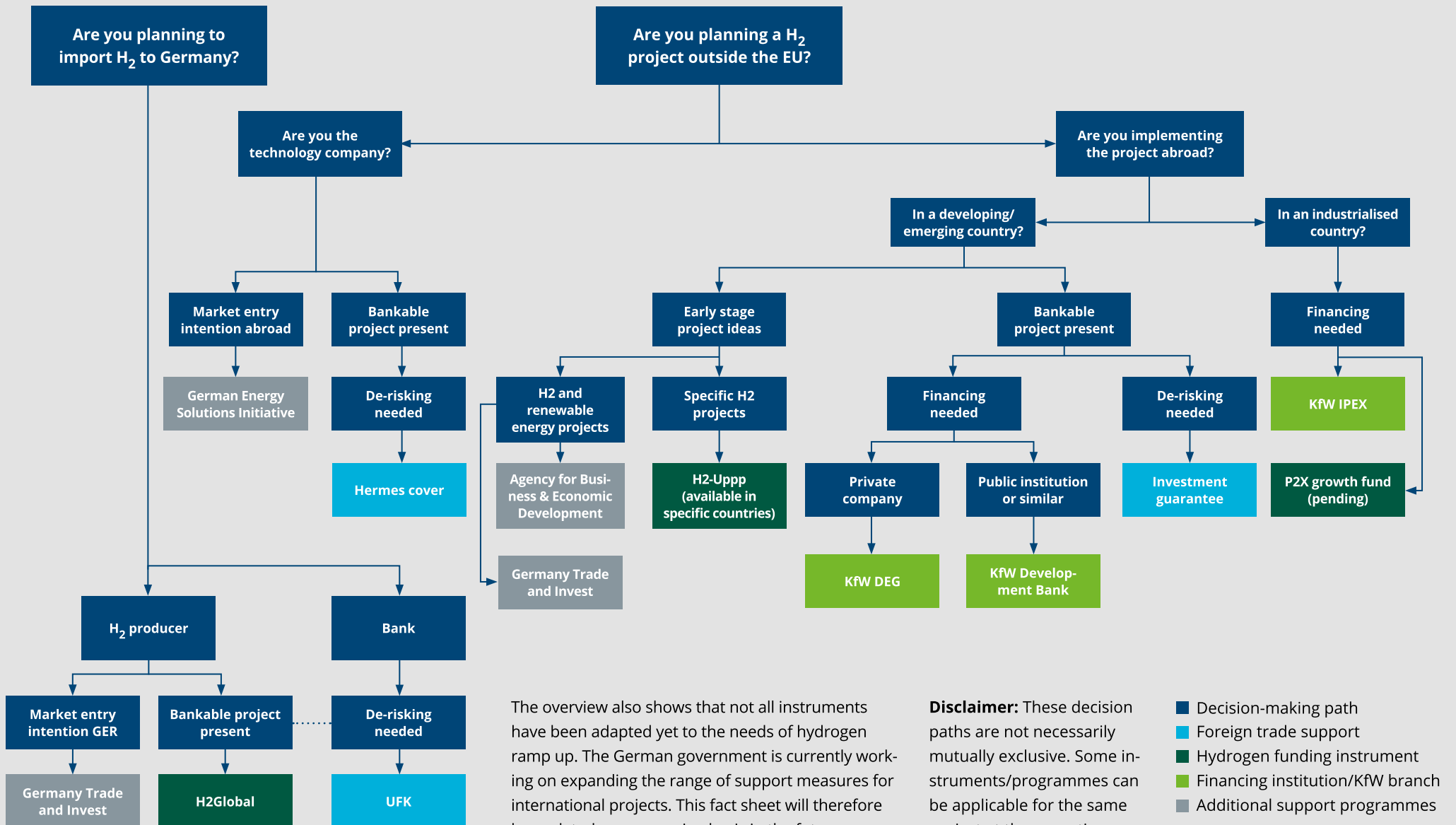
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# Decision guide for Germany's hydrogen support mechanisms



# Promotion of foreign trade and investment

## Investment Guarantees

Type of instrument	Investment cover against political risks, not a funding instrument or subsidy
Eligible applicants	German citizens, companies and banks
Scope of application	Cross-sectoral approach, both industry and services Limited to developing, emerging and transition countries
Requirements, e.g. <ul style="list-style-type: none"> <li>• Project state/maturity</li> <li>• Project size</li> <li>• Financing plan/Bankability</li> </ul>	<p>Long-term investments abroad (e.g. foreign subsidiaries and branches for plant locations) via equity investments, equity-like loans and similar project structures</p> <p>Positive (economic) effects on host country and Germany Compliance with environmental and social standards based on World Bank criteria</p> <p>Fully mature projects with complete business plan No restriction in size</p>
Scope of cover <ul style="list-style-type: none"> <li>• Overall instrument</li> <li>• Per project and investment</li> </ul>	<p>Guarantee portfolio of 28.3 billion euros in total (30.6.2021) Designed to protect direct investments of German companies in developing, emerging and transition countries Duration of up to 20 years Refund of 95% of the covered investment amount in the event of war, expropriation, expropriation-like acts (e.g. non-fulfilment of purchase agreements by public sector entities or breach of public payment commitments) or other political risks</p>
Evaluation, e.g. <ul style="list-style-type: none"> <li>• Flexibility/Formalisation</li> <li>• Influence on the economic viability</li> <li>• Influence on the refinancing conditions</li> </ul>	<p>Investment guarantees can help realise hydrogen projects in developing, emerging and transition countries by increasing creditworthiness, improving financing conditions and offering diplomatic support, but also add insurance costs (usually 0.5% p.a. of covered amount)</p> <p>It is intended to improve conditions for sustainable investments. Complementary use to Hermes cover generally possible</p>
Implementing organisation	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) on behalf of the German Government
Link	<a href="https://www.investitions Garantien.de/en">https://www.investitions Garantien.de/en</a>

## Export Credit Guarantees (Hermes Cover)

Type of instrument	Self-supporting cover, not a funding instrument or subsidy
Eligible applicants	Exporting companies, banks
Scope of application	Cross-sectoral approach, both industry and services No limited country selection

Requirements, e.g. <ul style="list-style-type: none"> <li>• Project state/maturity</li> <li>• Project size</li> <li>• Financing plan/Bankability</li> </ul>	Export of a German product Risk-adequate premium to be paid by guarantee holder Positive influence on hosting country and Germany Compliance with environmental and social standards based on World Bank criteria Economic efficiency comprehensively demonstrated Expectation of damage-free project progress proven
Scope of cover <ul style="list-style-type: none"> <li>• Overall instrument</li> <li>• Per project</li> </ul>	Total volume determined by federal budget law Up to 95% of the transaction volume, compensation equivalent to the covered claim
Evaluation, e.g. <ul style="list-style-type: none"> <li>• Flexibility/Formalisation</li> <li>• Influence on the economic viability</li> <li>• Influence on the refinancing conditions</li> </ul>	Open to different sectors including hydrogen 95% risk cover allows banks to grant longer lending periods Challenge: evaluation of project bankability for shorter-term contracts
Implementing organisation	Euler Hermes AG
Link	<a href="https://www.agaportal.de/en/exportkreditgarantien">https://www.agaportal.de/en/exportkreditgarantien</a>

## Untied Loan Guarantees (UFK)

Type of instrument	Self-supporting cover to support the external financing of raw materials projects abroad; not a funding instrument or subsidy
Eligible applicants	Primarily banks, but also private German companies
Scope of application	Cross-sectoral approach No limited country selection
Requirements, e.g. <ul style="list-style-type: none"> <li>• Project state/maturity</li> <li>• Project size</li> <li>• Financing plan/Bankability</li> </ul>	<p><b>I. Supply shortages of the raw material:</b> Supply to Germany is highly dependent on imports Price and supplier risks are prevailing and/or may arise in future Existing market structures impede the raw material supply to German offtakers Political interference and/or political measures impede the conclusion of offtake agreements (export restrictions, prohibitive export duties etc.)</p> <p><b>II. Use of raw materials in German industries:</b> High importance regarding the labour market of the Federal Republic of Germany Contribute to a sustainable macroeconomic and/or regional development Strategic importance for the macroeconomic development (e.g. future technologies)</p>
Scope of cover <ul style="list-style-type: none"> <li>• Overall instrument</li> <li>• Per project</li> </ul>	<p><b>List of products supported in the past:</b> Metals and metalloids: graphite, copper, lithium, magnesium, (ferro-) niobium, platinum group metals, rare earths, tungsten Energy commodities: natural gas + liquefied natural gas (LNG)</p>
Evaluation, e.g. <ul style="list-style-type: none"> <li>• Flexibility/Formalisation</li> <li>• Influence on the economic viability</li> <li>• Influence on the refinancing conditions</li> </ul>	Can help realise imports of hydrogen and derivatives such as ammonia → (Green) Hydrogen should be explicitly designated as eligible for cover
Link	Euler Hermes AG

# H2 funding instruments

## H2Global

Type of instrument	<p>Auction-based mechanism for the procurement of green hydrogen or its derivatives for a fixed procurement volume. The product quantity is determined in the competitive process.</p> <p>Contracts for Difference (CfD) approach: difference between supply prices abroad and demand prices in Germany and the EU will be compensated by grants from the German government</p>
Eligible applicants	<p>Supply side: project bidding consortia of green hydrogen and its derivatives</p> <p>Demand side: industry, transport and energy sector in Germany</p>
Scope of application	Renewable green hydrogen and its derivatives (PtX products), such as ammonia, methanol and power-based sustainable aviation fuels
Requirements, e.g. <ul style="list-style-type: none"> <li>• Project state/maturity</li> <li>• Project size</li> <li>• Financing plan/Bankability</li> </ul>	<p>Priority given to PtX products as logistics for transport (ship, rail and road haulage) are more mature, long-distance hydrogen pipelines still to be built</p> <p>Compliance with environmental and social standards and proof of sustainability of the product including renewable electricity sources</p> <p>Risk management for projects still to be determined</p>
Scope of cover <ul style="list-style-type: none"> <li>• Overall instrument</li> <li>• Per project and Investment</li> </ul>	<p>German government to provide 900 million euros in funding to enable at least three larger hydrogen production facilities during a ten-year period = 90 million euros annual volume on average; for future bidding rounds the funding will be raised according to the 2023 German draft budget.</p> <p>Hydrogen Intermediary Company GmbH (HINT.CO) concludes long-term purchase contracts (HPA of 10 years) on the supply side and short-term sales contracts (e.g. 1 year), Hydrogen Service Agreements (HSA), on the demand side</p>
Evaluation, e.g. <ul style="list-style-type: none"> <li>• Flexibility/Formalisation</li> <li>• Influence on the economic viability</li> <li>• Influence on the refinancing conditions</li> </ul>	<p>Competition-based double auction mechanism instead of fixed feed-in tariffs allows for sufficient degree of flexibility. Could benefit from expected increases in market prices for substitute goods thanks to short-term sales contracts</p> <p>Public funds required to compensate the price difference may decrease over the funding period due to expected increases in market prices for substitute goods</p> <p>Functioning of H2Global limited by expansion of transport infrastructure</p> <p>Transparent criteria needed for procurement procedure, to ensure non-discriminatory selection of bidding countries and compliance with sustainability standards</p> <p>As with hydrogen production in general, important to ensure additional RES use to prevent lack of RES needed for green electricity market</p>
Implementing organisation	H2 Global Foundation & HINT.CO
Link	<a href="https://www.h2-global.de/">https://www.h2-global.de/</a>

## H2-Uppp

Type of instrument	Development and funding instrument for identifying green hydrogen and power-to-X projects in foreign markets with German companies <b>Target countries:</b> Mexico, Brazil, Chile, Morocco, Algeria, Tunisia, Egypt, South Africa, India, Thailand, (Ukraine) and Colombia, Argentina, Uruguay, Nigeria, Namibia, Turkey
Eligible applicants	Companies from the private sector located in Germany and Europe including consortia and involvement of local companies in the target countries
Scope of application	Supporting market introduction of green hydrogen and power-to-X applications in cooperation with the private sector: several activities to create the ground for a hydrogen market in the country and to realise <b>public-private partnerships (PPP)</b> Providing training and capacity building formats to increase technical and regulatory competence on the partner side Identifying hydrogen-related (cooperation) projects and enabling them through PPP approaches with German/EU companies Providing technical studies and business case analysis along the hydrogen value chain in various sub-sectors
Requirements, e.g. <ul style="list-style-type: none"> <li>• Project state/maturity</li> <li>• Project size</li> <li>• Financing plan/Bankability</li> </ul>	Early-stage projects supporting market ramp-up No specific requirements for project size Project must be developed in accordance with programme-specific sustainability standards
Scope of cover <ul style="list-style-type: none"> <li>• Overall instrument</li> <li>• Per project and Investment</li> </ul>	PPP along the entire hydrogen value chain can be supported with two different agreements: <b>I. Cooperation agreement of up to 2 million euros:</b> no financial resources flow to the EU/German partner company, agreed measures financed and implemented by GIZ as the public partner and the partner companies <b>II. Service contract of up to 200,000 euros:</b> financial compensation for pre-determined services of private partner companies In both cases the company itself must contribute at least 50% of the project costs with a duration of up to 3 years
Evaluation, e.g. <ul style="list-style-type: none"> <li>• Flexibility/Formalisation</li> <li>• Influence on the economic viability</li> <li>• Influence on the refinancing conditions</li> </ul>	Potential to provide tailor-made German expertise Positioning of German technology/companies in foreign markets Limited to selected target countries with specific funding requirements Strong support for market development in difficult market environments possible Applicable already in the idea and conception phase
Implementing organisation	GIZ in cooperation with the German Chambers of Commerce Abroad (AHK)
Link	<a href="https://app.leverist.de/en/opportunities/call-for-proposals-h2-uppp-promotion-of-green-hydrogen-and-its-derivatives-in-emerging-and-developing-countries">https://app.leverist.de/en/opportunities/call-for-proposals-h2-uppp-promotion-of-green-hydrogen-and-its-derivatives-in-emerging-and-developing-countries</a> <a href="http://www.giz.de/en/worldwide/107551.html">www.giz.de/en/worldwide/107551.html</a>

## P2X Growth Fund

Type of instrument	To support the efforts of German companies in the best possible way and to develop needs-based financing and funding instruments, the German Government is considering establishing a P2X growth fund. The fund is intended to achieve the greatest possible leverage of private capital for the market ramp-up and longer-term availability of funding
Eligible applicants Scope of application Requirements, e.g.	The design of the instrument is pending and will be added in a future version of the factsheet
Scope of cover	150–300 million euros (draft budget, might be raised in the future)
Implementing organisation	KfW
Link	<a href="https://www.bmwk.de/Redaktion/DE/Downloads/W/markt-konsultation-fuer-den-p2x-wachstumsfonds.html">https://www.bmwk.de/Redaktion/DE/Downloads/W/markt-konsultation-fuer-den-p2x-wachstumsfonds.html</a>



# Development and investment banks

## KfW IPEX

Field of activity	Project and corporate finance
Eligible applicants	Private companies
Core sectors	Export industry, infrastructure and transport, climate and environmental protection, securing the supply of raw materials
Requirements	Bankable projects with a completed feasibility study, profitability analysis, off-take agreements and complete project planning documents Project uses market-ready technology and is no longer in the development stage Requested foreign trade promotion instrument in high-risk countries mostly a prerequisite
Scope of grant/loan per project	Full as well as partial financing possible, financing conditions dependent on de-risking measures
Link	<a href="http://www.kfw-ipex-bank.de">www.kfw-ipex-bank.de</a>

## KfW DEG

Field of activity	Project and corporate finance in developing countries
Eligible applicants	Private companies
Requirements	Bankable projects with a completed feasibility study, profitability analysis, off-take agreements and complete project planning documents
Scope of grant/loan per project	Full as well as partial financing possible, financing conditions dependent on de-risking measures Project uses market-ready technology and is no longer in the development stage Financing of the non-covered project shares that cannot be financed by KfW IPEX possible
Link	<a href="http://www.kfw-ipex-bank.de">www.kfw-ipex-bank.de</a>

## KfW Development Bank

Field of activity	Financing in developing countries
Eligible applicants	Governments, public enterprises and commercial banks engaged in microfinance and SME
Requirements	Bankable projects with a completed feasibility study, profitability analysis, off-take agreements and complete project planning documents
Scope of grant/loan per project	Full as well as partial financing possible, financing conditions dependent on de-risking measures
Link	<a href="http://www.kfw-entwicklungsbank.de">www.kfw-entwicklungsbank.de</a>

# Additional measures to promote foreign projects and investments

## German Energy Solutions Initiative

Aim of the programme	Supports exports of comprehensive energy solutions
Eligible applicants	Small and medium-sized enterprises located in Germany
Type of support	<ul style="list-style-type: none"><li>• Information events and fact-finding visits</li><li>• Business missions abroad organised by bilateral chambers of commerce</li><li>• Support in consortium formation, since 2022 including five hydrogen projects per year, financed via H2-Uppp</li><li>• Flagship projects (RES) and exhibitions abroad</li><li>• Project Development Programme (PDP) for developing countries and emerging economies</li><li>• Further training programmes for foreign managers in the premarket phase</li><li>• Special trade fair programme</li></ul>
Link	<a href="http://www.german-energy-solutions.de">www.german-energy-solutions.de</a>

## Agency for Business & Economic Development

Aim of the programme	Advises on investments and sustainable projects in developing countries
Eligible applicants	Companies from the private sector located in Germany and Europe
Type of support	<ul style="list-style-type: none"><li>• Confidential, expert and free advice and cooperation possibilities with German Development Cooperation programmes: DEG &amp; GIZ and KfW Development Bank</li><li>• Promotional programmes: advice on open and sector-specific promotional programmes</li><li>• Financing solutions:<ul style="list-style-type: none"><li>◦ Development Investment Fund for Africa</li><li>◦ DEG and KfW programmes</li></ul></li><li>• Helpdesk on Business &amp; Human Rights: advice regarding the German law on due diligence in the international value chain</li><li>• Overview of participation for ongoing international tenders</li><li>• Networking: connection to associations and organisations and to German Development Cooperation programmes</li><li>• Database for funding programmes regarding developing countries</li></ul>
Link	<a href="http://wirtschaft-entwicklung.de">wirtschaft-entwicklung.de</a>

## Germany Trade and Invest (GTAI)

Aim of the programme	Supporting export promotion, recruiting and advising of foreign investors to Germany
Eligible applicants	German export-oriented SME (trade) Foreign businesses wanting to invest in Germany (invest)
Type of support	<ul style="list-style-type: none"><li>• Knowledge base for planning and conducting foreign business activities (trade)</li><li>• Investor consulting from market entry to locating in Germany (invest)</li><li>• Country-specific technical information on hydrogen activities, as well as early project information and calls for tenders</li></ul>
Link	<a href="http://www.gtai.de">www.gtai.de</a>

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