



## Press Release

### **Discussion paper on the expansion of sustainable infrastructure: in cooperation between the public and private sectors**

15 December - The German government's Sustainable Finance Advisory Committee (SFB) presents its latest discussion paper on financing the expansion of sustainable infrastructure in Germany. In view of advancing climate change, the Advisory Committee emphasises the increasingly urgent need to adapt public infrastructure and underlines the key role of municipalities and municipal companies in this process.

In the discussion paper, the Committee highlights the challenges involved in implementing infrastructure projects at municipal level and identifies possible areas of action to accelerate the realisation of sustainable projects. In doing so, both municipal self-administration must be preserved and financing capacities must be scaled.

A key concern of the Advisory Committee is the diversification of financing sources for the transformation of municipal infrastructure. It points to a supply gap in the area of equity financing and argues in favour of greater involvement by private investors. At the same time, it is expressly emphasised that this should not be equated with the privatisation of public infrastructure.

Both municipal players and institutional investors currently recognise significant barriers to investment. Municipal players are primarily challenged by a tight budget situation and complex administration. For institutional investors, the main obstacles to investment are the lack of standardised and scalable investment projects and an often unfavourable risk/return profile. Both players criticise the excessively long approval periods for new projects.

According to the discussion paper, the framework conditions for more sustainable infrastructure projects could be facilitated primarily through improvements in the following three areas:

1. legal and procedural framework conditions
2. equipment and funding for local authorities
3. investment conditions for private capital

The SFB invites stakeholders to intensify the debate on sustainable infrastructure development and to bring all relevant players together to jointly develop possible solutions

Matthias Kopp (WWF, head of the working group): *"We urgently need to step up the pace of the transformation of municipal infrastructure towards climate neutrality. We should therefore also be open to involving private partners with expertise and human resources. All projects must be measured by their success over their entire life cycle and a high degree of transparency through strict standardisation of contractual relationships is absolutely essential. The urgently needed acceleration*

*in the expansion of sustainable infrastructure requires results-focussed political coordination in and by the federal government, with the federal states and local authorities."*

Claus Stickler (Allianz Investment Management, contributor to the working group): *"There is a lot of talk about the need to bring public and private investors together to finance infrastructure investments. The key to this is efficient cooperation: the public sector, the real economy and the financial sector must work together quickly to develop practical project approaches. Once the first projects have been successfully implemented, the next step is to scale them up."*

The complete paper (in German only) can be viewed on the website of the Sustainable Finance Advisory Committee ([LINK](#)).

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#### **The Sustainable Finance Advisory Committee (SFB)**

The German Sustainable Finance Advisory Committee advises the German Federal Government on sustainability aspects in the financial system. Consisting of 34 experts from the financial sector, the real economy, civil society and academia, and supported by 19 observers, it acts independently. It supports the German Federal Government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on how to position themselves.

The SFB has written four discussion papers on the topic of "sustainable transformation financing", which deal with the central challenges and solutions for a sustainable transformation in various economic sectors. Against the backdrop of the German Federal Constitutional Court's ruling of 15.11.23 on the supplementary budget, the issue of (private) financing for the sustainable transformation of our economy will continue to be of enormous importance. The SFB's papers offer practical recommendations for small and medium-sized enterprises (SMEs), start-ups in the climate tech sector, industrial companies and the expansion of sustainable infrastructure in Germany.