



## Press release

### **13 recommendations from the Sustainable Finance Advisory Committee on financing the transformation: “Funding our tomorrow - How private capital makes the difference for Germany's transformation”**

November 2024 - The German government's Sustainable Finance Advisory Committee presents recommendations for financing the transformation to a resilient, competitive and sustainable economy.

Germany has the potential to sustain its position as an industrial nation in the future, but to do so, it must undergo a significant transformation of its current value chain. Germany must make significant investments in infrastructure, digitalization, and decarbonization to become a sustainable, competitive, and innovation-driven economy, as the general study situation clearly states. In Germany alone, approximately five trillion euros will be required by mid-century, with around two-thirds of this amount to be borne by the private sector.

Christian Heller, Co-Chairman of the Sustainable Finance Advisory Committee, states: *“We are undergoing the most fundamental change in our society and economy in 250 years. Innovation and competitiveness are the key for Germany to maintain our prosperity, social peace and democracy. Smart and reliable framework conditions are the prerequisite for successfully shaping the ongoing transformation.”*

In order to achieve this historic task, the multi-stakeholder panel has identified the requirements for effective and efficient regulation and has recommended concrete financing products for private investors who are interested in investing in the modernization of our economy. By doing so, the necessary private capital can be mobilized to leverage the collective opportunities presented by the ongoing transformation processes.

Silke Strelau, Chairwoman of the Sustainable Finance Advisory Committee, adds: *“A new federal government also faces the challenge of how to mobilize private capital for the climate-resilient modernization of our business location. We are making concrete and pragmatic proposals for this: from effective regulation to a transformation fund for Germany.”*

The Sustainable Finance Advisory Committee's proposals can be broadly categorised into four key areas:

1. **Standardization, consistency, and simplification** of sustainable finance regulation at the European and international levels to significantly increase the impact and efficiency of sustainable financing;
2. **Consistent alignment of lending and funding with standardized sustainability criteria** to increase Germany's competitiveness as a business location with fast and efficient financing of the transformation.
3. **Tax-privileged climate savings offers** for small investors and the establishment of a tax-incentivized **German Transformation Fund** for the participation of wealthy private investors in transformation financing.
4. **Intensifying cross-border cooperation** to create an internationally viable framework for financing the transformation to a fair and sustainable future.

There is an undeniable need to act expeditiously to address the transformation and to collaborate in shaping it effectively. Failure to do so will result in far greater societal disruption, environmental degradation, and economic repercussions than we are currently witnessing.

Change is always associated with opportunities for companies and economic growth. One thing is certain: it is not the “whether” that is decisive, but only the “how”!

The complete recommendations can be found on the [Website of the Sustainable Finance Advisory Committee](#).

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**The Sustainable Finance Advisory Committee**

The Sustainable Finance Advisory Committee (SFB) advises the German 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 government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on their positioning and the implementation and further development of sustainable finance guidelines.