



Deutschlandfonds – a booster for private investment

January 9, 2026

Authors

Ursula Walther
+44 203 281-4564
ursula.walther@db.com

Jan Schildbach
+49 69 910-31717
jan.schildbach@db.com

Editor

Robin Winkler

Deutsche Bank AG
Deutsche Bank Research
Frankfurt am Main
Germany
E-mail: marketing.dbr@db.com

www.dbresearch.com

DB Research Management
Robin Winkler

The recently launched Deutschlandfonds is a flagship project of the government to mobilise private investment in targeted sectors. The government will provide around EUR 30 bn, mostly in the form of guarantees, with a goal of stimulating total investments of around EUR 130 bn.

The fund brings together existing and new investment promotion programmes that cater to startups, manufacturing companies, and the utility sector. It has a clear focus on the energy sector to support the ecological transformation of the economy, but will also serve critical areas such as deeptech, AI, defence, and the automotive industry.

The Deutschlandfonds provides a welcome booster for private investment and will help to close existing financing gaps. Nevertheless, structural reforms remain key to reinvigorate investments across all industries.

The new Deutschlandfonds (“Germany fund”) went live shortly before Christmas. It is a flagship project of the government to mobilise private investment in German industry, the startup sector, and energy infrastructure. The fund complements the public investment offensive via the EUR 500 bn off-budget fund for infrastructure and climate neutrality, which is not primarily targeting the investment needs of German businesses. The government will provide approximately EUR 30 bn, mostly in the form of guarantees, with the goal of stimulating total investments of around EUR 130 bn.

What is new? Acting as a central platform, the Deutschlandfonds brings together existing and new investment promotion programmes that cater to startups, manufacturing companies, and the utility sector (Chart 1):

- In **startup financing**, the Zukunftsfonds is to be reinforced and complemented by two additional instruments. First, the “scale-up direct” facility allows the public development bank KfW to directly co-invest in mature scaleups, with the aim of keeping them in Germany. A first investment in a defence-tech company has already been made. The facility addresses an important gap in startup financing given that German scaleups often have to rely on foreign investors in larger funding rounds.¹ This bears a risk that these ventures relocate abroad. Second, the “first-of-a-kind loan” facility tackles another financing gap by funding novel technologies. These technologies typically require large investments and face uncertain prospects of success, e.g. financing prototypes in deeptech sectors such as space or nuclear energy.

¹ See Walther, Ursula (2025). German startup ecosystem – punching below its weight. Germany Monitor. July 7.



Deutschlandfonds – a booster for private investment

- For the **industrial sector**, the fund establishes a new hedging instrument for transformation technologies. The goal is to unlock investments in projects like battery storage facilities, hydrogen or carbon capture usage and/or storage (CCU/S) by providing financial guarantees. Moreover, an upcoming securitisation programme aims to facilitate bank lending to SMEs in the future. The KfW would acquire mezzanine tranches.
- For the **utility sector**, the Deutschlandfonds makes available loans at favourable conditions for geothermal projects. Two additional programmes are envisaged to stimulate investments in renewable energy, grids and the heating network.

Structure of the new Deutschlandfonds

1

Target group	Programme	Status	Start	Details	Sectors in focus	Volume
Startups and scaleups	Scale-up Direct	New	Dec-25	Direct equity investment in scaleup companies (max. 50% stake and EUR 50 m) with the aim of retaining them in Germany		EUR 1 bn till 2030
	First-of-a-kind loans	New	Dec-25	Investment in private venture capital (VC) funds that finance novel/"first-of-a-kind" technologies with high investment needs and risks	Deeptech	EUR 0.3 bn
	Strengthening the Zukunftsfonds	Existing	Dec-25	Bundling modules within the Zukunftsfonds to strengthen the financing of key technologies, investment in private VC funds of up to EUR 50 m	Deeptech, AI, biotech, cleantech, defence	EUR 2 bn
		In the course of 2026	Topping up the Zukunftsfonds	Tbd		
Industry and Mittelstand	Hedging instrument for transformation industries	New	Dec-25	Providing financial guarantees for manufacturers and suppliers of innovative and sustainable technologies	Energy, automotive	EUR 8 bn of guarantees
	Raw materials fund	Existing	Oct-25	Providing capital for investments in projects related to mining, processing, and recycling of critical raw materials	Critical raw materials	EUR 1 bn for 2024-28
	Securitisation	New	In the course of 2026	Purchasing of mezzanine tranches with the aim of facilitating bank lending to SMEs		Tbd
Utility companies	Loans for geothermal projects	New	Dec-25	Subsidised loans (up to EUR 25 m) and insuring the exploration risk	Energy	EUR 0.65 bn, mostly guarantees
	Renewable Energies Plus loans	New	In the course of 2026	Subsidised loans	Energy	Tbd
	Investment / syndicated loans	New	In the course of 2026	Loans with partial assumption of banks' credit risk	Energy	Tbd

Sources: KfW, Deutsche Bank Research

Which sectors will benefit? The energy sector is a clear focus, as the fund aims to support the ecological transformation of the economy. This includes promoting technologies such as renewable energies (e.g. solar, wind, hydrogen), energy storage (e.g. batteries), CCU/S as well as electricity grids and heating networks. The automotive sector may benefit as well. Moreover, the fund is supposed to facilitate innovation in critical areas such as deeptech, AI, biotech, cleantech, and defence.

Timeline. The new tools for industrial transformation, geothermal energy, and startups became operational as of December 18. Further modules are envisaged for 2026. These include cheap loans for modernising the energy infrastructure, additional financing options for startups and scaleups, notably in



Deutschlandfonds – a booster for private investment

the defence industry, and an expansion of the Zukunftsfonds. The government is also considering a new module for the construction sector.

Administration. KfW will coordinate all components of the Deutschlandfonds, channel public funding and provide guarantees on behalf of the federal government. It is also the central point of contact for any potential private investor.

Implications for the federal budget. The government has pledged EUR 30 bn for the Deutschlandfonds. However, 95% of that are guarantees that only become cash outflows if called upon. The required funds have been allocated with the 2025 and 2026 budgets, according to Finance Minister Klingbeil.² So far, almost half of the amount (about EUR 13 bn) has been made available, to be used over several years.

Assessment. Given years of restrained private investment and immense financing needs for regaining competitiveness, catching up in new technologies, and advancing the digital and green transition, the Deutschlandfonds provides a welcome booster. Its targeted programmes will help to close existing gaps in the financing of transformation technologies and startups. However, the structure with its different modules and programmes is rather complex, potentially involving significant administrative work, and entails the risk that the public means become too scattered to have a meaningful impact in the various areas. It also implies no broad-based relief for the corporate sector as a whole, beyond the selected industries. More importantly, the actual effect will strongly depend on whether the tools indeed succeed in crowding-in private investments. The first projects supported by the raw materials fund provide an encouraging example.³ Public investment of EUR 150 m helped to unleash total investment of EUR 2.2 bn in a lithium extraction project in Germany. Other initiatives like the recently adopted “location promotion act”⁴ will complement the Deutschlandfonds to improve the framework for private investments in Germany.

Fundamentally, better access to finance is clearly a positive. Yet other factors are often seen as bigger obstacles to private investment in Germany:⁵ stifling bureaucracy; high taxes, cost of labour and energy; lack of qualified labour; growing barriers to international trade. The government has started to tackle some of these too, e.g. with the “investment booster”⁶ and two roadmaps for a digitalised public administration⁷ and streamlined processes⁸, but it still has a long way to go. In other areas like labour costs, there has been no progress, with social security contributions and minimum wages rising. In the end, to reinvigorate growth, doing business in Germany must become easier and more profitable. Therefore, structural reforms remain crucial to unlock private investment beyond the booster provided by the Deutschlandfonds.

Ursula Walther (+44 203 281-4564, ursula.walther@db.com)

Jan Schildbach (+49 69 910-31717, jan.schildbach@db.com)

² Press conference on the launch of the Deutschlandfonds on December 18, 2025.

³ Federal Ministry for Economic Affairs and Energy (2025). Startschuss für erstes Projekt des Rohstofffonds: Australien und Deutschland begrüßen Investitionen in Lithium-Projekt von Vulcan Energy in Deutschland. Press release. December 3.

⁴ The “location promotion act” (Standortfördergesetz) aims to facilitate investment in venture capital, renewable energies and infrastructure through simplified rules and a more favourable tax treatment for investment funds. Moreover, it improves access to equity capital markets by lowering the minimum nominal value of shares from EUR 1 to EUR 0.01.

⁵ EIB (2025). EIB investment survey 2025. Germany. December 9.

⁶ The “investment booster act” includes accelerated depreciation for new equipment and electric vehicles, an expanded R&D tax credit, and a reduced corporate tax rate starting from 2028.

⁷ Federal Ministry for Digital Transformation and Government Modernisation (2025). Modernisierungsagenda – für Staat und Verwaltung (Bund). October 1.

⁸ Federal Ministry for Digital Transformation and Government Modernisation (2025). Bund und Länder verabschieden Föderale Modernisierungsagenda. Press release. December 9.



Deutschlandfonds – a booster for private investment

© Copyright 2026. Deutsche Bank AG, Deutsche Bank Research, 60262 Frankfurt am Main, Germany. All rights reserved. When quoting please cite "Deutsche Bank Research".

The above information does not constitute the provision of investment, legal or tax advice. Any views expressed reflect the current views of the author, which do not necessarily correspond to the opinions of Deutsche Bank AG or its affiliates. Opinions expressed may change without notice. Opinions expressed may differ from views set out in other documents, including research, published by Deutsche Bank. The above information is provided for informational purposes only and without any obligation, whether contractual or otherwise. No warranty or representation is made as to the correctness, completeness and accuracy of the information given or the assessments made.

In Germany this information is approved and/or communicated by Deutsche Bank AG Frankfurt, licensed to carry on banking business and to provide financial services under the supervision of the European Central Bank (ECB) and the German Federal Financial Supervisory Authority (BaFin). In the United Kingdom this information is approved and/or communicated by Deutsche Bank AG, London Branch, a member of the London Stock Exchange, authorized by UK's Prudential Regulation Authority (PRA) and subject to limited regulation by the UK's Financial Conduct Authority (FCA) (under number 150018) and by the PRA. This information is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. and in Singapore by Deutsche Bank AG, Singapore Branch. In Japan this information is approved and/or distributed by Deutsche Securities Inc. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product.