



»»» Investment needs and challenges for a climate neutral industry

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Bank aus Verantwortung

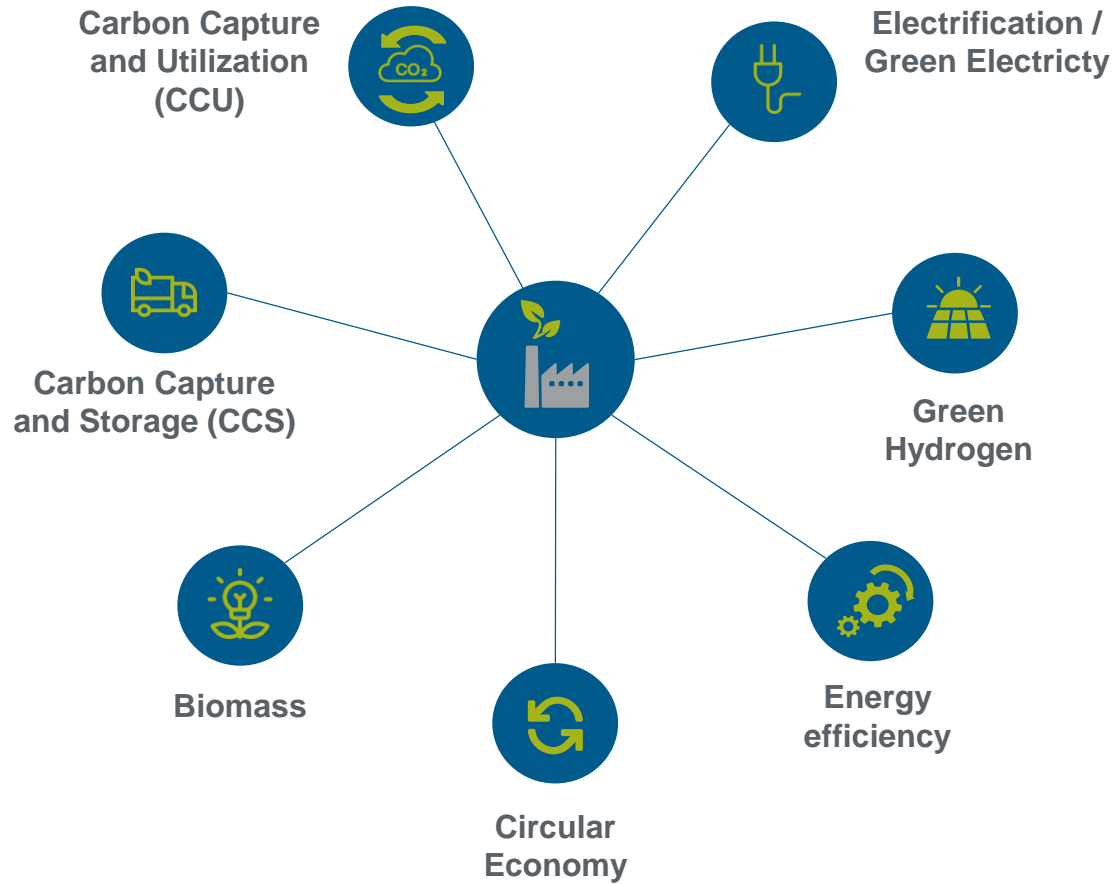
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Key Messages

1. The transformation to climate neutrality is technologically feasible – and will require substantial investment.
2. Despite challenges the economy is in a good position to push forward the transition – and to participate in growing markets for green.
3. Optimal financial instruments and promotional schemes depend on the current stage of the innovation process – and benefit from reliable and clear political framework.

»»» Substantial investments needed

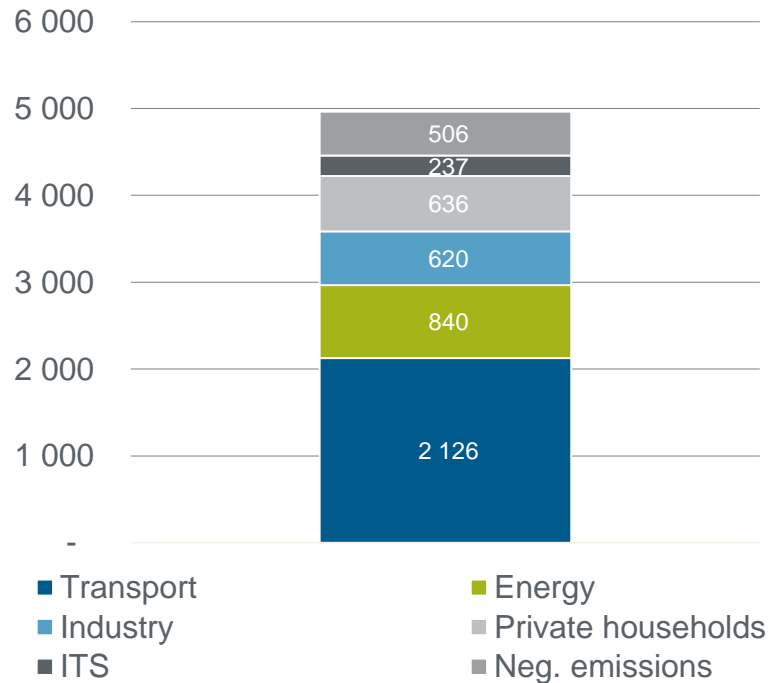
>>> The transformation is feasible – based on technologies known today



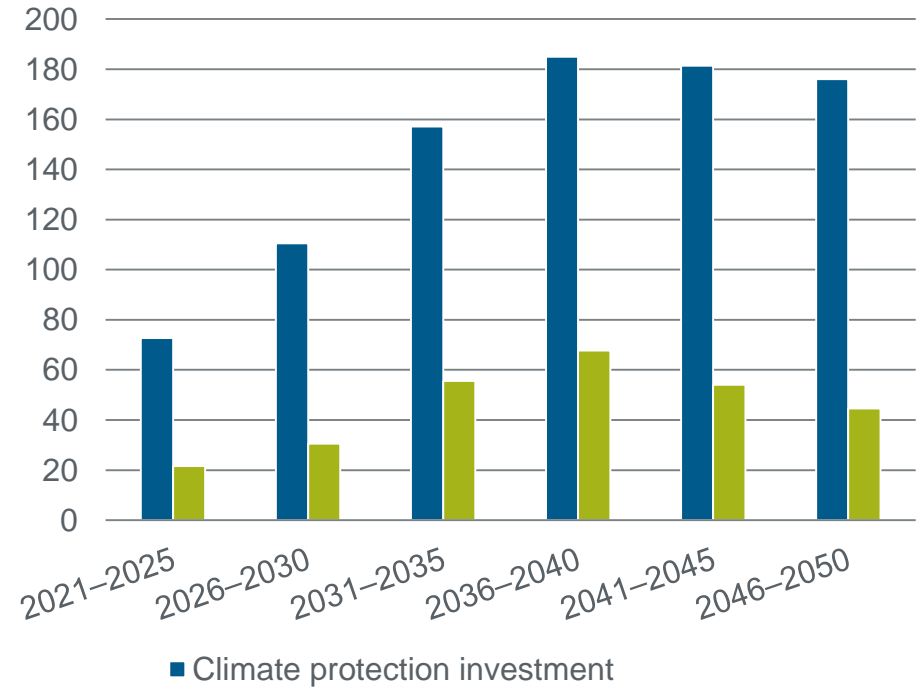
Source: KfW Research

Climate neutrality requires investing EUR 5 trillion in Germany

Necessary climate action investment by economic sector (EUR in billions)



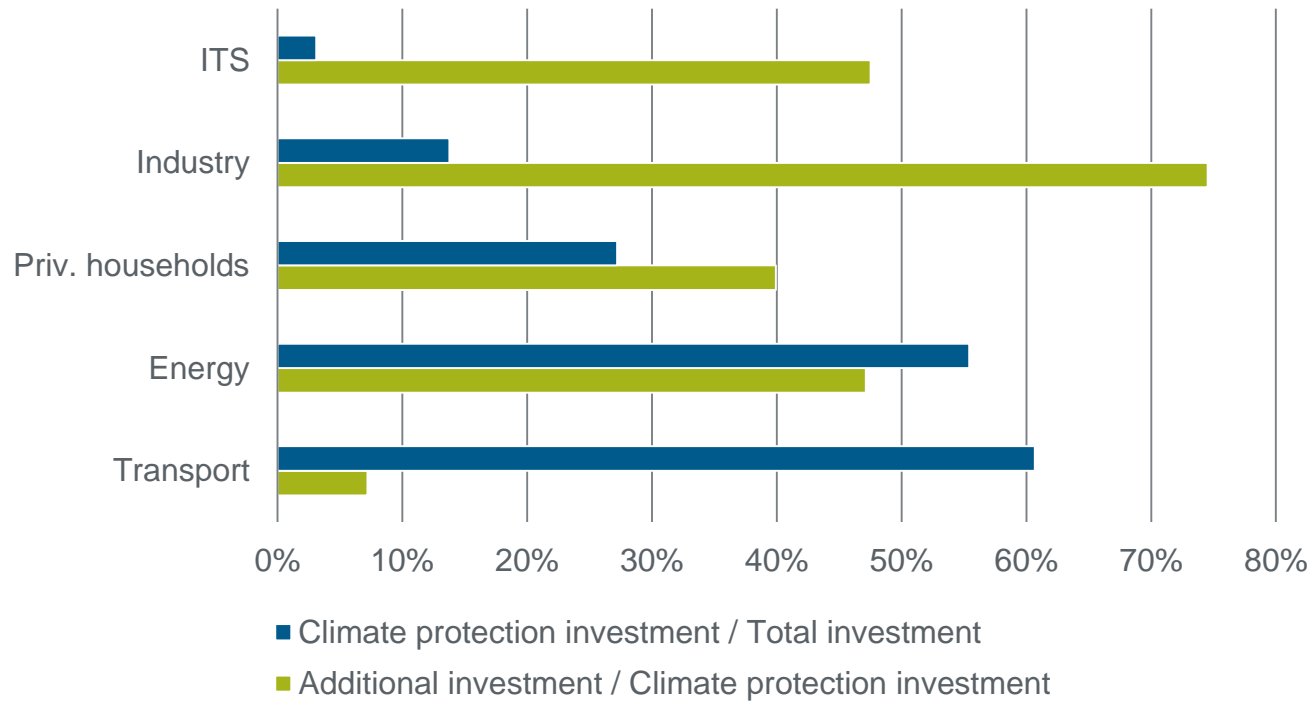
Overview of investment requirements by economic sector (EUR in billions p. a.)



Source: Prognos/IKT/Nextra (2021)

Industry sector with largest share of additional investments

Shares in total investment and climate action investment
(in per cent)

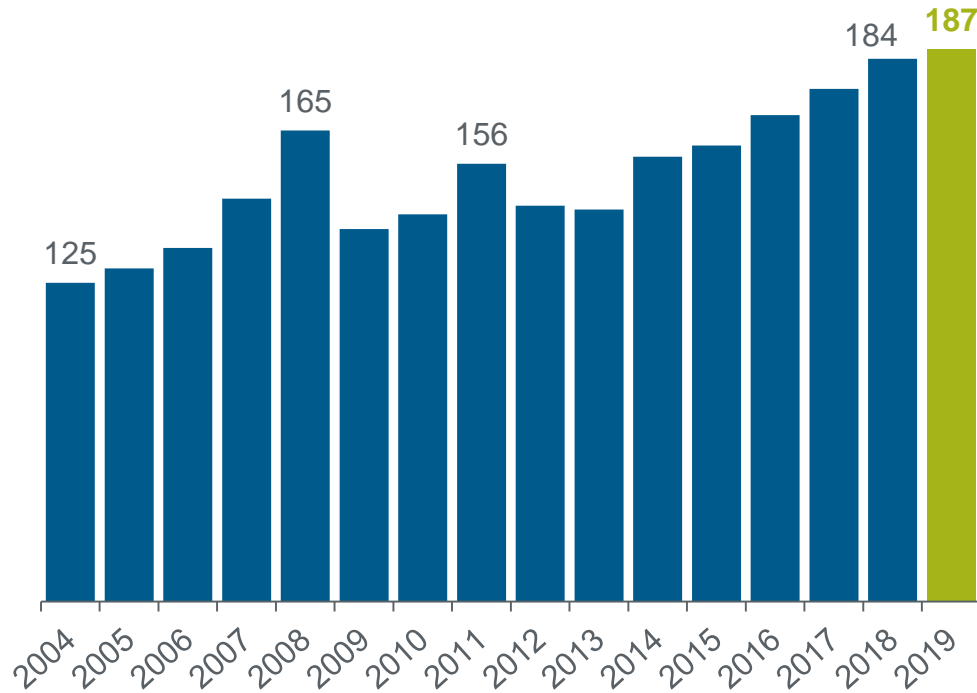


Source: Prognos/IKT/Nextra (2021)

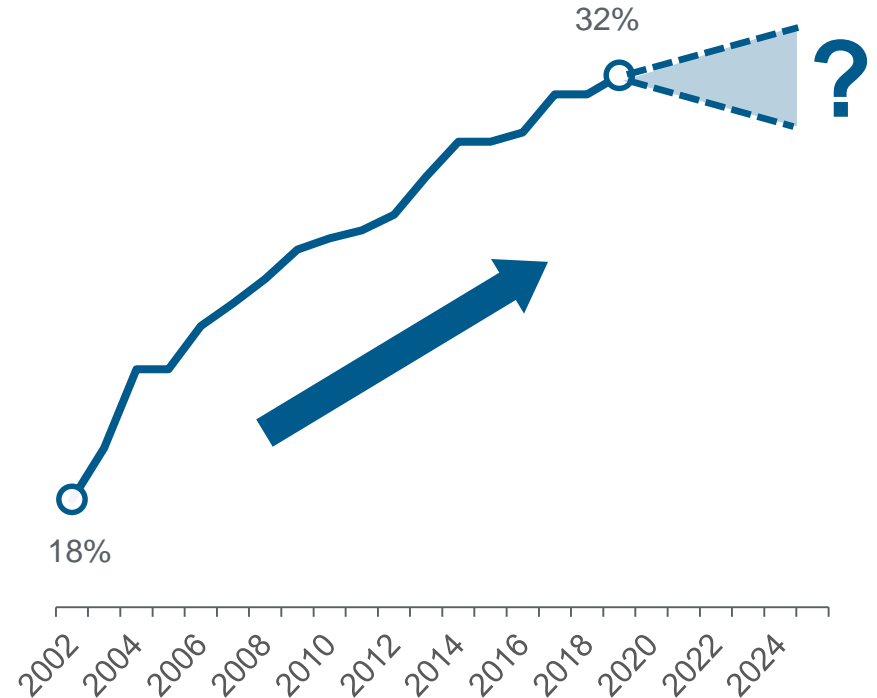
»»» Despite challenges, investments are feasible –
and promising

»» Despite challenges SMEs are in a good position to push forward the transition

Yearly new investments SMEs
(EUR in billion)

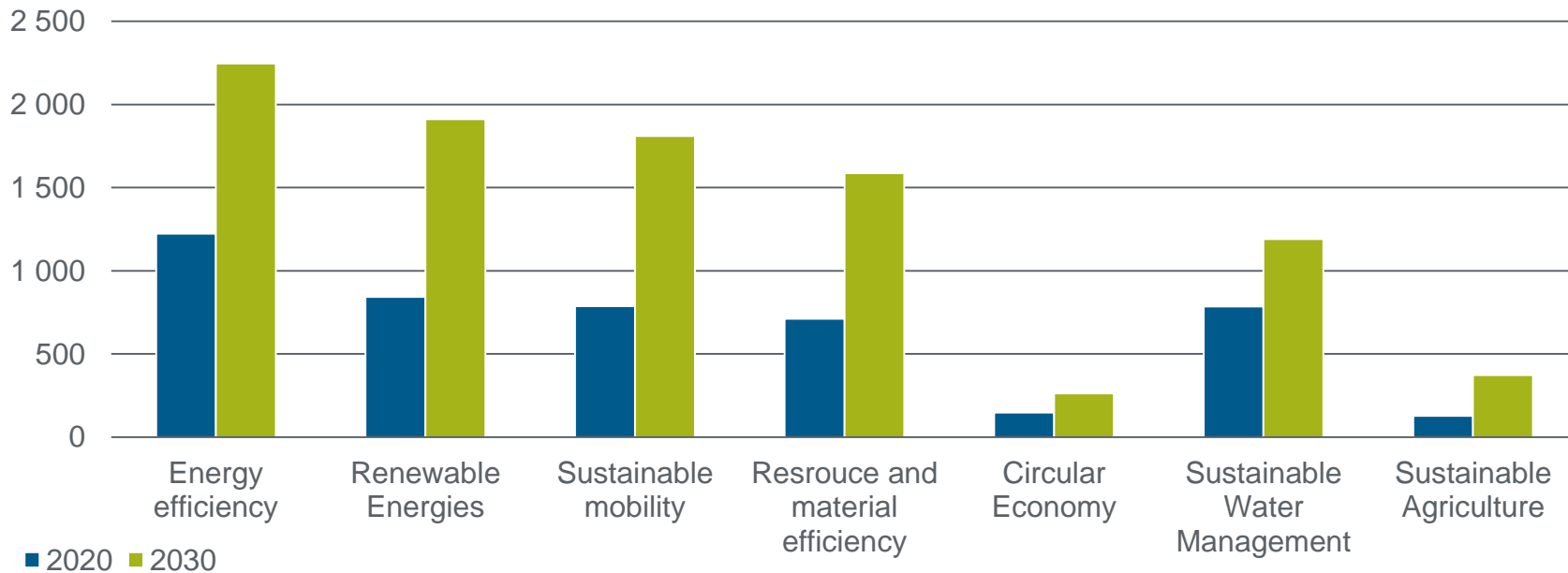


Equity ratio SMEs
(in per cent)



Green markets are growing markets

Global market volume of green lead markets today and in 2030 (EUR, in billion)

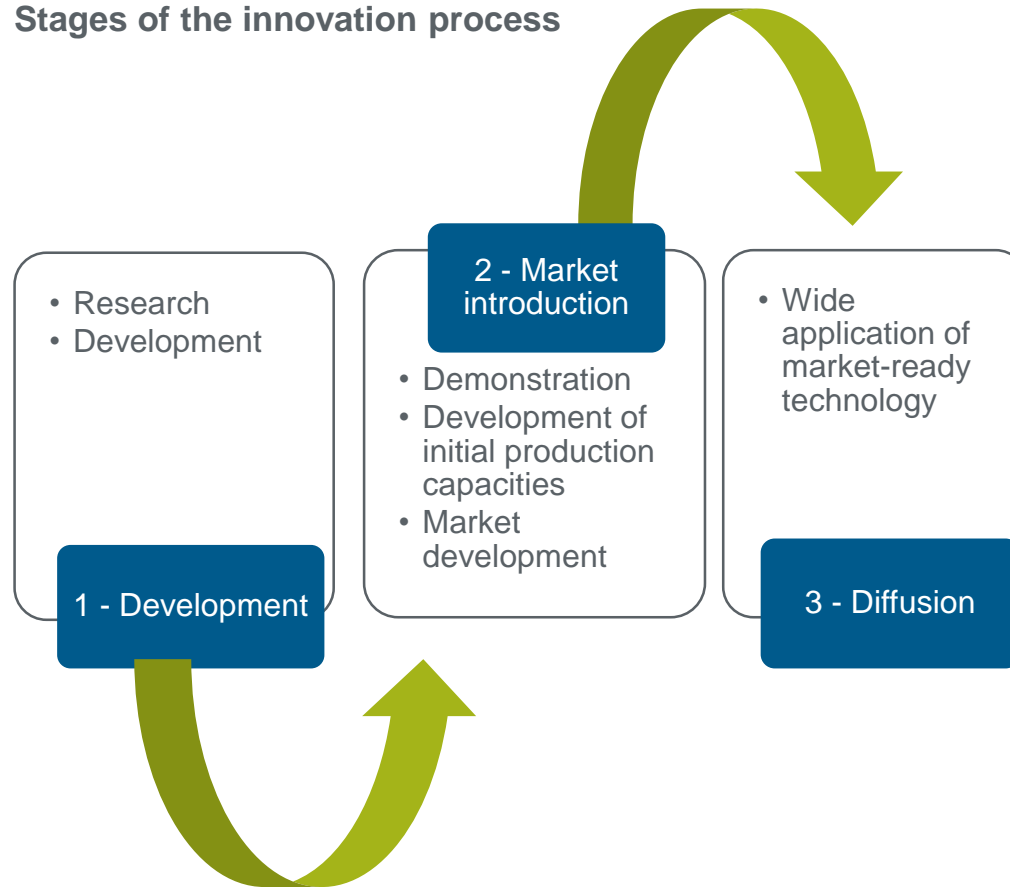


Source: Federal Ministry for the Environment (2021)

»»» Optimal financial instruments depend on the current stage of the innovation process – and benefit from a reliable and clear political framework

Optimal financial instruments and promotional schemes depend on the current stage of the innovation process

Stages of the innovation process



Source: KfW Research

»»» There are several levers to adjust the political framework and economic incentives towards a successful transition

