

# German Special Fund for Infrastructure and Climate Neutrality

Opportunities for non-EU Companies



## Executive Summary

Germany has launched a historic infrastructure investment program through the EUR 500 billion Special Fund for Infrastructure and Climate Neutrality, marking a structural shift in fiscal policy and infrastructure spending. The fund, which is exempt from Germany's constitutional debt brake, provides long-term funding certainty and underpins a multi-year pipeline of large-scale projects across transport, energy, healthcare, digital, housing and social infrastructure.

In the near term, the Federal Government plans infrastructure investments of approximately EUR 115 billion in 2025 and EUR 120 billion in 2026, with a growing share financed through the Special Fund. Procurement activity is therefore already accelerating, with Europe-wide tenders expected across multiple sectors.

Participation in these projects is governed by German and EU public procurement law, which imposes strict procedural and compliance requirements but offers

robust legal protections to bidders. While non-EU companies do not benefit from guaranteed market access under international procurement agreements, effective access is achievable through EU-based subsidiaries, acquisitions, consortia or subcontracting structures.

For non-EU companies sponsors, contractors and suppliers, the opportunity is substantial, but preparation is critical. Competitive positioning depends not only on price and technical capacity, but also on local presence, compliance with ESG and supply-chain rules, German references, certifications and early engagement with public authorities.

Companies that invest early in market entry structures, partnerships and compliance frameworks are best positioned to benefit from Germany's infrastructure investment cycle through 2034 and beyond.

# Germany's €500 Billion Infrastructure Fund

## Investment Rationale and Fiscal Framework

Infrastructure is the backbone of a modern economy, enabling productivity, innovation and long term resilience. In Germany, prolonged underinvestment across transport, energy, healthcare and digital networks has elevated infrastructure modernisation from a policy objective to a national priority. In response, the Federal Government has adopted a materially expanded fiscal framework for infrastructure investment, anchored by new, debt-financed special funds.

### Federal Budget Architecture and "Off-Balance-Sheet" Funding

The German Federal Budget for 2026 totals approximately EUR 525 billion ("Core Budget 2026"). Beyond this Core Budget 2026, the Federal Government operates several legally distinct Special Funds (Sondervermögen), which are primarily debt financed. A central element of the current investment strategy is the Special Fund for Infrastructure and Climate Neutrality (Sondervermögen Infrastruktur und Klimaneutralität – "Special Fund"). The legislation establishing the Special Fund was adopted by German Parliament on 18 September 2025 and entered into force retroactively as of 1 January 2025. Importantly, the Special Fund is exempt from Germany's constitutional debt brake (Schuldenbremse), providing substantial fiscal flexibility.

## Capital Deployment Strategy and Sector Allocation

The Special Fund has a total volume of EUR 500 billion, allocated as follows:

- a) EUR 300 billion for federal investment programmes across key sectors, including
  - Civil Protection and Civil Defence,
  - Transport Infrastructure,
  - Hospital Infrastructure,
  - Energy Infrastructure,
  - Education, Care and Science Infrastructure,
  - Research and Development,
  - Digitalization,
  - Housing and Construction, and
  - Sports Infrastructure.
- b) EUR 100 billion to be transferred in annual tranches through 2034 to the Climate and Transformation Fund, which supports decarbonisation and industrial transformation.
- c) EUR 100 billion allocated to federal states and municipalities.

## Near-Term Investment Pipeline

Under the current financial planning, the Federal Government expects to invest approximately:

- EUR 115 billion in infrastructure in 2025, and
- EUR 120 billion in infrastructure in 2026.

Of these amounts, approximately EUR 37 billion in 2025 and EUR 58 billion in 2026, respectively, will be financed through the Special Fund.



## Accessing the Opportunity: Procurement, Structure and Strategy

### Procurement and Regulatory Gatekeepers

Expenditures from the Special Fund for Infrastructure and Climate Neutrality are subject to German and EU public procurement law. Public contracts exceeding specified monetary thresholds must be awarded through formal, transparent and non-discriminatory procurement procedures.

Where applicable EU thresholds are met or exceeded, contracting authorities are required to conduct a Europe-wide tender procedure. Current thresholds include: (i) EUR 5,538,000 for construction works, and (ii) EUR 221,000 for supply and service contracts.

Below these thresholds, national procurement regimes apply, primarily the VOB/A (for construction) or the UVgO (for supplies and services). Regardless of the applicable regime, all procurement procedures must comply with the fundamental principles of competition, transparency, equal treatment, proportionality and cost-effectiveness.

Bidders benefit from robust legal remedies under German procurement law. If contracting authorities fail to observe these principles, bidders may challenge procurement decisions before specialized public procurement tribunals (Vergabekammern), with further recourse to appellate courts.

### Market Access Considerations for non-EU Clients

Market access for non-EU companies in EU public procurement is primarily determined by EU international trade agreements, most notably the WTO Government Procurement Agreement (GPA). Companies from countries that are not party to the GPA do not enjoy guaranteed access to EU-wide public tenders.

In practice, however, those companies can gain effective access through several established pathways. The most robust option is the establishment or acquisition of an EU-based subsidiary or branch, which provides full and unrestricted access to procurement procedures and associated legal protections.

In addition, non-EU companies may participate indirectly as subcontractors to EU bidders or as consortium partners. While EU procurement law allows contracting authorities to restrict participation to EU or EEA bidders in certain circumstances, German authorities have so far been reluctant to apply such restrictions in practice, particularly in large-scale infrastructure projects.



### Market Entry Playbook for non-EU Clients

Non-EU companies seeking to participate successfully in Germany's infrastructure investment program should consider the following strategies:

- a) Establish an EU Platform.** Setting up a German GmbH, UG or branch office remains the most reliable way to secure unrestricted access to tenders, procurement information and legal remedies, while being formally recognized as an EU-based bidder.
- b) Acquire or Invest in a German Target.** Acquiring a German entity provides immediate access to local project references – often critical in qualification stages – as well as existing certifications (e.g., ISO, safety and technical approvals), experienced personnel, framework agreements and established supplier relationships. For many non-EU companies, this represents the fastest route to competitiveness in major public tenders.
- c) Structure Joint Ventures, Strategic Alliances or Consortia.** Participation through consortia or subcontracting arrangements with EU partners allows non-EU companies to combine engineering expertise, speed and cost efficiency with local market knowledge, references and compliance structures.
- d) Leverage European Business Networks.** Platforms such as the Enterprise Europe Network (EEN) assist non-EU companies in identifying potential partners, understanding market expectations and accessing early-stage project opportunities.
- e) Build Early-Stage Project References in Germany.** Even smaller successfully executed projects can significantly improve future tender prospects, as German contracting authorities place a premium on proven performance under local technical and regulatory standards.
- f) Implement ESG, LkSG and Certification Compliance:** Public tenders regularly require compliance with ESG standards, supply-chain due diligence obligations (including the German Supply Chain Due Diligence Act (LkSG), occupational health and safety requirements, ISO standards and sector-specific technical prequalifications.
- g) Develop Local Supply Chains and Service Capabilities.** Contracting authorities increasingly value bidders that demonstrate short response times, regional supply and maintenance infrastructure, locally available personnel and established partnerships with German subcontractors and suppliers.
- h) Engage Early with the Market.** Successful market entry requires a nuanced understanding of political priorities and the operational structures of public authorities. Early participation in market dialogues and continuous engagement with industry stakeholders and institutional decision-makers are critical success factors.
- i) Continuously Monitor Tender Platforms.** EU-wide tenders are published on the [TED portal](#). In Germany, tenders are also announced on the [Publication Service, Deutsches Vergabeportal](#) (DTVP), and [e-Vergabe platform](#), among others.

# Market Entry Checklist

Participating in German Infrastructure Projects  
Financed by the Special Fund

## MARKET ACCESS STRATEGY

- Assess whether to establish a German subsidiary (GmbH/UG) or branch
- Evaluate acquisition or minority investment in a German company to gain references and certifications
- Identify opportunities for consortia or subcontracting with EU-based bidders

## PROCUREMENT READINESS

- Understand applicable EU and German procurement thresholds and procedures
- Prepare for formal tender processes, including qualification and exclusion criteria
- Establish internal processes for bid governance and documentation
- Plan for potential procurement challenges and legal remedies

## COMPLIANCE AND CERTIFICATIONS

- Implement ESG and sustainability frameworks aligned with German standards
- Ensure compliance with the German Supply Chain Due Diligence Act (LkSG)
- Obtain required ISO, health and safety, and technical certifications
- Review sector-specific prequalification requirements

## LOCAL PRESENCE AND OPERATIONS

- Build or secure access to local staff and management
- Develop regional supply, maintenance and service capabilities
- Establish relationships with German subcontractors and suppliers
- Prepare German-language documentation and operational interfaces

## REFERENCES AND TRACK RECORD

- Identify opportunities for early-stage or smaller projects in Germany
- Document performance under German technical and regulatory standards
- Use completed projects to strengthen future qualification submissions

## PARTNERSHIPS AND NETWORKS

- Identify potential partners through Enterprise Europe Network (EEN) and industry platforms
- Engage with industry associations and chambers of commerce
- Structure cooperation agreements with clear risk and responsibility allocation

## POLITICAL AND INSTITUTIONAL ENGAGEMENT

- Monitor policy priorities at federal and state levels
- Participate in market dialogues and early engagement procedures
- Build long-term relationships with public authorities and institutional stakeholders

## TENDER MONITORING

- Regularly monitor TED (Tenders Electronic Daily)
- Track German platforms such as DTVP, e-Vergabe and the Publication Service
- Implement an internal alert system for relevant tenders and prior information notices (PINs)



## OUR SERVICES

Our multidisciplinary team has long-standing experience advising clients across the infrastructure and construction sector, acting for both public authorities and private companies. We regularly support the legally compliant market entry and expansion of non-EU companies into Germany, combining deep regulatory expertise with practical execution capabilities.

Taylor Wessing also brings extensive public policy and political advisory experience, supported by a broad network among institutional stakeholders and decision-makers at the federal and state levels. This enables us to strategically position projects and investors at an early stage and to identify and mitigate legal and regulatory risks throughout the investment lifecycle.

Our advisory services include, in particular:

- **Tendering Procedures and Procurement Projects.** Comprehensive support in procurement projects, including bid preparation, participation in competitive and negotiated procedures, constructive dialogue with contracting authorities, procurement risk management and legally compliant contract drafting.
- **State Aid.** Advice on EU and German state aid law, including representation in formal investigation proceedings, state aid assessments in M&A transactions, support with funding applications, and structuring of privatisations, outsourcing arrangements and PPP models.
- **Corporate / M&A.** Structuring and execution of complex acquisitions, investments and strategic collaborations, including market entry transactions and carve-outs.
- **Cooperations and Consortia.** Development, negotiation and implementation of cooperation, consortium and joint venture agreements tailored to public procurement and infrastructure projects.
- **Competition Law and Merger Control.** Review and structuring of cooperation models, joint ventures and distribution arrangements; representation in competition and abuse of dominance proceedings; and transaction-related competition law advice.
- **Finance.** Structuring and negotiation of financing models for infrastructure projects, including debt, hybrid and project finance structures.
- **Construction and Infrastructure Projects.** Interdisciplinary full life-cycle legal support for large-scale infrastructure projects—from pre-contractual planning and development through drafting and negotiation of relevant contracts (incl. construction; engineering; architectural; general contractor) to execution and project implementation, including claims management and dispute avoidance.
- **Real Estate and Public Planning/ Environmental Law.** Comprehensive interdisciplinary commercial real estate and public planning law related advice throughout all stages of the real estate life cycle, including planning approvals and authorisations procedures (incl. immission control) for large-scale projects, site selection, acquisition, (re-) development, financing, asset and property management (operations and leasing) and sale with regard to all relevant sectors and asset classes.
- **Employment.** Advice on all matters relating to individual and collective employment law, with particular focus on contingent workforce compliance and market entry in Germany via flexible workforce (e.g. Employer of Record).
- **Public Affairs.** Strategic positioning of projects and regulatory issues at the federal and state political levels, including support in stakeholder engagement and the effective representation of client interests.

## Your key contacts



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