Interview with Frank Dornseifer, Bundesverband Alternative Investments e.V.

## 'The bundling of infrastructure projects is crucial'

In order to mobilize more private capital for infrastructure investments in addition to state capital, Bundesverband Alternative Investments e.V. believes that bundling and scaling projects on a platform would be conducive.

Frankfurt, 14 May 2025, 10:58 am Detlef Fechtner

The new German federal government is prepared to provide considerable sums for infrastructure investments. At the same time, private capital is to be mobilized to cover the enormous financing requirements. According to the alternative investment sector in Germany, bundling projects on a platform would be a supporting factor in addition to some regulatory adjustments.

'The bundling of infrastructure projects is crucial because they are often small-scale,' explains Frank Dornseifer, Managing Director of Bundesverband Alternative Investments e.V. Bundling supports both scaling and standardization - and makes it easier for investors to spread risk. This is because investors can put their capital into very different projects and choose different financing channels: Equity, debt, securitization, mezzanine and so on. At the same time, this would enable offers in which the public side covers higher risks via guarantees, sureties or investments, thus making entry more attractive even for private investors.

Dornseifer is convinced that a holistic strategic approach in the form of an 'Infrastructure Company Germany' is required to bring together state and private capital in highly diverse infrastructure projects at municipal, regional or federal level, in which the assets or projects are bundled and scaled, and the processes are standardized and structured. Only then can private investors with sometimes very different financing approaches be involved.

Such a platform is dependent on governance that ensures that the interests of both the public sector and private investors are safeguarded.

KfW or EIF

When it comes to setting up such a platform, 'we have not yet reached our goal,' says Dornseifer. The 'Growth Fund' with the supportive role of KfW Bankengruppe could be a model, although the EU Investment Bank or its European Investment Fund (EIF) could also be considered instead of KfW. After all, infrastructure investments have a European and not just a national Dimension.

As far as the regulatory treatment of the topic of private infrastructure financing is concerned, Dornseifer recognises some positive developments in recent years. For a long time, infrastructure investments were not even the focus of legislation or regulation. However, what might appear to be an advantage at first glance has been a major problem in practice. For example, the enumerative catalogue of permissible investment objects in the Investment Tax Act did not include infrastructure as an asset class. This meant that such investments were not - directly - available to special funds until the law was amended in 2018.

And under the European Solvency Directive, there were no specific regulations for infrastructure investments based on the risk-return profile until 2016, which meant that they were treated prohibitively - not only in comparison with the supposedly risk-free government bonds - e.g. in terms of capital adequacy, namely like exchange-traded equities. Fundamental progress was then made with the introduction of the 'Qualified Infrastructure' module. Further adjustments were gradually made to various laws, which led to further improvements.

In Germany, investments in infrastructure were made considerably easier for pension funds, pension schemes and other institutional investors in February of this year because the amended Investment Ordinance now provides for a dedicated infrastructure quota and risk capital investments have been made more flexible overall. For reasons of legal certainty alone, this is a major step forward for investors.

According to Dornseifer, with the amendment to the regulation for European long-term investment funds, i.e. Eltif 2.0, the European Union has created precisely the vehicle on its side that is suitable for a large number of asset classes that tend to be illiquid, such as infrastructure. Nationally, the Capital Investment Code - once again - contains a so-called infrastructure special fund, which is also open to private investors. Both fund initiators and investors can therefore choose between different products. ‘And that's a good thing,’ says Dornseifer. Of course, it must be conceded that an Eltif can easily be sold throughout Europe. ‘And that's exactly the kind of vehicle we need.’

Relief for Solvency

The EU's Savings and Investment Union (SIU) roadmap provides for relief for institutional investors with regard to Solvency II. These are initially intended to target the financing of SMEs and venture capital. However, Dornseifer explains that an extension of the simplifications to infrastructure projects is by no means ruled out. The SIU roadmap states that access to alternative asset classes should be taken into account in the revisions to the Capital Requirements Regulation (CRR) for banks and the Solvency Regulation (Solvency) for insurance companies. ‘We are now waiting for the EU Commission's concrete proposals.’