



Bundesministerium  
der Finanzen



Bundesministerium  
für Umwelt, Naturschutz  
und Reaktorsicherheit



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# Joint Press release

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Berlin, 20 April 2021  
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## **Federal government publishes first allocation report for Green Federal securities**

**On 20 April 2021, the German government published the first allocation report for its Green Federal securities issued in 2020. The "*Green Bond Allocation Report 2020*" provides investors with transparent and binding information on expenditures from the federal government's environmental and climate protection programmes. It lists expenditures recognised as "green" in the 2019 federal budget and allocates them to the proceeds of € 11.5 billion of Green German Federal securities issued in 2020 (allocation). The issuance proceeds are allocated to eligible green expenditures of the 2019 budget year totaling € 12.3 billion.**

State Secretary Jörg Kukies: "The German government's market launch of Green German Federal securities was spot-on. Through the innovative twin concept, we succeeded in clearly demonstrating the price advantage for green issues. With this and by building up a liquid green yield curve, the Federal government has contributed enormously to the growth of the sustainable bond market and thus brought Germany far forward as a sustainable finance centre."

State Secretary Jochen Flasbarth: "Climate and environmental protection have priority. In order to also strengthen sustainability in the financial market, the German government is issuing Green German Federal securities. Transparency is the crucial factor when it comes to green investments and sustainable financial markets. With its allocation report for the Green German Federal securities issued in 2020, the federal government is making an important contribution in its role model function."

As part of the Climate Protection Programme 2030 and to also strengthen the concept of sustainability in the financial market, it was decided to issue Green German Federal securities. Like conventional Federal securities, Green Federal securities are an instrument for the federal government's borrowing and have the same characteristics - which is why they are also known as "green twins". They are assigned to budget expenditures that contribute to climate and environmental protection.

The Finance Agency launched the first 10-year Green Federal bond for the federal government in September 2020 and the first 5-year Green Federal note in November 2020. The issuance volume of the 10-year Green Federal bond was € 6.5 billion, that of the 5-year Green Federal note € 5 billion.

In accordance with the Green Bond Framework of 24 August 2020, the Core Green Bond Team consisting of the Federal Ministry of Finance (Chair), the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, and the Finance Agency selected green expenditures and allocated them to the issue proceeds of the following year based on proposals of an Inter-Ministerial Working Group as well as considering established international market standards. The Core Green Bond Team and the Inter-Ministerial Working Group were established by the Federal Minister of Finance on the basis of the cabinet decision to adopt the Climate Protection Programme 2030.

The auditing firm Deloitte has conducted an external audit of the allocation and confirmed the allocation of issuance proceeds to green expenditures (so-called "Third Party Verification").

In future and following the framework, the federal government will also report on the impact of green spendings on the environment and climate. The impact report, based on the green budget expenditures in 2019 and the corresponding Green German Federal securities issued in 2020, is expected to be published for the first time in mid-2022.

The German government intends to actively contribute to the further development of the market for sustainable government bonds. Accordingly, the Federal Ministry of Finance and the Finance Agency have already announced that they will launch the first Green Federal bond with a 30-year maturity in May 2021. This will add to the creation of a green yield curve from which investors can read the associated "green yields" for common maturities of German government securities and thus have a direct comparison between green and conventional securities. It further strengthens the sustainable finance market and establishes the German government as benchmark issuer in the green market segment as well. This also consolidates Germany's position as a major sustainable finance centre.