



Advisory report

on

how the federal ministries have implemented the
German Sustainable Development Strategy within
their remit

addressed to the Federal Chancellery

This report comprises the concluding audit findings issued by the German SAI
in accordance with Article 96 para. 4 Federal Budget Code.

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0 Executive Summary

In its Sustainable Development Strategy, the federal government has set out what contribution Germany intends to make towards the United Nations' Sustainable Development Goals (2030 Agenda). The fact that sustainability has been given the status of a **guiding principle** to be embedded in all policy decisions is a key element of the Strategy.

The Federal Chancellery has lead responsibility for sustainable development. The central body for implementing the Strategy is the State Secretaries' Committee for Sustainable Development (State Secretaries' Committee). All federal ministries are represented on the Committee. The ministries are responsible for implementing the Strategy within their remit (departmental autonomy principle).

We did a horizontal audit and studied more than 50 audit reports on projects and programmes to explore how the federal ministries have implemented the Strategy within their remit. In this report, we have taken into consideration the comments made by the Federal Chancellery. Our key findings are set out below:

- 0.1 To date, the government departments have not lived up to their responsibility for sustainable development. So far, there are no customised approaches in place at each ministry for implementing the Strategy (cf. No. 2.4)
- 0.2 Sustainability aspects are not consistently embedded in projects and programmes. The first step would be to define programme targets. Often, the methodologies that the ministries use are not suitable for incorporating sustainability aspects. In addition, progress towards the targets set is not or not adequately monitored (cf. No. 3.3)
- 0.3 The reasons for these shortcomings are manifold:
 - Sustainability aspects are deliberately neglected or ignored, for example because decisions are considered to be definite already at a preliminary stage or decision-making is biased because of policy interests.

- Government departments are not adequately aware of the relevant rules and suitable methods for embedding sustainability aspects in their work.
- Any adverse impact that non-compliance with sustainability aspects may have is not duly considered (cf. No. 4)

0.4 The Federal Chancellery should engage with the State Secretaries' Committee and the ministries and take more rigorous leadership to ensure that within their respective remit the federal ministries

- raise awareness for the need to embed sustainability aspects in their daily mission performance;
- inform about relevant rules and suitable methods and ensure compliance;
- put into place the structures needed for consistently implementing the Strategy;
- develop their own departmental strategies and approaches for implementing the Strategy and
- make clearer both internally and externally that sustainability aspects are and must be embedded in all decision-making.
(cf. No. 6)

1 Introduction

In the domestic Sustainable Development Strategy, the federal government has committed to making sustainable development a **guiding principle**. This guiding principle for governments at national, European and international level sets out both the goals and criteria to be embedded in all policy decisions.¹ The Strategy² is largely based on the 2030 Agenda for Sustainable Development (2030 Agenda)³ with its 17 sustainable development goals (“SDGs”)⁴ that the member states of the United Nations adopted in the year 2015.

Figure 1

Sustainable Development Goals



Source: Federal government

The Strategy sets out what contribution Germany intends to make towards the 2030 Agenda. Striving for sustainable development – as a guiding principle under the Strategy – includes integrating the three dimensions of **environment, economy and society** in all governmental decision-making while balancing conflicting targets. This principle shall apply to all and any topics.

¹ “German Sustainable Development Strategy – 2018 Update”, p. 49.

² “German Sustainable Development Strategy – 2018 Update”, (Sustainable Development Strategy 2018), parliamentary records 19/5700 of 8 November 2018.

³ “Transforming our world: the 2030 Agenda for Sustainable Development”, Resolution adopted by the General Assembly on 25 September 2015.

⁴ Sustainable Development Goal(s) – SDGs.

The guiding principle shall be applied to all government policy fields. This means that it needs to be embedded in all programmes having spending implications and run by the federal government ministries within their respective remits. We took up this idea in our audit work. Since the year 2017 we have regularly examined how ministries embed sustainability aspects in mission performance. In this report, we present the aggregate audit findings of more than 50 audit reports on projects and programmes. Our purpose is to furnish a contribution to further refining the Strategy and present to the federal government options for further enhancing the current system in place.

In a letter of 4 January 2021, the Federal Chancellery commented on our draft report jointly with the federal ministries concerned. We have given consideration to these comments in our concluding audit findings set out below.

2 Sustainable action – in theory

2.1 Germany's commitment to sustainable action

On 25 September 2015, the General Assembly of the United Nations (UN) adopted the 2030 Agenda. This was endorsed by 193 UN member states including Germany. Building on the initial historic milestones⁵, the concept of sustainability has been further refined by considering professional expert work. The term encompasses the three dimensions of environment, economy and society. These attributes are of equal rank and interdependent.

Acting in a sustainable way means taking an integral approach to the dimensions and studying how they interact with one another. The 2030 Agenda makes the point for consistently applying the guiding principle of sustainable development across all policy areas.

In the year 1998, for the first time ever the "mission of sustainability" was included in a coalition contract. The goal was "[...] *development characterised by sustainability, long-term economic health, social justice and environmentally friendly solutions*"⁶. The Strategy now makes sustainability an explicit guiding principle of government action. Similar to the UN resolution,

⁵ For example, the 1972 United Nations Conference on the Human Environment, the publication of the Brundtland Report in 1987 and the 1992 Earth Summit in Rio.

⁶ "Awakening and renewal – Germany's way into the 21st century", coalition agreement between SPD and BÜNDNIS 90/DIE GRÜNEN for the 14th legislative period, signed on 20 October 1998, p. 13.

the Strategy serves in the first place as a policy guidance rather than a constitutional right that citizens hold vis-à-vis the government.

In a decision on public debt, the Federal Constitutional Court stated as early as in 1989 that democratic policymakers also had the task *"to look beyond the horizon of each current legislative term, to make provision for meeting long-term social interests and to pave the way for informed decision-making of subsequent policymakers"*.⁷ Provision for meeting long-term community interests is therefore a task for all branches of government and an inherent component of the democratic principle enshrined in the German Constitution.⁸

At international level, Germany has also committed itself to working in a sustainable way in ratified international treaties such as the Treaty on European Union⁹ or UN conventions.¹⁰

2.2 Federal Ministries' duty to implement the Sustainability Strategy

Lead responsibility for sustainable development lies with the Federal Chancellery. The central body for implementing the Strategy is the State Secretaries' Committee for Sustainable Development (State Secretaries' Committee). All federal ministries are represented on the Committee. In addition, all ministries designated coordinators for sustainable development.

The State Secretaries' Committee has a coordinator role for implementing the Strategy (Figure 2). The Committee is in charge of refining the Strategy and of monitoring progress across government departments. As a rule, the federal ministries are responsible for deciding on how and in what way to implement the Strategy within their remit (departmental autonomy principle).

⁷ Federal Constitutional Court, judgment of 18 April 1989, BVerfGE 79, 311, 343.

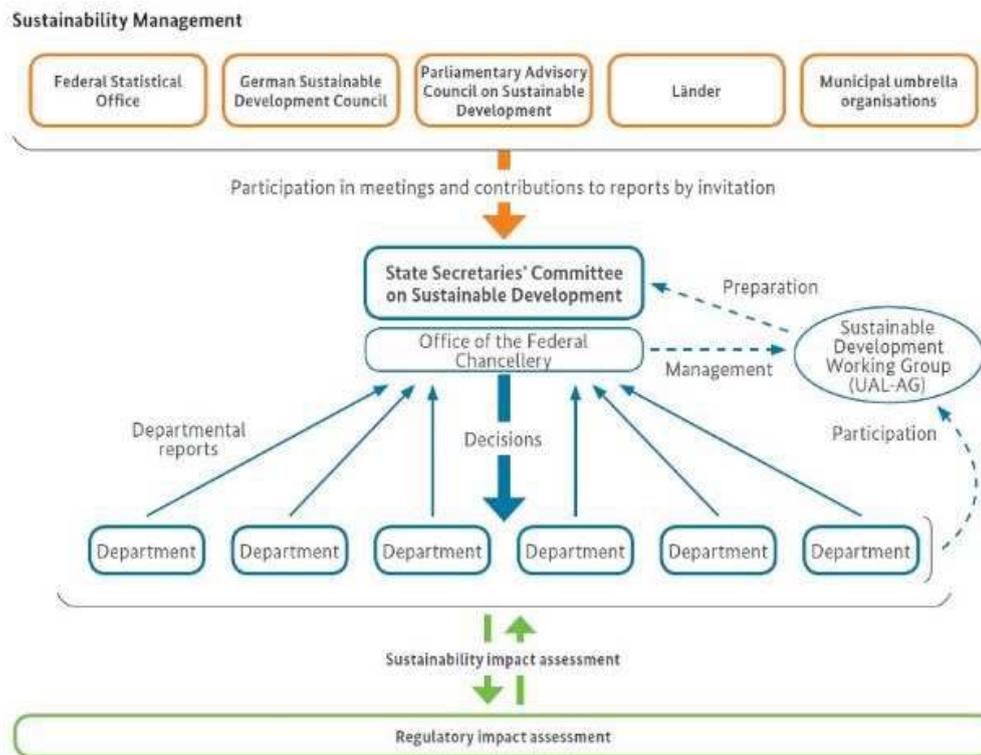
⁸ Paper, *Nachhaltigkeit im Grundgesetz (sustainability in the Constitution, only available in German)*, Deutscher Bundestag, Parliamentary Advisory Council on Sustainable Development, Committee Paper 18(23)80-2-A of 6 June 2016.

⁹ Pursuant to Article 3(3) TEU, the European Union shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.

¹⁰ Convention on Biological Diversity (Biodiversity Convention), Framework Convention on Climate Change (Framework Convention), Convention to Combat Desertification (Desertification Convention).

Figure 2

Institutional architecture of the Sustainable Development Strategy



Source: Federal government

Apart from explaining the key challenge of sustainability in more detail, the Strategy includes information on the progress achieved by the federal ministries and on the indicators and targets, known as the principles of sustainable development. Although these principles serve to make the guiding principle operable and fill it with life, they are of a rather abstract nature.

The Strategy sets out specific requirements or recommendations on how to embed the guiding principle in daily mission performance solely for the implementation procedure at federal government level¹¹. Accordingly, the federal ministries are called upon to study the impact on sustainable development of all legislative projects and to present the results.¹² The ministries' role is to report transparently on any conflicts among competing goals with a view to the progress projected, set out alternative options

¹¹ "German Sustainable Development Strategy – 2018 Update", Overview: Content and management of the German Sustainable Development Strategy (sustainability management system) No. IV, items 3 and 4, p. 59.

¹² Article 44 para. 1 sent. 4 Joint Rules of Procedure of the Federal Ministries.

for each sustainability goal and check programme coherence with other programmes in place. Under the Strategy, the ministries also have the duty to monitor programme implementation. Monitoring means to match current programmes against the SDGs and adapt the programmes accordingly or discontinue them as appropriate.

In line with the institutional architecture of the Strategy, the ministries and their subordinate bodies may, however, implement the Strategy in a manner they deem fit.

2.3 Our earlier audit findings

We did earlier audit work on whether the federal government's arrangements in place are appropriate for implementing the Strategy at operational level in line with the stated sustainability goals. Since this matter is of overall importance for society as a whole, we reported on the matter to the parliamentary Budget Committee.¹³

Our work focused on the institutional architecture of the Strategy (see Figure 2), the targets, indicators and the overarching framework for implementing the Strategy. In our report, we alerted the Federal Chancellery to the following systemic shortcomings:

- Usually, the ministries have not developed their own approaches for implementing the Strategy. No departmental strategies are in place.
- Currently the Strategy is not coherently implemented and no comprehensive overview has been developed of key sustainability-related programmes and projects.
- The system of targets and indicators is incomplete. Targets and indicators are too vague. No adequate programme evaluation and governance is possible.

¹³ Advisory report to the parliamentary Budget Committee on the audit of the domestic progress towards the sustainability goals of the United Nations 2030 Agenda of 6 July 2020 (not available in English).

2.4 Initial conclusions

The constitutional and fundamental rights and the definition of government goals impose on government bodies in Germany the duty to act in a sustainable manner. The obligation reiterated by the Federal Constitutional Court to safeguard fundamental rights across generations and to manage the economy today in a way not restricting the opportunities of future generations has been applicable since the Constitution came into force. In addition, the government is bound by international treaties to foster sustainable development in Germany and abroad. As a result, the federal government has made the move to sustainable development the guiding principle for all government action.

For many years now, specific recommendations have been available on how the three sustainability dimensions – environment, economy and society – can be effectively implemented in the public sector. Examples include the federal government programme of sustainability measures of 2010 and the reform of public procurement law of 2016.

Transposing the EU procurement directives into domestic law also offered more options for sustainable procurement in Germany.

The Strategy gives the ministries major headroom, which means a special responsibility for embedding the SDGs. It is up to the ministries to decide on projects and programmes they want to launch. Ultimately, they also decide on which SDGs they (want to) strive for. The institutional architecture underlines this decentralised approach. The State Secretaries' Committee has an overview of the diverse strands in its coordinator function. However, the Committee does not issue any specific guidance on how to fill with life the sustainability guiding principle.

So far, the government departments have not done enough to use their autonomous departmental headroom for developing an adequate response that would be commensurate to the key challenges they are facing. Still departmental strategies and approaches for implementing the Sustainable Development Strategy are lacking. Given the decentralised approach, current gaps cannot be filled by federal cross-government guidance.

One major consequence of this is that often not even the basic prerequisites are in place for effectively implementing the SDGs.

3 Sustainable action – in practice

3.1 Applicable regulations and rules

The "theoretical" concept of sustainability is reflected in the Constitution, various laws, regulations and rules. The Constitution, for example, gives a constitutional rank to the principle of efficiency.¹⁴ This is based on the idea that although the government and its citizens may have unlimited needs these can be satisfied only to a limited extent within the limits set by financial, social and ecological resources available. The purpose is to make the best possible use of these scarce resources.

According to the efficiency principle, **before deciding** on a programme with spending implications, government bodies need to explore whether the programme is suitable for achieving the target set and whether the cost-benefit ratio is positive for reaching the respective goal.¹⁵ Government departments need to conduct adequate economic feasibility studies for all spending programmes at the planning stage. The studies required during programme run and after programme conclusion are known as programme (results) evaluations. The value-for-money principle must also be complied with at the stages of budget setting and budget implementation.¹⁶

The regulations of EU procurement law, for example, also provide for giving due consideration to sustainability aspects.¹⁷ These regulations have been transposed into domestic law by means of the Act against Restraints on Competition effective as of April 2016. Accordingly, sustainability aspects may be included as strategic criteria in contract awarding procedures.¹⁸

One example for a sustainability-related rule is the *General administrative regulation on procuring low-energy services*¹⁹. The rule provides guidance

¹⁴ cf. Article 114 para. 2 sent. 1 German Constitution.

¹⁵ cf. Article 7 para. 2 Federal Budget Code.

¹⁶ cf. Article 7 para. 1 Federal Budget Code.

¹⁷ Programme of sustainability measures of the federal government as amended on 24 April 2017, measure No. 6, item 6 c) (not available in English)

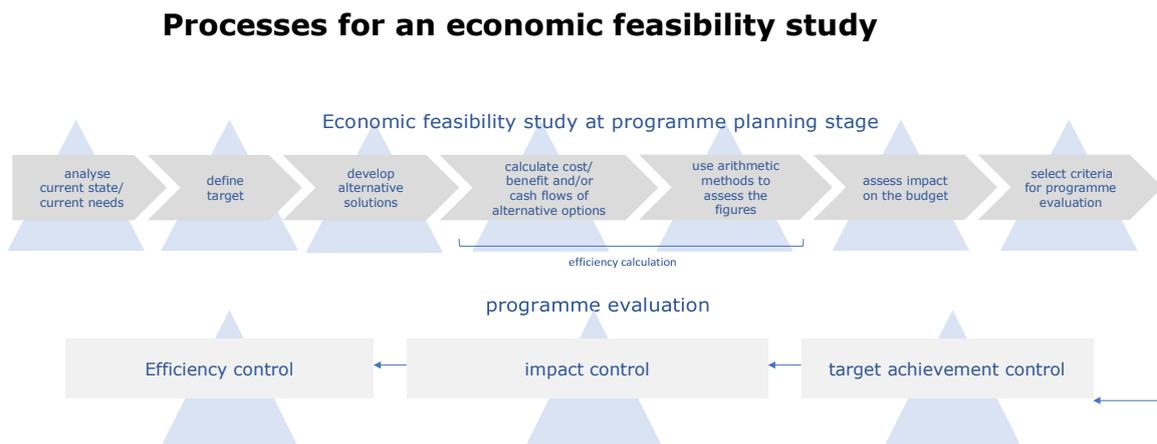
¹⁸ cf. Article 97 para. 3 Act Against Restraints on Competition.

¹⁹ This name is used since the revision of 18 May 2020; before the name of the regulation was: *General administrative regulation on procuring low-energy products and services*.

on how to embed environmental and low-energy aspects in public-sector procurement exercises. Based on a requirements analysis and an economic feasibility study, the contract specifications are key to reflecting such aspects. Other regulations and rules have been enacted for the building²⁰ and the event sectors²¹.

Regardless of which specific rule is applicable to a subject matter, the guiding principle of sustainability needs to be embedded in all decision-making and management sub-processes. Figure 3 illustrates the various steps of an economic feasibility study. To produce the best possible result, the three sustainability dimensions should be balanced against one another in each step. The best possible result weighs up the economic, ecological and social impacts of a spending programme and balances them adequately against the target set.

Figure 3



Source: Federal Ministry of Finance, guidance on implementing economic feasibility studies (adapted)

²⁰ Federal Ministry of the Interior, Guidelines for Sustainable Building

²¹ Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety/German Environment Agency, Guidelines for the Environmentally Sound Organisation of Events.

3.2 Audit evidence gained through horizontal report analysis

In the past months, we explored in a large number of audit missions whether and to what extent the audited bodies (mostly government departments) embedded sustainability aspects in projects and programmes run within their remits. We did so against the background and with the expectation that sustainability – as a living guiding principle – is to be embedded as an inherent yardstick by the ministries in **all programmes with spending implications** and that the ministries comply with all relevant statutory and other applicable regulations and rules.

On this basis, we analysed the findings of more than 50 individual audit missions across the board. This horizontal effort covered individual audit missions across federal ministries and/or their subordinate offices²².

3.3 Statistical analysis

All federal government bodies must embed sustainability aspects in their work.²³ This obligation also includes decision-making on spending programmes and encompasses all stages from the needs statement, selection of options, economic feasibility study, contract awarding to programme results evaluation. Against this background, we studied the following three key questions:

1. Did the audited bodies embed sustainability aspects in defining programme targets?
2. Did the audited bodies choose an adequate approach for embedding sustainability aspects in the various sub-processes²⁴ ?

²² Exception: Federal Ministry of Defence.

²³ Public sector management functions include enacting directives, grants and transfers, procurement, sale and disposal of goods, official travel planning and implementation, organisation of events, planning and construction of buildings or infrastructure, design and organisation of procedures, human resources management.

²⁴ For example, economic feasibility study, award of public contracts or evaluation.

3. Did the audited bodies also study if the programme target was achieved?

Our cross-cutting analysis serves to review whether or not, the audited bodies have usually performed these tasks. Programme implementation itself had been covered in the specific earlier audit missions.

We found that often the audited bodies had not managed to embed the three sustainability dimensions in their projects and programmes.

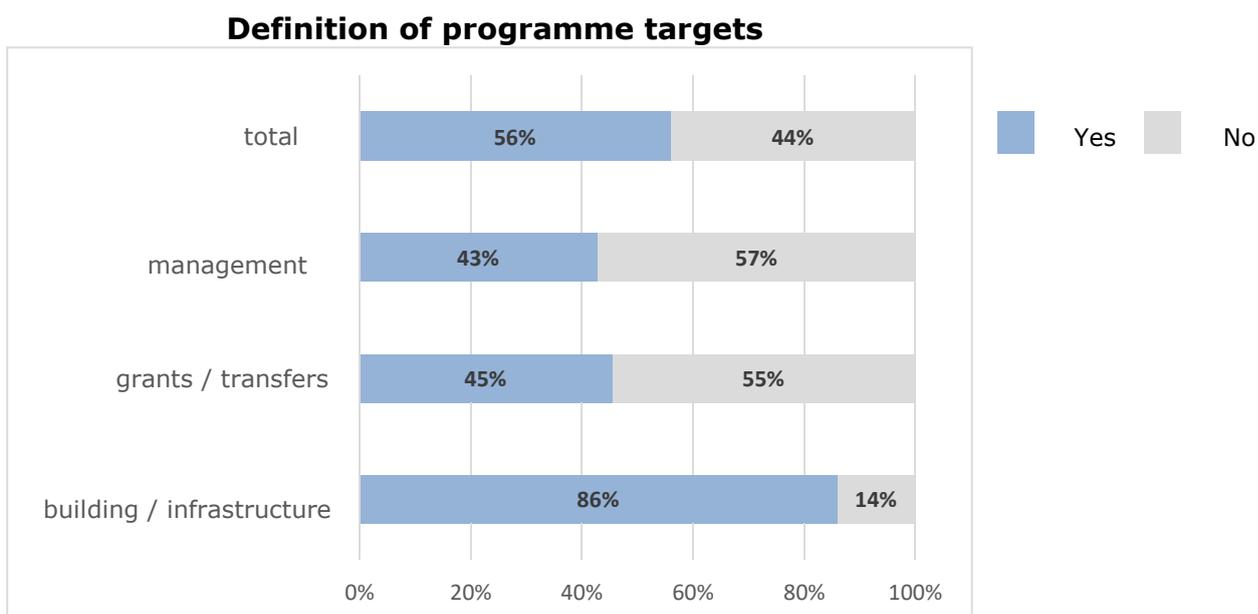
In some cases, the audited bodies did not even recognise the relevance for sustainability aspects. Most of the applicable statutory or other regulations and rules were ignored.

As a rule, sustainability aspects were either not or not fully considered in the sub-processes we audited.

Our detailed audit findings are set out below:

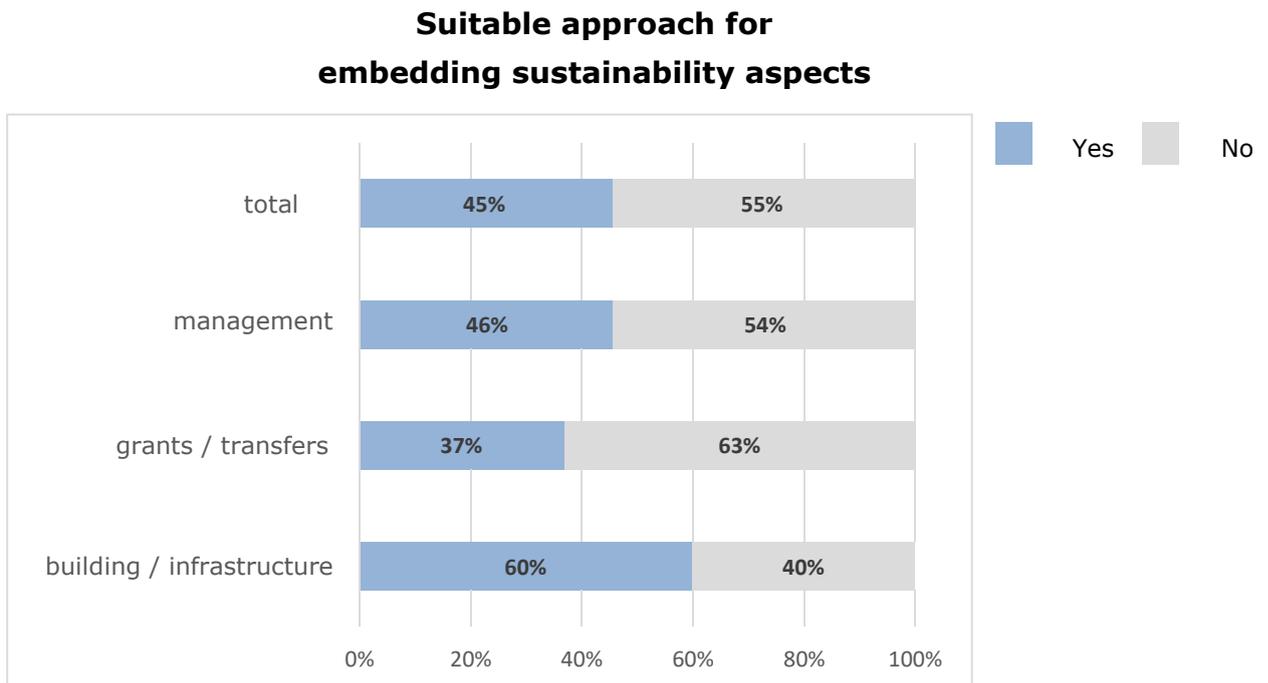
In an initial analysis (see Figure 4) we found that when defining programme targets, the audited bodies had embedded sustainability aspects in a mere 56 per cent of the cases we reviewed. In the “building and infrastructure” sector, the level was 86 per cent and exceeded by far the sectors of “management” (43 per cent) or “grants and transfers” (45 per cent).

Figure 4



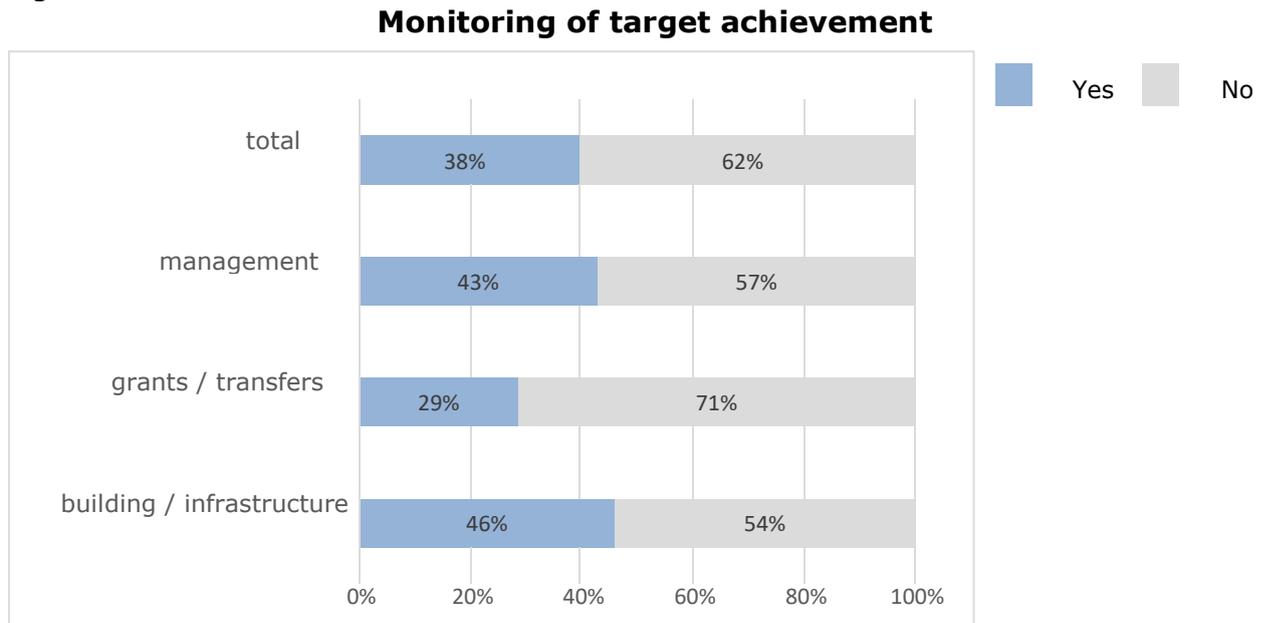
In our second analysis (see Figure 5) we found that in less than half of the cases we reviewed, the audited bodies had selected an approach for the relevant sub-processes that was suitable for embedding sustainability aspects (45 per cent). The portion of 60 per cent was somewhat higher for “building and infrastructure” than for “management” (46 per cent) or “grants and transfers” (37 per cent).

Figure 5



Our third analysis (see Figure 6) showed that in a little more than a third of the cases we studied, the audited bodies had monitored target achievement (38 per cent). In the sectors of “building and infrastructure” (46 per cent) and “management” (43 per cent) the portions were of a similar level whereas in “grants and transfers” (29 per cent), the portion was lower.

Figure 6



4 Case examples on typical shortcomings

4.1 Sustainability aspects not adequately considered

The audit findings included in our analysis illustrate that there are various reasons for not adequately embedding sustainability in the definition of project and programme targets, in the selection of methodologies and in programme evaluation:

One major reason is that sustainability aspects or individual sustainability dimensions are intentionally exempted from overall considerations or selected sub-processes.

Case example No. 1

The Federal Ministry of Food and Agriculture stated that due to pressure exerted by associations it had not included any sustainability targets in the 2016 special milk aid regulation. The Ministry added that there had been no integrated and balanced consideration of the three sustainability dimensions: Apart from maintaining the quantity of milk supplied, the liquidity grants to farmers linked to “supply discipline” did not meet any other EU targets.²⁵

²⁵ German SAI’s note: for example, promotion of sustainable and environmentally compatible production methods.

Although it would have been possible to do so, the Ministry had not linked the grants to any SDGs. The opportunity to make a positive contribution to the Strategy was thus forfeited. The Ministry might for example have linked the liquidity grants to SDG 2 (zero hunger) and thus make a specific contribution to the indicators 2.1.a "nitrogen surplus on agricultural land" and 2.1.b "share of agricultural area under organic farming".

Case example No. 2

The Federal Ministry for Economic Affairs and Energy failed to conduct an economic feasibility study prior to implementing the environmental bonus to boost electric mobility. The reason the Ministry gave was that the design of the environmental bonus had already been decided beforehand by policymakers. The Ministry also dispensed with balancing the three dimensions of sustainability against other priorities, with making explicit reference to the Strategy and with opting only after this exercise for the best solution. In this way, the Ministry also dispensed with using the opportunity to specify and measure the impact of the environmental bonus on the indicators of SDG 11 (sustainable cities and communities: 11.2.b "final energy consumption in passenger transport") and SDG 13 (climate action, 13.1.a "greenhouse gas emissions").

4.2 Lacking awareness of applicable rules and methodologies

Frequently, the guiding principle of sustainability is not filled with life, because the three dimensions of sustainability or the relevant statutory and other regulations and rules are not known or not adequately applied. This is the case for budgetary requirements, in particular the federal financial regulations (Federal Budget Code) that govern all spending programmes. Some of the audited bodies did not even comply with such frameworks if the relation to the SDGs was obvious.

Our horizontal analysis of departmental audit findings highlights a correlation between the sector of a project or programme and the extent to which sustainability aspects are embedded in work. We found a trend indicating that sustainability aspects are more often embedded in the "building and infrastructure" sector than in the two other sectors. In our view,

the reason for this may be that for several years, frameworks and guidance have been in place on how to embed sustainability aspects in “building and infrastructure”.²⁶ These provide valuable assistance to responsible actors to better consider sustainability aspects when defining programme targets. The same is generally true also for our other analyses although less so.

In addition, our analysis illustrates that so far, the ministries responsible have not managed to select a suitable and coherent approach for embedding sustainability aspects in the three sectors. They have also failed to consistently monitor compliance with the programme targets they set.

Case example No. 3

For more than a decade, the Federal Ministry for Economic Affairs and Energy has co-funded developing maritime technologies in the pre-competitive area. From 2011 to 2017, the Ministry used the “Next Generation Maritime Technologies” programme (previous research programme) with an annual budget of some €32 million. On 1 January 2018, this funding programme was replaced by the new “Maritime Research Programme” and the “Real-time Technologies for Maritime Security” programme.

Although the Ministry acknowledged a fundamental relation²⁷ of these funding programmes to sustainability aspects, it did not complement programme targets with suitable indicators to measure the contribution the programmes actually made towards SDGs. The Ministry chose to ignore the three sustainability dimensions and forfeited the opportunity to further specify the contribution the Ministry could make towards implementing the Strategy.

²⁶ The Guidelines for Sustainable Building were published on 3 March 2011. Since the year 2013, the requirements set forth have been mandatory for new buildings, extensions, modernisation, retrofitting and alterations and the maintenance of federal buildings. Economic, ecological and sociocultural aspects and technical and process related quality have to be ensured from planning to dismantling a building. According to the final degree of fulfilment respectively, the buildings are certified according to the federal quality standards for sustainable building (BNB-standard) in “gold”, “silver” or “bronze”.

²⁷ The previous programme contributed to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure), see data sheet “maritime technologies” referring to the 26th Report on subsidies.

Case example No. 4

The "Research for Sustainable Development" framework programme is the key contribution the Federal Ministry of Education and Research makes to the Strategy. Each year, the Ministry sets aside nearly €500 million for project funding. Apparently, the Ministry has not tailored any of the previous framework programmes to the sustainability goals although these programmes furnish a key element of the scientific basis of the Strategy.

The Ministry has also failed to conduct real-time evaluations to enhance programme design and management. As a result, after almost 15 years of programme run, there is no data available on whether the programme has contributed at all to achieving the SDGs.

Both high complexity and lacking transparency of the funding structures set up in the flagship initiatives²⁸ largely impeded using the guiding principle of sustainability and applying an integrated approach to the three dimensions. We found for example that the Ministry had chosen not to complement the "City of the Future Initiative" with SDGs and key indicators. In addition, the budget estimates were not transparent. It was not possible to assess and balance the three dimensions. On this basis, the overall contribution the Ministry intended to make with the "City of the Future Initiative" to implementing SDG 11 (sustainable cities and communities) and on which specific indicators could not be identified.

4.3 Lacking awareness of impact

Often, government departments do not embed the three dimensions of sustainability in all their sub-processes in a comprehensive and balanced way. In some cases, they limit themselves to one dimension or choose to dispense with the effort at all.

²⁸ Flagship initiatives are a key structural element of the Research for Sustainable Development framework programme. In the "City of the Future Initiative", the Federal Ministry of Education and Research pools programmes for sustainable urban development.

If the ministries ignore the three dimensions of sustainability when they set programme targets or determine a methodology for selection decisions, this does not only impact on the success of projects and programmes, but also on their financial sustainability. This shortcoming may even have long-term repercussions.

Usually, in these cases, economic feasibility studies are incomplete, flawed, or lacking at all. Examples of these shortcomings include the federal programme to promote organic farming and other forms of sustainable agriculture, and the funding programme to implement the German Strategy for Adaptation to Climate Change.

Case example No. 5

In the period between 2002 and 2019, the Federal Ministry of Food and Agriculture spent a total of more than €300 million on the Federal Scheme for Organic Farming and Other Forms of Sustainable Agriculture. The Scheme serves to enhance the general conditions for the organic agri-food sector and other forms of sustainable agriculture. The Scheme contributes mainly to SDG 2 (zero hunger)²⁹.

The Ministry commissioned an evaluation of the Scheme in 2012. According to the evaluation it was impossible to identify a causal relationship between the Scheme and market development for organic products seen against other programmes in place. The Ministry was unable to substantiate the success of the Scheme. In the light of the planning for the Scheme, the Ministry was not able to demonstrate that either the intended objectives were achieved, that the Scheme had contributed to target achievement or that the Scheme had provided value for money. The Ministry stated that it was difficult to accurately and reliably identify the added value (if any) of the Scheme towards the positive development of the "organic sector" over the past decade.

The funding applications had been sent to an expert team of scientists for review. The majority of these experts worked at institutions that had themselves applied for project funding. This resulted in something like a

²⁹ Indicator 2.1 "share of agricultural area under organic farming".

“closed shop” circle with giving most grants always to the same circle of applicants.

By the year 2008, 120 studies were available on the consumers’ purchase behaviour regarding organic food. Still Scheme grants were used in the following years to fund more studies that were similar in substance and methodology. The project target was to gain information on the reasons why consumers buy organic products. The result of all studies and projects was that the choice of organic products was mostly driven by health and taste, animal welfare and sustainable/regional production. We do not concur with the agriculture ministry and hold that enough research has been done on the reasons for purchasing organic products and that the lessons learned can also be applied to other products. For this reason, funding more research on the purchase behaviour was not necessary.

Case example No. 6

When we looked at the funding programme launched by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety as part of the German Strategy for Adaptation to Climate Change, we found that from 2011 to 2017, financial sustainability had not been given enough weight in decision-making seen against the two other dimensions. In 2011, there were 101 more programmes in place of other grantors³⁰ that directly or indirectly fostered adaptation to climate change. Still the Ministry had not used the criteria of subsidiarity and efficiency to verify if the new programme was actually needed.

While initially the Ministry had provided a rough idea of the funding targets, from the year 2014, its invitations to tender do no longer provide any definition at all. As a result, no information was given what added impact the federal grants were supposed to produce. The Ministry chose not to specify whether or not the funding programme would usefully contribute to SDG 13 (climate action) or to other related indicators.

If the programme targets are not or not fully defined or programme progress is not adequately monitored, this can have an adverse impact on the following years or even decades. This makes it impossible for government departments to

³⁰ European Union and some federal states.

adequately assess if co-funding or grant programmes should better be discontinued or extended. In this way, programmes may run for many years, although their benefit or contribution to implementing the Strategy has never been substantiated.

In addition, is it not enough for a funding programme to pursue an overarching sustainability-related goal only. What is also needed is that sustainability aspects are embedded in programme implementation. A stated environmental target does not dispense ministries from also balancing the economic (budgetary) and social aspects in each decision underlying an individual grant and reflecting the result in the respective programme targets.

Case example No. 7

The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety considers environmental and nature conservation organisations to be partners in tackling vital challenges such as climate change, along with natural resource scarcity and the loss of biodiversity. For more than 30 years, the Ministry has given grants to such an organisation by way of institutional funding. In 2017, the Ministry disbursed €1.8 million for that purpose. Compared to the preceding year, the amount had tripled.

We found that although the Ministry had grant-funded the institution for 30 years, it did not justify the need for extending the funding period, the funding goals pursued and the methods used for calculating co-funding. The Ministry also failed to explore any alternative options to grant funding or the results and impact of institutional grant funding.

The same can be said for project support that the Ministry gives to the same organisation in addition to institutional funding. From 2014 to 2017, the organisation received an extra amount of €3 million under this formula. Again, the Ministry had not defined any specific SDG-related targets or indicators.

All of this, however, would have been necessary to make sustainability a guiding principle of government action. If the Ministry had defined measurable targets and evaluated programme results, it would have been possible to

specify the contribution made to implementing the Strategy, for example progress towards SDG 13 (climate action), SDG 14 (life below water) and SDG 15 (life on land).

Case example No. 8

An organisation that is largely funded by the Federal Ministry of Justice and Consumer Protection provides assistance to foreign governments in modernising their legal systems, notably the judiciary. The organisation has been commissioned to do so by the federal government. The organisation makes a contribution to implementing the Strategy, especially SDG 16 (peace/justice/strong institutions) and SDG 17 (partnerships for the goals). For the year 2018, institutional funding of €6.1 million had been set aside. In addition, the organisation was given project grants of €407,000 by the Foreign Office.

We found that the Ministry had failed to define measurable targets and indicators. These would have provided reliable yardsticks for assessing the efficiency and effectiveness of the organisation's performance and for monitoring progress towards the SDGs. The organisation commissioned external evaluations on its work in individual partner states. These again did not furnish the data needed for an adequate evaluation. Although the Ministry was not able to assess the actual achievements, each year it increased annual grants for the organisation.

5 Comments made by the Federal Chancellery

The Federal Chancellery stated to perform its lead responsibility role for the Strategy. It added that the State Secretaries' Committee had regularly studied the wide array of sustainability policy matters. The Committee's decisions were of binding force for the federal ministries. The Federal Chancellery continued that under its umbrella the programme of sustainability measures had been adopted and that this programme stipulated key requirements for ministerial mission performance. These examples clearly illustrated that the Federal Chancellery performed its leadership role, but that this role also faced constraints. These limits were set forth in Article 65 of the

Constitution on the departmental autonomy principle. Accordingly, the ministries were responsible in the first place for implementing the Strategy within their respective remits and portfolios.

The Federal Ministry of Finance (finance ministry) commented on the shortcomings in implementing the Strategy. The finance ministry stated that the reason for the weaknesses we had found were lacking awareness or use of applicable frameworks. Some government departments also stated that in the meantime they had implemented compliance checks for funding programme sustainability. The Federal Ministry for Education and Research added that it had set up a project group to develop a departmental sustainability strategy.

6 Summary of conclusions and recommendations

Implementation practices of the sustainability guiding principle does not meet the expectations of the overarching Strategy. Our horizontal analysis highlights the limits both of the Strategy itself and of the institutional architecture developed for implementing it.

The departmental autonomy principle leaves major headroom to the ministries for implementing the Strategy. This means that on the one hand they may act as they deem fit within their respective portfolio while on the other hand they share responsibility in advancing the Strategy government-wide.

We acknowledge the steps the federal government and individual federal ministries have taken so far. These have been steps in the right direction. However, further efforts are needed to better and more consistently embed sustainability as a guiding principle in government action.

The government departments still do not consistently embed the guiding principle of sustainability in all and any of their technical and management decisions. Even in the light of the statements made by some ministries on earlier sustainability-related activities, our conclusions do not lose in weight. On the contrary, such statements even confirm that although the ministries have acknowledged the relevance sustainability has for their work, they still do not manage to use such knowledge and fully tailor mission performance to the sustainability guiding principle. This would mean to apply the frameworks in place and actually embed sustainability aspects in their work.

The comments made by the finance ministry also confirm our audit conclusions.

We reiterate our findings that the government departments have not yet been fully committed to incorporating the guiding principle of sustainability into their mission performance. One reason for this is that decision-makers and managing bodies

- sometimes deliberately ignore sustainability aspects;
- are not (fully) aware of relevant rules and suitable instruments and hence do not use them in their work;
- do not duly consider the adverse impact that non-compliance with sustainability aspects may have.

Rigorous leadership is needed to make the **federal ministries** take the necessary steps. Sustainability needs to be better tailored to and fully embedded in practices and procedures. Departmental implementation strategies are needed for this purpose. The structure of such strategies should not only reflect strategic priorities but also provide hands-on guidance for operational and management support work. The strategies need to offer specific guidance for daily mission performance, especially on how to weigh and balance all three sustainability dimensions that is required for of all decision-making. In addition, all federal ministries need to make the point internally vis-à-vis their staff and externally vis-à-vis grantees, suppliers, service providers, associations etc. that sustainability aspects are and shall be embedded in all governmental decision-making.

The **Federal Chancellery** having lead responsibility for sustainable development should take more rigorous leadership. Especially seen against the background of the departmental autonomy principle, more needs to be done to better synchronise the work of the federal ministries and embed the guiding principle of sustainability in their daily mission performance. If this is not successful the institutional architecture is no suitable instrument for advancing Strategy implementation.

The **departmental coordinators for sustainable development** should step up their efforts to alert their respective ministries to the requirements and regulations on sustainability. To this end, they may wish to develop guidance or tools or update available sustainability documents.³¹ In addition, the coordinators should urge government departments to put into place the structures needed for consistently implementing the Strategy and raise awareness for this matter among the bodies relevant.

The **State Secretaries' Committee** should monitor this process very closely. The purpose should be to ensure that the federal ministries duly and consistently embed the guiding principle in all programmes with spending implications and tailor their decisions to weighing and balancing the three dimensions. To this end, the State Secretaries' Committee should impose on the federal ministries the duty to develop their own departmental approaches for implementing the Strategy and report on the progress made at regular intervals to the Committee.

Dr. Mähring



Demir

³¹ For example, the Federal Finance Ministry's guidance on implementing economic feasibility studies: In that guidance, the Ministry could make clear that the three dimensions of sustainability must be balanced at each stage of decision-making.