



Rat für
NACHHALTIGE
Entwicklung

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Sustainable Development

Leveraging the Potential of Public Procurement for Sustainable Transformation and Innovation

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Leveraging the Potential of Public Procurement for Sustainable Transformation and Innovation.

1. Many of the goals set out in the German Sustainable Development Strategy, including achieving climate neutrality and the resource targets, can only be attained if the federal, Länder and local governments focus their joint purchasing power of around €500 billion per year on sustainability criteria to a much greater extent than has thus far been the case. Equally, sustainable public procurement is an invaluable market-based instrument for promoting both the transformation of the economy and sustainable innovation. Public sector demand for sustainable products and services sends clear signals to companies, creates fair competitive conditions and, last but by no means least, public procurement sets an example and lends credibility to political objectives.
2. In accordance with existing public procurement law and the applicable principle of economic efficiency, it is legally certainly possible to take ecological, social and human rights criteria into account in public procurement at all stages of the process. Thus far, however, this has only been done selectively across all levels of government. In part, this is a result of the high level of legal complexity, the additional workload it creates, a lack of knowledge on the part of the public authority procurement departments and a fear of additional costs.
3. Accordingly, the German Council for Sustainable Development recommends that the German government, as well as the Länder and local governments, make targeted use of the instruments of sustainable and innovative procurement. In the upcoming legislative session, the German government should develop a cross-ministerial strategy for sustainable and innovative public procurement. Extensive preliminary work by the EU Commission can be drawn upon to this end. Indeed, a procurement strategy of this kind had been planned for 2020 but was postponed in the wake of the COVID-19 pandemic. This new procurement strategy must also anchor ambitious targets to replace the weak targets set out in the German Sustainable Development Strategy.
4. Adopted in August 2021, the latest version of the German government's "Programme of Measures on Sustainability" contains a number of elements that could form a solid basis for a new approach to sustainable procurement across the board, in particular with a view to the goal of climate neutral federal administration. However, sufficient resources must be made available for the Programme of Measures to be effective, and the measures must be better linked to the German Sustainable Development Strategy.
5. The RNE would also welcome an Inter-ministerial Committee for Sustainable Procurement, as set out in the Programme of Measures, for the



technical development of the relevant strategic framework. This framework must include both the Länder and local authorities, who have far higher procurement volumes than the Federal Government, as well as the business community and civil society. In addition, the Cabinet must adopt this new procurement strategy to ensure sustainable procurement is accorded the necessary weight.

6. Moreover, the RNE calls for greater dialogue surrounding sustainable procurement between public procurement officers, business and civil society, with the Länder and local governments also invited to participate. At regional level, it is important to promote spaces for dialogue that involve both buyers and suppliers (e.g. with chambers of industry and commerce within the framework of the “Gemeinschaftswerk Nachhaltigkeit” (“The German Sustainability Movement”).
7. The German Council for Sustainable Development also welcomes the new administrative regulation on climate-friendly procurement by federal authorities adopted in September 2021. To successfully implement the regulation, it is key to utilise the expertise of the German Environment Agency to ensure that higher future CO₂ prices in accordance with the Climate Change Act (what is known as shadow carbon pricing) can be included in lifecycle cost analyses without causing extensive bureaucratic efforts. Furthermore, this administrative regulation should also include the aspect of the circular economy, which is often closely linked to climate protection. In the medium term, regulations should be enshrined in law to ensure they apply to all procurement across the country.
8. It is the opinion of the German Council for Sustainable Development that the costs calculated for a procured product must reflect the environmental and climate impact of that product over its entire lifecycle.
9. Overall, the aim should be to move away from expenditure-driven budgeting to an impact-oriented budget process.
10. For the RNE, it is particularly important in practice that the respective ministers as well as the management of all public authorities support sustainable procurement, set ambitious procurement targets and make the necessary human and financial resources available for the relevant public authorities. This should also include the professionalisation of public authority departments, in particular procurement departments.
11. Broadly speaking, the RNE is in favour of centralising procurement capacity within individual public authorities. Concomitantly, there is a need to expand corresponding training programmes, for example via the Federal Procurement Office’s Sustainable Procurement Skills Centre (KNB) and/or the Federal Academy of Public Administration (BAkÖV). Where possible, these training courses should also be offered to Länder and local authorities.

12. The instruments of innovation procurement offer enormous potential for the development and establishment of particularly sustainable procurement options. Thus far, however, the Federal Government has scarcely made use of such instruments in its innovation policy, notwithstanding the fact that innovation-focused procurement allows novel solutions to be developed and brought to market in the form of products, services and business models. Accordingly, the German Council for Sustainable Development recommends that the Federal Government should examine the possibility, for instance, of launching a funding programme to cover additional process-related costs for innovative procurement processes (in particular via functional performance specifications).

About the German Council for Sustainable Development

The German Council for Sustainable Development (RNE) advises the Federal Government on issues of sustainability policy. It acts in this capacity as an independent entity, and since 2001 its members have been appointed every three years by the Federal Government. The Council consists of 15 public figures, comprising individuals from civil society, the business sector, the scientific community and the political arena. It has been chaired since 2020 by Dr Werner Schnappauf and his deputy, Prof. Dr Imme Scholz. The Council also carries out its own projects aimed at advancing the topic of sustainability in practical terms. In addition, it helps shape topically focused momentum within policy and societal dialogue. The Council is supported in its activities by an administrative office based in Berlin.

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