SHORT NEWS

Overview of Communications, Circulars, Decrees and Administrative Regulations at EU, Federal and State Level concerning the Implementation of Award Procedures during the Corona Crisis (as of 28 April 2020)

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Update of 28 April 2020:

- Federal Government (authorities in the BMI's scope of business): Annex 1 to circular BMI and business division SARS-CoV-2 pandemic situation of 20 April 2020
- Mecklenburg-Western Pomerania: Decree on public procurement in connection with the corona pandemic of 14 April 2020 (in force since 21 April 2020)
 Hesse: Joint Circular of 14 April 2020

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This article provides an overview of existing facilitations in the implementation of procurement procedures at EU, federal and state level. The article also contains direct links to the relevant communications, circulars, decrees and administrative regulations and is regularly updated.

I. Situation

The constant spread of the SARS-CoV-2 infectious agent in Germany also has a massive impact on the procurement activities of public-sector clients in Germany. Different products are needed quickly and in large numbers - from remedies and aids (e.g. respirators) to information technology equipment (e.g. laptops) and video conferencing technology for working from home.

In the range above the EU thresholds (supplies and services: EUR 214,000, works contracts: EUR 5,350,000), the legal framework is provided by EU procurement directives 2014/23/EU (concessions directive), 2014/24/EU (public procurement directive) and 2014/25/EU (sectoral

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procurement directive). The federal legislator has implemented the above-mentioned directives into national law as part of the Amendment to Procurement Law 2016.

Below the EU thresholds, on the other hand, procurement law is budget law which is why the federal states there define the factual and personal scope of application of the regulatory framework of procurement law by means of corresponding administrative regulations to the respective federal state budget regulation and in the municipal budget regulation.

With regard to the communications, circulars, decrees and administrative provisions set out below, a regulatory distinction must therefore be made as follows:

- The communication of the EU Commission as well as the circulars of the Federal Government interpret applicable pan-European public procurement law and point out the already existing scope and exceptions without directly creating new law. The legal opinions expressed there are not binding for the procurement review bodies (public procurement chambers and higher regional courts) but should certainly be used in the review case to interpret the underlying standards and to assess the respective individual case. Of particular relevance here are:
 - the BMWi circular of 19 March 2020 for the supply and services sector and
 - the **BMI decree of 27 March 2020** for the construction sector.
- The decrees and administrative regulations of the federal states, on the other hand, amend - usually initially for a limited period of time - the state budget law for the implementation of "corona-related" award procedures. Apart from this common focus, the individual decrees and administrative regulations differ in part significantly from one another in terms of their regulatory content.

For the possibilities of accelerated purchases in the above-threshold sector please see in detail our article in the BEITEN BURKHARDT Corona Information Center of 13 March 2020 (updated on 23 March 2020): <u>Link</u>

The ten most important Questions and Answers regarding the Operation and Arrangement of Procurement Procedures in times of the corona pandemic: <u>Link</u>



II. Overview of regulations at EU, federal and state level

EU

Competent authority / regulation	Essential contents
EU Commission COMMUNICATION FROM THE COMMISSION European Commission Guidelines on the use of the public procurement framework in the emergency situation caused by the COVID-19 crisis (2020/C 108 I/01) of 1 April 2020	Shortening of the standard time limits of the open and restricted procedures to the minimum time limits (open procedure: 15 calendar days; restricted procedure: 15 calendar days in the call for competition and 10 calendar days in the bidding phase)
Available at Link	Admissibility of the negotiated procedure without a call for competition where the shortening of the standard time limits is not sufficient to meet short-term needs. Direct needs of hospitals and other health care facilities are particularly mentioned
	In individual cases even direct award permitted if only one com- pany is able to supply
	Reference to the fact that the negotiated procedure without a call for competition is primarily intended to cover short-term needs ("interim awards") and not long-term needs (number 2.3.4 of the Commission communication)



•	Reference to possible arrange-
	ments in the procedure (e.g. con-
	tact by telephone, e-mail or in
	person)

Federal Government

Competent authority / regulation	Essential contents
Federal Ministry for Economic Affairs and Energy	Admissibility of the negotiated procedure without a call for competition for the purchase of ser-
Circular on the application of public pro- curement law in connection with the pro- curement of services for the containment of the spread of the new coronavirus SARS- CoV-2 of 19 March 2020	vices for the containment and short-term management of the corona pandemic and/or the maintenance of public admin- istration services
Available at Link	Permitted for the procurement of remedies and aids (masks, gloves, etc.) and certain IT ser- vices required to deal with the corona crisis (home office work- places, video conferencing tech- nology, etc.)
	List of possible procurement objects is not exhaustive
	Wherever possible, participation of several companies, but also direct award of contracts is per- mitted
	Application of these principles

also in the regulatory area of the Sectoral Regulation (SektVO) and the Defence and Security Procurement Regulation (VSVgV) Extension of existing contracts under section 132 (2) sentence 1 no. 3 German Antitrust (GWB) up to 50 percent of the value of the originally specified contract Recourse to negotiated proceed-Federal Ministry of the Interior, Building and Community ings and direct awards of contracts also permitted for works contracts due to special urgency COVID-19 Pandemic: **Procurement** law analogous to the letter of the BW I 7 70406/21#1 of issues Decree BMWi dated 19 March 2020 27 March 2020 The instructions on how to deal Available at Link with disruptions in the construction process from the decree on construction contract law of 23 March 2020 (Chapter II) must be included in the tender documents. Priority of the self-declaration over the submission of supporting documents if timely submission is not possible due to the corona crisis Adaptation of procedural and contractual deadlines where possible E-Awarding before submission of

	paper tenders
	For paper tenders: Opening date according to section 14a German Award and Contract Procedures for Construction Services Part A (VOB/A) is no longer applicable but is replaced by a mere opening date according to section 14 VOB/A
	 Contractual penalties to be applied "only in exceptional cas- es"
	 Implementation in the area of the Federal Highway Administration by circular of the BMVI of 30 March 2020 (file ref.: StB 14/7134.40/010/3297672)
Federal Ministry of the Interior, Building and Community Decree on construction contract law of 23 March 2020	Construction work is to be discontinued only if official measures require it (e.g. entry bans) or if further operation is not possible due to official measures
Available at Link	Construction workflow disruptions: The corona pandemic is basically suitable to trigger the facts of force majeure in the sense of section 6 (2) no. 1 lit. c German Award and Contract Procedures for Construction Services Part B (VOB/B) but individual case review is still necessary
	Contractor must prove the existence of the conditions of

force majeure (e.g. quarantine of employees, travel restrictions, no availability of building materials)

- Cost increases are not unreasonable per se
- Extension of the execution deadlines by the duration of the impediment plus a reasonable surcharge for resuming work (section 6 (4) VOB/B)
- Principal is not in default of acceptance (section 642 German Civil Code (BGB))
- Possibility for contracting authorities to make advance payments against a guarantee by the contractor (section 16 (2) No. 1 VOB/B)
- Implementation in the area of the Federal Highway Administration by circular of the BMVI of 25 March 2020 (file ref.: WS 15/5256.11/0)

Federal Ministry of the Interior, Building and Community

Annex 1 to circular BMI and business division of 20 April 2020 - SARS-CoV-2 - pandemic situation

Temporary increase of the value limit for the performance of a negotiated contract award with or without a call for competition, section 8(4) no. 17 German Rules of Procedure for

- Limited scope of application in terms of personnel: Communication applies only to divisional authorities of the BMI
- Temporary increase of the value limit for the performance of a negotiated contract award with or without a call for competition to EUR 100,000 until 15 October



the Awarding of Below-Threshold Contracts (UVgO)	2020 (no corona reference required for the specific procurement project)
Available at https://www.bayika.de/bayika-wassets/docs/aktuelles/2020/Erlass-BMI-20.04.20.pdf	

Federal states

Federal state / Competent authority / Regulation	Essential contents
Baden-Wuerttemberg Ministry of Economic Affairs, Labour and Housing	(Merely) Reference to the existing possibilities for accelerated procurement, in particular in accordance with section 8.3 of the German Administrative
Public Procurement urgent awards of supplies and services in the light of the corona pandemic of 20 March 2020 Available at Link	Regulation (VwV) to award a negotiated contract without a call for competition if the contract value is not expected to exceed EUR 50,000

Free State of Bavaria

Bavarian state government

Administrative regulation on public procurement (VVöA) of 24 March 2020

Available at Link

Extension to municipal contracting authorities by circular of the Bavarian State Ministry of the Interior, for Sport and Integration (StMI) of 26 March 2020 available at <u>Link</u>

- All procurements up to reaching the EU threshold (also without corona reference) can be awarded until 30 June 2020 by negotiated procedure with or without call for competition or by restricted tendering without call for competition
- Raising of the threshold for direct contracts to EUR 25,000 for corona-related contracts
- General revision of the German Administrative Regulation on Public Procurement (VVöA) independent of Corona (increase of value limits and possibility of communication by e-mail - including submission of bids - for negotiated procedures and restricted tendering without call for competition)
- Modifications also apply to municipal contracting authorities

Free State of Bavaria

Bavarian State Ministry of the Interior, for Sport and Integration (StMI)

Circular on Municipal Contracts in the Light of the Corona Pandemic of

- Recommendation to municipal contracting authorities on the application of the BMI decrees of 23 and 27 March 2020 on contractual and construction contract issues in the COVID-19 pandemic
- Information sheet on how to

8 April 2020 Available at Link	deal with contract disruptions in connection with the COVID-19 pandemic as part of the tender documents for works contracts
Berlin Senate Department for Economics, Energy and Public Enterprises Circular SenWiEnBe II DNo. 03/2020 Public procurement: eProcurement of goods and services below the EU thresholds Available at Link	No eProcurement obligation in the case of procurement of goods and services above the value limit of EUR 25,000 up to the EU threshold (in deviation from no. 8 General Administrative Regulation (AV) section 55 Regional Budget Code (LHO)) Valid until 30 June 2020
Berlin Circular SenWiEnBe II DNo. 04/2020 of 15 April 2020: Procurement of supplies and services to maintain the operation of the public administration Available at Link	 Summary of the legal bases for negotiated procedure, negotiated procurement and direct award on grounds of urgency Reference to the possibility of shortening the time limits in cases of urgency Deviation from eco-social requirements of the Berlin Tendering and Awarding Act (BerlAVG) permissible in exceptional cases for urgent awards
Hamburg Fiscal Authority Changes to the Hamburg Procurement Law	Temporary increase until 31 December 2020 of the val- ue limit for negotiated con- tract awards pursuant to the UVgO for procurements con- nected with securing supplies

of 20 March 2020 Available at Link	for the population and fighting the spread of corona-virus
	Obligation for eProcurement suspended
	 Query suspended under the Law on the Establishment of a Register for the Protection of Fair Competition (GRfW)
Hesse	Reference to the communica- tions of the BMI
Hessian Ministry of Finance Handling of award procedures and construction work in the context of the Corona Pandemic Decrees of the Federal Ministry of the Interior (BMI) of 23 March 2020 and 27 March 2020 Available at Link Hessian Ministry of Economics, Energy, Transport and Housing Joint Circular	 Note on the priority of the self-declaration according to Section 13 Hessian Act on Public Procurement and Collective Agreement Loayalty (Hessisches Vergabe- und Tariftreuegesetz, HVTG) to facilitate the procedure Section 14a VOB/A (opening date) is not applicable until further notice; instead, an opening date according to section 14 VOB/A
Available at <u>Link</u>	
Mecklenburg-Western Pomerania Ministry of Economics, Employment and	Supplies, services and works contributing directly or indirectly to the containment of the corona pandemic or its consequences may be procured up to

Health

Decree on public procurement in connection with the corona pandemic (Corona Public Procurement Decree - CVgE M-V)

Available at Link

30 June 2020 without a formal procurement procedure up to the level of the relevant EU threshold, taking into account the budgetary principles of economy and efficiency (direct order); market exploration may be waived

- Possible procurement objects are medical supplies (remedies and medical aids) and those that serve to maintain the operation of public administration
- also applicable to recipients of subsidies

Lower Saxony

Ministry of the Interior and Sport of Lower Saxony

COVID-19 (Coronavirus) Notes on municipal decision-making processes, direct orders and liquidity loans of 19 March 2020.

Available at Link

For procurements of supplies and services, in particular for services of special urgency, justified in the corona crisis, municipal contracting authorities may, until further notice, set the value limit for direct orders in their own competence and responsibility (only within the scope of application of section 28 (2) sentence 1 Municipal budget and cash desk ordinance (KomHKVO), i.e. orders below EUR 20,000 and freelance services)

Lower Saxony

New version of the Regulation on Contract Value Limits and Procedural Simplifications for the Laws on Collective Bargaining Construction works up to EUR 3 million: Restricted call for tenders without call for competition permitted (up to now EUR 50,000 to 150,000 depend-

and Public Procurement of Lower Saxony (Niedersächsische Wertgrenzenverordnung – NWertVO) of 7 April 2020

Available at <u>Link</u> (regulation) and <u>Link</u> (reasons)

ing on the trade)

- Construction works up to EUR 1 million: Direct awards permitted (up to now EUR 25,000)
- Services and supplies below EU thresholds: free choice of procedure (among other things, restricted call for tenders and negotiated procurement without call for competition also permitted)
- No "corona" reference required.
- Particular urgent services and supplies in connection with the corona pandemic below EUR 214,000 (EU threshold): Direct order permitted
- Valid until 30 September 2020
- Waiver of a public submission meeting in case of belowthreshold building contract awards if thereby a risk to health for the representatives of the contracting authorities exists or is imminent
- Replacement of the provision on the award of supply and service contracts by negotiated procedure with or without a call for competition in accordance with the Below-Threshold Award Regulation of 18 March 2020 and

	the Circular - facilitations under procurement law in the context of the corona crisis; increase of the value limit for the direct order pursuant to section 14 UVgO of 20 March 2020
North Rhine-Westphalia Ministry of Finance and Ministry of Economic Affairs, Innovation, Digitization and Energy of the State of North Rhine-Westphalia Application of procurement law in connection with the procurement of services for the containment of the spread of the new coronavirus SARS-CoV-2 of 27 March 2020 Available at Link	 Temporary suspension of the Below-Threshold Award Regulation (UVgO) until 30 June 2020 for the purchase of goods and services for the containment and short-term management of the corona pandemic and/or the maintenance of service operations The principles of economy and efficiency remain in place Raising of the threshold for direct contracts to EUR 3,000 (also for non-corona related procurements) Contracting authorities shall restrict themselves to requiring such proof of suitability as is mandatory and absolutely necessary Circular decree applies to regional public contracting au-
North Rhine-Westphalia Ministry for Regional Identity, Communi-	Information also applies to municipal contracting authorities in NRW

Gender Equality of the State of North Rhine-Westphalia

Municipal Procurement Law:

Information on current procedures in connection with procurement by municipal contracting authorities of 14 April 2020

Available at Link

- Municipalities may suspend the application of the UVgO in the award of contracts for supplies and services in connection with the SARS-CoV-2 pandemic until 30 June 2020; the corresponding "should stipulation" in the Municipal Procurement Principles is a recommendation which is interpreted as meaning that the discretionary decision of the municipalities not to apply the UVgO is lawful
- Also applicable to construction contracts in connection with the SARS-CoV-2 pandemic
- A negotiated procurement or a direct award without a call for competition is also permissible as types of procedure
- Reference to the circulars of the BMWi and BMI for procurement procedures above the EU thresholds

Rhineland-Palatinate

Ministry of Economy, Transport, Agriculture and Viticulture

Circular of 20 March 2020 – Facilitations under procurement law for the containment of the spread of the new coronavirus SARS-CoV-2

- Supplies, services and construction works contributing directly or indirectly to the containment of the corona pandemic may be procured by direct procurement, taking into account the budgetary principles of economy and efficiency
- Prioritised review of whether a framework contract can be used

Available at Link	before a direct order is chosen
	 Procedural simplifications also apply to recipients of subsidies who are only obliged to apply procurement law by a grant decision Valid until 30 June 2020 Valid until 30 June 2020
Saxony-Anhalt Ministry of Economy, Science and Digitization	(Merely) references to the existing possibilities for carrying out a negotiated contract award without a call for competition in cases of particular urganav for
Facilitations under procurement law for the containment of the spread of the new coronavirus SARS-CoV-2 of 31 March 2020	cases of particular urgency for supplies and services under the German Procurement and Con- tract Procedures for Supplies and Services (VOL/A)
Available at Link	References also apply to recipients of subsidies
	Valid until 30 April 2020
Thuringia Thuringian Ministry of Economy, Science and Digital Society	For works contracts, a restricted call for tenders without call for competition or a direct award is permitted up to a contract value of EUR 3 million
Fourth amendment to the Thuringian administrative regulation for the award of public contracts of 2 April 2020 Available at Link	For service and supply contracts, a restricted call for tenders without call for competition or a negotiated procurement with an without call for competition.
	with or without call for competition is permitted for contracts

with an estimated contract value until the EU threshold of EUR 214,000 has been reached
This applies to all procurement procedures (also to non-corona related procurements)
Valid until 31 December 020

III. Possible subjects of contracts for an accelerated award

Some of the above decrees and circulars give concrete examples of what is meant by particularly urgent procurement matters for which the simplified procurement rules can be applied (subject to individual assessment). These can be classified as follows:

Supplies and services for the containment and short-term management of the corona pandemic	 Remedies and aids such as disinfectants, disposable gloves, protective masks, protective clothing, bandage materials, swabs, abdominal cloths, hygiene articles / products Medical apparatus such as pulmonary ventilators Additional beds and other hospital equipment All technical equipment for additional hospital infrastructure / capacity expansion Laboratory equipment and equipment for the construction of corona test centres Drawing up concepts (e.g. for the establishment of a test/crisis centre or similar)
Supplies and services which serve to maintain the operation of the public administration	 Mobile IT device e.g. for setting up home office workplaces (laptops, mobile phones, headsets, etc.) Video conference technology Expansion of IT line capacities Other office equipment
Construction works for the	Additional hospital infrastructure / capacity



containment	and short-term		expansions (especially intensive care)
management	of the corona	•	Conversions and equipment to increase the
pandemic			number of video conference rooms
		•	Installation of partition walls to separate offices
			with multiple occupancy

IV. Conclusion

In view of the current crisis, the need to enable contracting authorities to award contracts as quickly and unbureaucratically as possible has been acknowledged by the EU, the federal government and many of the federal states.

The added value of the communications and circulars at EU and federal level consists primarily in subsuming the legal requirements for urgent procurements and in this respect at least ensuring a uniform interpretation and additional legal certainty for the contracting authorities. One thing becomes obvious here: The procurements must have a sufficient "corona reference" documented in the award file. The EU Communication and the circulars of the Federal Government are not intended to create general simplifications in award procedures; attempts to circumvent them are (still) inadmissible.

In the below-threshold range, the picture is less consistent:

While some federal states temporarily suspend the UVgO for "corona procurements" (NRW), others raise the value limits for negotiated procurement without a call for competition up to the EU thresholds (Rhineland-Palatinate, Hamburg) or limit themselves again to referring to the decree of the BMWi or to repeating the legal requirements for negotiated procurement without a call for competition (Thuringia, Saxony-Anhalt, Baden-Wuerttemberg). In Bavaria, Lower Saxony and Thuringia it is even the case that restricted invitations to tender and negotiated contracts with and without a call for competition are permitted for a limited period for all supply and service contracts - even those without a "corona" reference - und thus there is free choice of procedure for a limited period of time. Lower Saxony and Mecklenburg-Western Pomerania even go one step further for particularly urgent services and deliveries in connection with the corona pandemic: below EUR 214,000 (EU threshold), a direct order is permitted there for a limited period in each case.

There are also differences in whether the decrees relate only to the (more frequent) case of goods and services or also cover construction works. Thus, in the below-threshold area



contracting authorities and bidders currently have to cope with a "patchwork quilt" and observe the regulations that apply to them.

Should you have further questions, please send us an e-mail to sascha.opheys@bblaw.com or christopher.theis@bblaw.com.

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