



**Bundesamt für  
Wehrtechnik und Beschaffung**

# **The Bundeswehr as a Customer**



**Organization  
Procedures  
Contracting**

**Issue: September 2010**



**Bundeswehr**

# The Bundeswehr as a Customer

General Information on  
Organization, Procedures, Contracting

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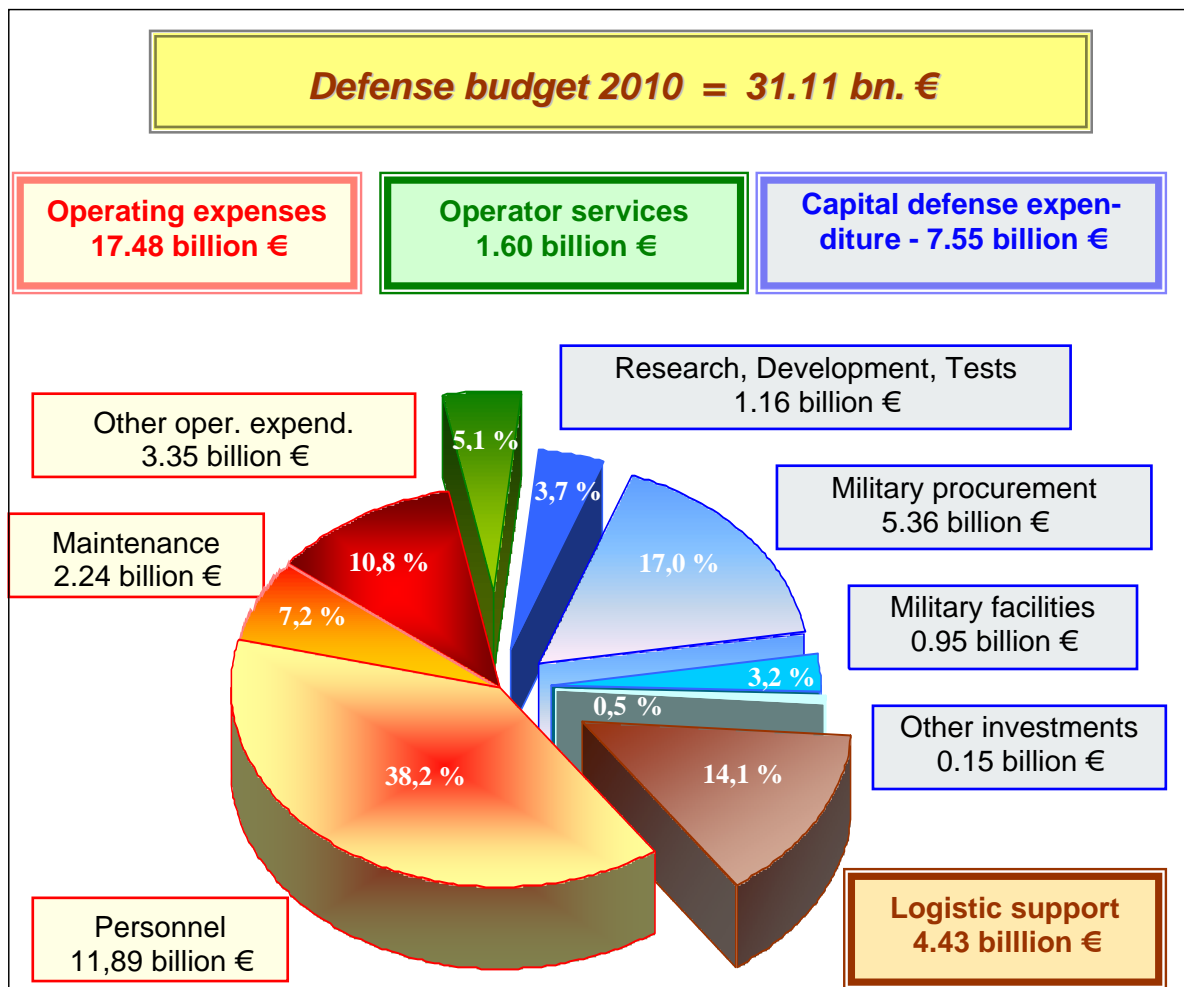
## ***Preface***

The Bundeswehr is tasked by the Basic Law (Grundgesetz) with the duty of providing national defense. In order to be able to accomplish this mission and the associated tasks, the armed forces must be provided with the necessary capabilities, i.a. by making available the equipment required.

Art. 87b of the Basic Law assigns the task of satisfying the armed forces' requirements for materiel and services to the Federal Defense Administration. The contracts required for providing the necessary equipment to the armed forces are awarded to industry, trade and commerce by the designated civilian authorities of the Federal Defense Administration in compliance with the awarding regulations and directives of the Federal Government.

The brochure "The Bundeswehr as a Customer" is designed to inform citizens and especially companies interested in obtaining Bundeswehr contracts about the Bundeswehr organization, awarding and contracting procedures and to serve as a guideline for getting into business.

## 1. The Bundeswehr as an economic factor



The defense budget sets the annual financial scope for awarding Bundeswehr contracts. It provides the Bundeswehr with the financial basis required for accomplishing its mission.

In 2010 the defense budget amounts to approx. 31.11 billion euros. With 17.48 billion euros (= 56.2 percent of the defense budget 2010), operating expenditure forms the major part of the budget. Investments represent 7.55 billion euros (= 24.3 percent of the defense budget). With an amount of approx. 5.28 billion euros, military procurement is the main focus of investments. "Operator services" contracts are shown as a separate item, representing an amount of 1.60 billion euros.

This change was made because the Bundeswehr, in order to increase its efficiency and operational capability, is now confined to providing supplies and services which are core tasks or which it can provide at less cost than commercial suppliers.

Construction projects are managed by the regional financial construction agencies (Finanzbauverwaltung) of the Bundesländer; hence the Bundeswehr is not a direct customer in this area. By establishing and operating barracks, depots and other agencies, the Bundeswehr has an influence on regional economy and infrastructure. Through the income of military and civilian personnel it is also a market factor for the local economy.

## 2. **Determination and meeting of the Bundeswehr demand - an overview**

The Bundeswehr needs efficient, effective and modern equipment. Its operational spectrum demands equipment which is basically compatible with that of our allies. In addition, the procurement times must be short in order to meet the requirements of an operational army and to keep pace with the rate of technological change.

The Bundeswehr-specific procurement procedure "Customer Product Management", or short CPM, provides the appropriate tool to achieve these objectives and enhance the capabilities of the Bundeswehr.

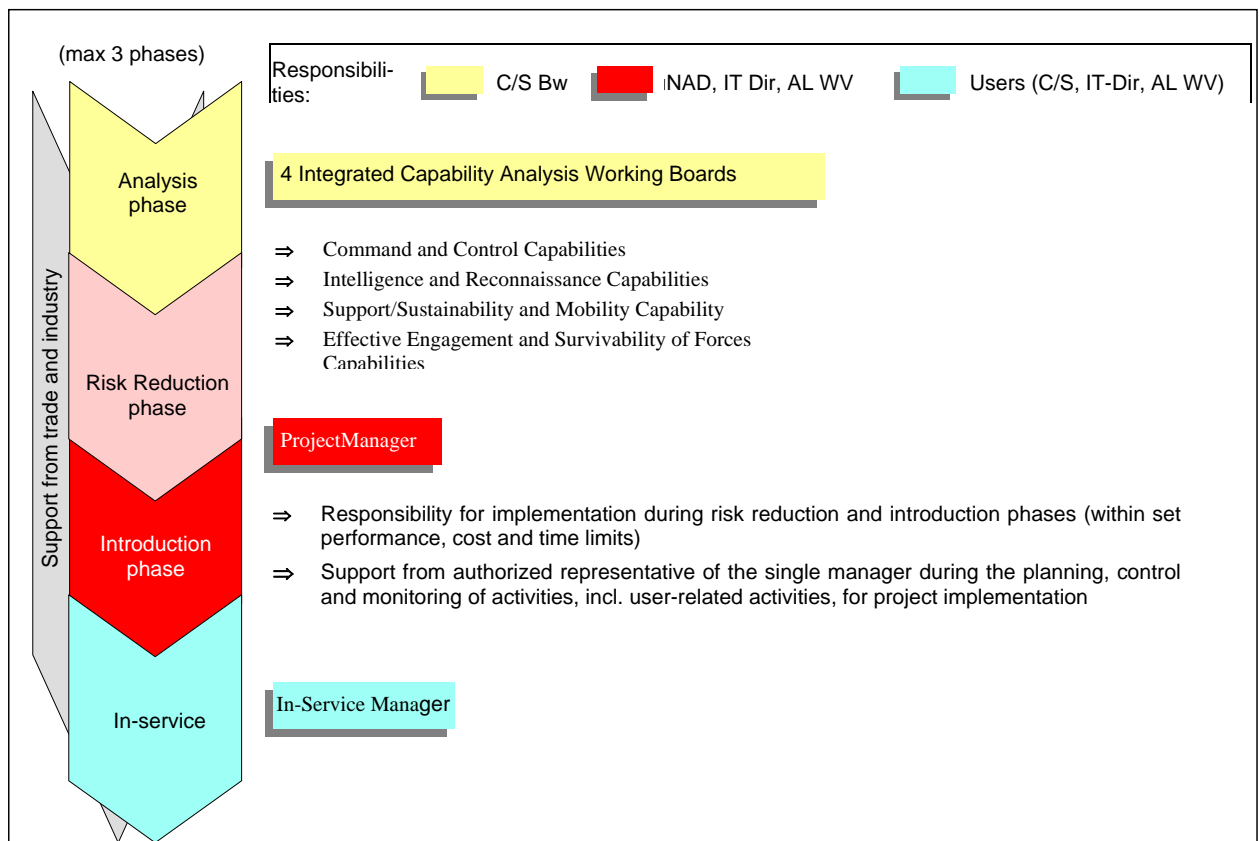
The determination and meeting of the Bundeswehr demand is sub-divided into phases:

In the **ANALYSIS PHASE** integrated working groups under the responsibility of the Chief of Staff Bundeswehr analyze available and necessary capabilities for the entire Bundeswehr.

Based on this comprehensive capability analysis for the entire Bundeswehr, capability gaps are identified and solutions are investigated in the five planning categories personnel, operations, organization, infrastructure and armaments. For solutions in the field of armaments, a functional description is prepared for those requirements which are essential for eliminating the deficit.

Following the Analysis Phase, products available on the market will be introduced to meet the requirements identified (**INTRODUCTION PHASE**).

However, if preference is given to the development of a new product, a risk reduction is carried out after the analysis phase. In this **RISK REDUCTION PHASE** industry has to provide a demonstration of product capabilities (using simulation, demonstrators or prototypes) to ensure that all Bundeswehr requirements will be met.



Contracts may be awarded to industry in the various phases of the CPM procedure, e.g.

- study and research contracts in the analysis phase,
- development contracts or contracts covering co-use of products/facilities in the risk reduction phase,
- development contracts, purchase contracts and contracts for work and services in the introduction phase, and
- contracts in the in-service phase.

### **3. *Organization and responsibilities***

The armaments organization as an element of the Federal Defense Administration is responsible for providing, in an economical manner and in line with the demand, the armed services with the defense materiel required for the achievement of their mission. To this end, the armaments organization concludes the requisite contracts with industry.

Functionally, it is composed of

- the Federal Office of Defense Technology and Procurement (BWB) in Koblenz,
- the Federal Office of the Bundeswehr for Information Management and Information Technology (Bundeswehr IT Office) in Koblenz

and their subordinate agencies.

The BWB reports to the Directorate General of Armaments, the Bundeswehr IT Office reports to the Modernization Directorate of the Federal Ministry of Defense.

#### **3.1 *The Directorate General of Armaments of the FMoD***

The **Directorate General of Armaments** is responsible for defense research and the planning of equipment and weapon systems (with the exception of information technology) including their introduction into the armed forces. A modern armaments procurement system, up to date management methods, close co-operation with trade and industry and new financing structures support the objective of realizing armaments projects as quickly and economically as possible. The Directorate controls the armaments sector of the Bundeswehr, which is part of the Federal Defense Administration.

The Directorate General of Armaments is headed by the Director General of Armaments (HAL Rü) and his deputy, the Director of Armaments (AL Rü). Both of them are assisted by an executive secretary (GB Rü).

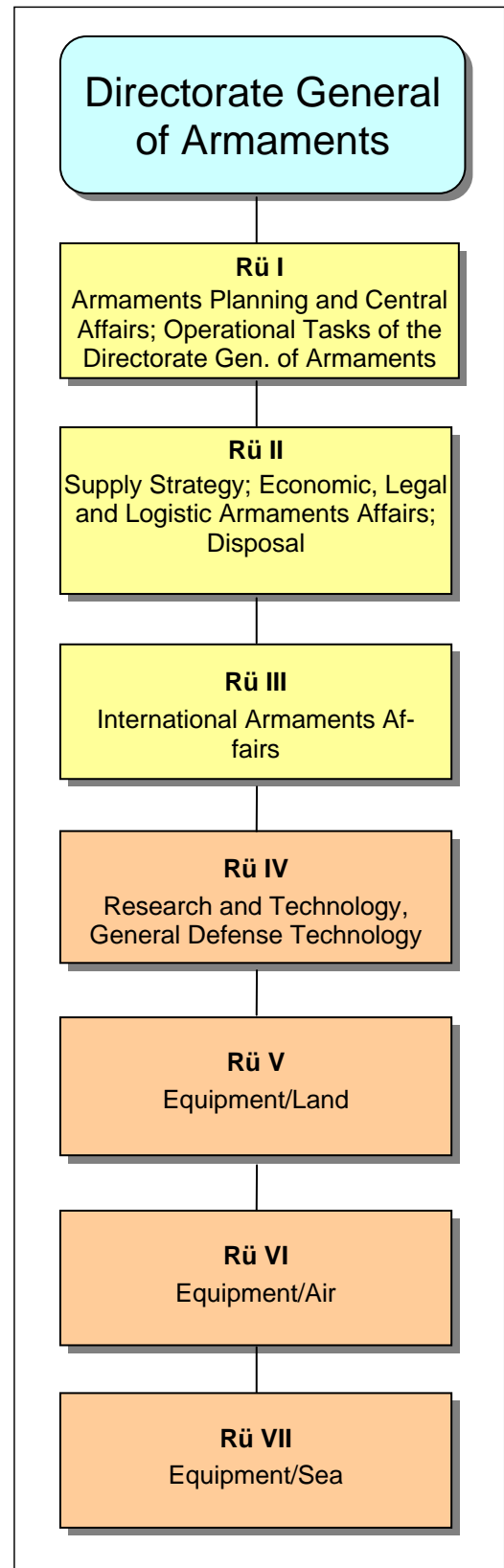
On the international level, the Director General of Armaments acts as National Armaments Director.

The Directorate General of Armaments is divided into:

- three divisions engaged in policy tasks:
  - Division Rü I "Armaments Planning and Central Affairs", responsible i.a. for
    - organization and supervision of the armaments sector (without IT sector), SASPF affairs of the Directorate General of Armaments
    - central affairs, including PR,
    - operational tasks of the Directorate General of Armaments
    - armaments planning, armaments situation,
    - development planning proposal, development/procurements annual programs;
  - Division Rü II "Economic, Logistic and Legal Armaments Affairs, Disposal", responsible i.a. for
    - macroeconomic analyses and assessments, armaments objectives
    - armaments management, defense industry, armament export and war weapons control affairs,
    - cost-effectiveness policy matters,
    - legal armaments affairs,
    - logistics
    - the utilization/disposal of defense materiel;
  - Division Rü III "International Armaments Affairs", responsible i.a. for
    - international armaments cooperation incl. multilateral bodies, in particular NATO and WEU,
    - armaments cooperation and relations with other nations,
    - equipment aid,
    - MoUs and EDA matters

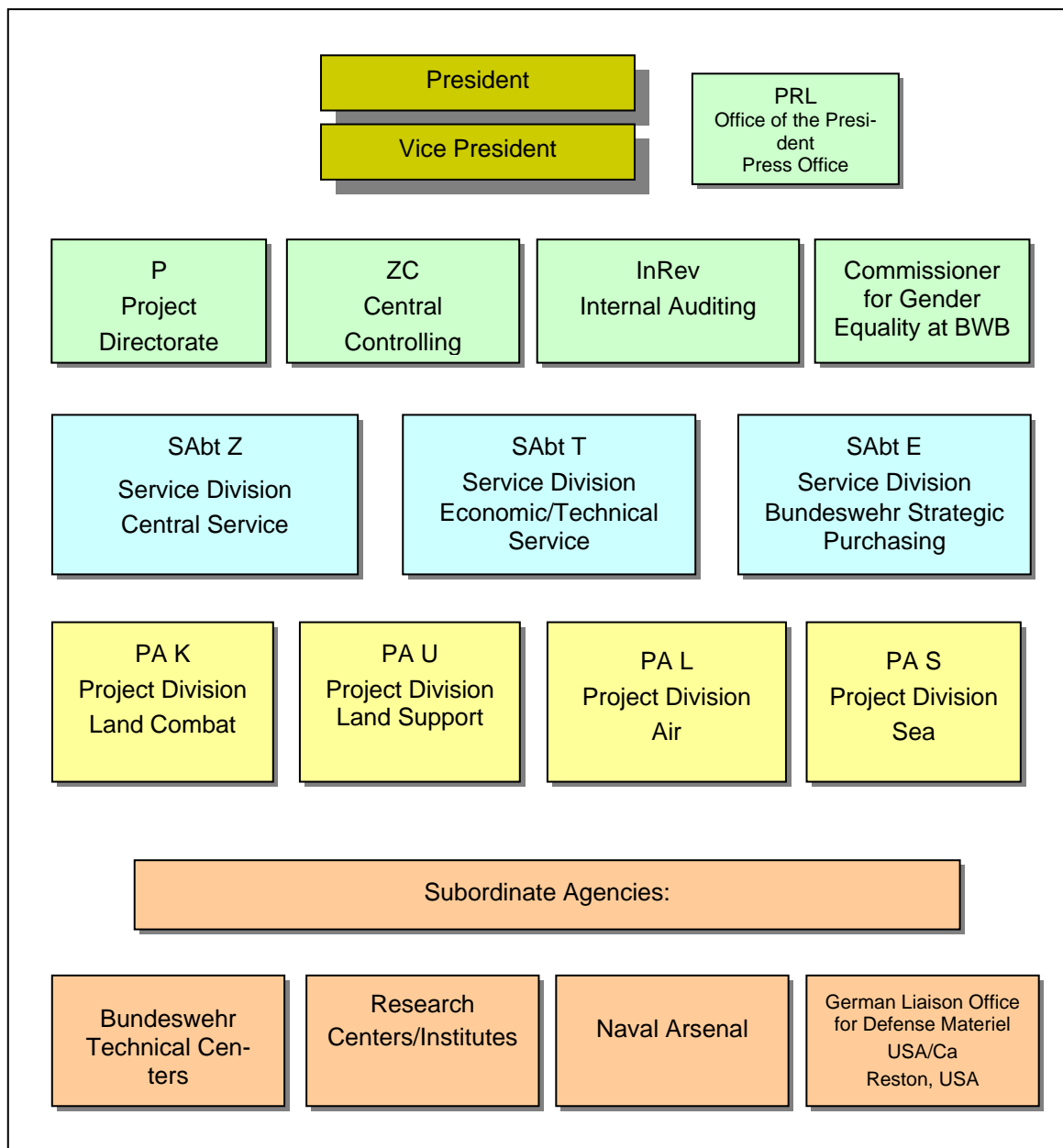
and

- four divisions oriented along technical and technological lines:
  - Division Rü IV "Research and Technology, General Defense Technology",
  - Division Rü V "Equipment/Land",
  - Division Rü VI "Equipment/Air",
  - Division Rü VII "Equipment/Sea",



Project supervision develops objectives for project management and project execution, controls the project sector at ministerial level with a view to political, economic and budgetary conditions and constraints, monitors the achievement of objectives of individual projects as well as the fulfillment of higher ministerial objectives, develops alternative solutions and produces decisions which exceed the competence of the project management at subordinate level.

### 3.1.1 The Federal Office of Defense Technology and Procurement (BWB)





The BWB is the largest technical authority in Germany and has its main office in Koblenz.

The BWB is the core element of the armament sector and has the task to ensure that the Bundeswehr demand is met by supplying state-of-the-art technology and modern equipment at economic conditions. The BWB has the central responsibility for the management of all armaments projects, with the exception of those in the area of information management and information technology.

The BWB is headed by a president and a vice-president, who are supported by the Project Directorate, Central Controlling as well as Internal Auditing.

The two service divisions Z and T deal with central administrative tasks as well as general technical and economic matters.

Service Division E is responsible for innovative, holistic procurement processes in the fields of operational procurement (case-by-case basis), strategic purchasing by means of interdepartmental contracts and complex service contracts. In line with the "Future-Oriented Innovative Administration" government program the further development of procurement processes as well as the development of new business areas are the main tasks of this new service division.

The four project divisions, Land Combat, Land Support, Air and Sea are responsible for

- the management of complex projects,
- systems engineering and integration,
- research and technology,
- technical/economic aspects of in-service support management,
- contract and price negotiations.

The BWB is the supervisory body for seven technical centers and two research centers which are mainly responsible for

- technical consultation and support of the project management for components and equipment,
- performance of studies, research and technology tasks, and
- performance of experiments and analyses.

The Naval Arsenal carries out repairs for the Navy.

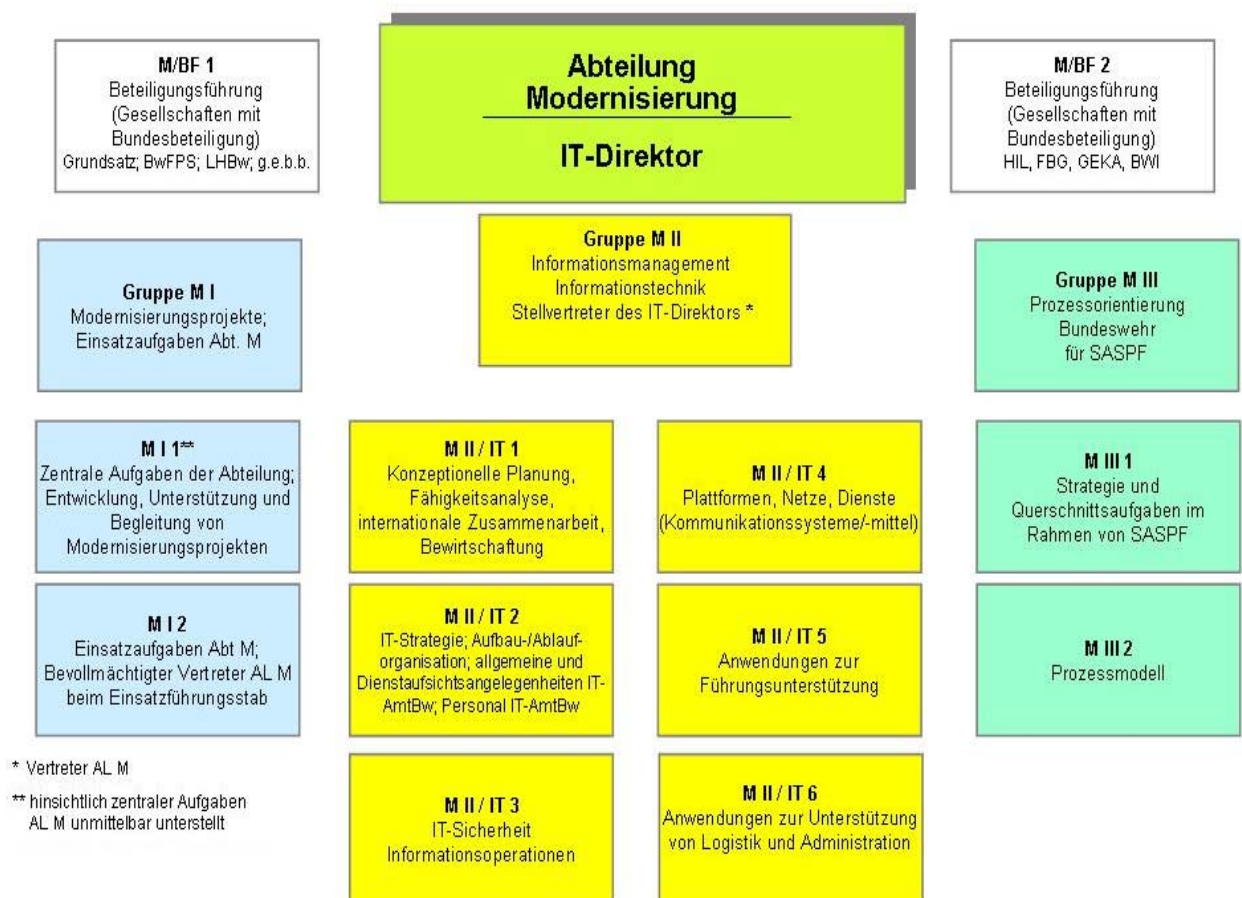
The Liaison Office for Defense Materiel USA/Canada near Washington D.C. establishes and maintains contacts with the transatlantic partners.

### 3.2 The Modernization Directorate of the FMoD

The Modernization Directorate manages modernization activities in terms of strategic corporate management. Specifically, this means active support of all modernization projects, extensive provision of innovative, effective and secure information technology, the introduction of SASPF (standard application software product families) in the Bundeswehr, direct management of private public partnerships (with FMoD participation) as well as the advancement of the cooperation with trade and industry to improve the economic efficiency and effectiveness of the Bundeswehr.

The Modernization Directorate perceives itself as a service provider oriented toward overall Bundeswehr interests and providing the armed forces and the Federal Defense Administration with the required support services in the most cost-effective way. The Director of Modernization is also the IT Director of the FMoD and a member of the CIO Council.

## Organisation Abt M



### **Area of Responsibility of the Modernization Directorate**

The Modernization Directorate consists of three groups. In addition, two branches are directly subordinate to the Director of Modernization; these branches are responsible for government participation control of private public partnerships and are tasked with the focused further development and active management of the private public partnerships with FMoD participation.

**Group M I** supports the Director of Modernization in his function as business manager of the modernization board of the Minister of Defense and at the same time represents the "modernization center" of the Bundeswehr. The sessions as well as the regular meetings of the State Secretaries on modernization projects are prepared within this framework. This group identifies, develops and supports modernization projects in close cooperation with the project management, technically competent directorates and g.e.b.b. (Development, Procurement and Management Group). Furthermore, Group M I is responsible for central tasks as well as operational tasks of the Modernization Directorate.

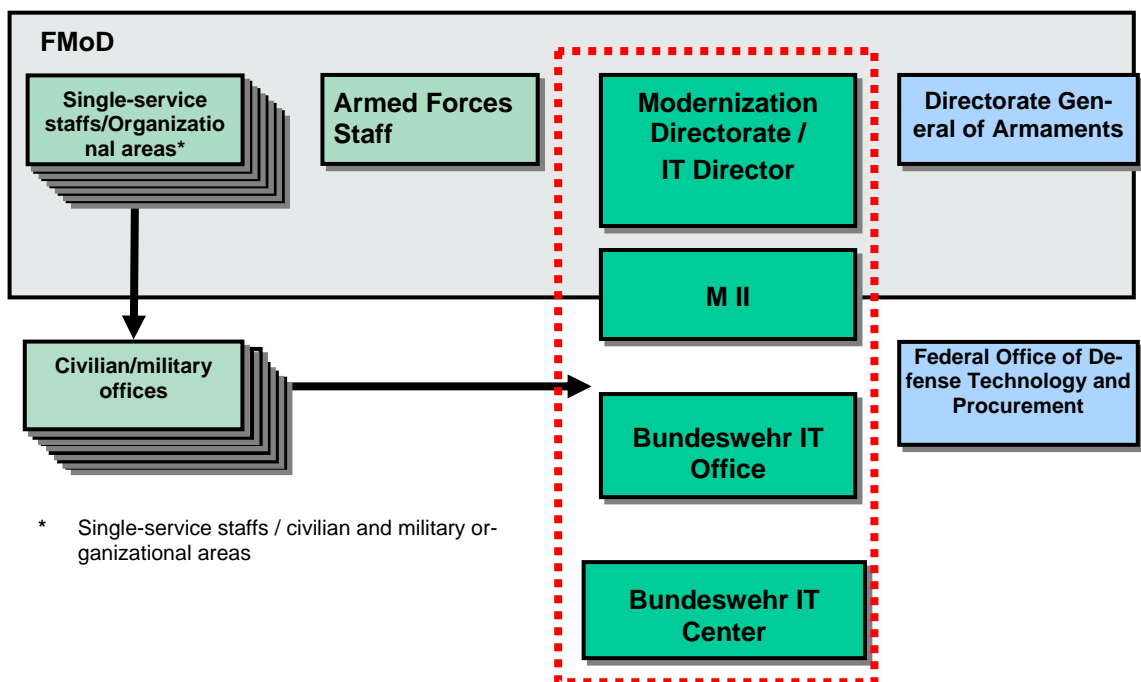
Under the direction of the Deputy IT Director **Group M II** is responsible for the conceptual foundations of the Bundeswehr IT system. This includes requirements for the strategic, economic and technological focus of the systems for information processing, information transmission, information management and IT security. The Group M II branches exercise functional supervision of all projects for which the Federal Office of the Bundeswehr for Information Management and Information Technology is responsible (including SASPF and HERKULES [a Public Private Partnership (PPP) that resulted in the establishment of BWI Informationstechnik GmbH]).

In **Group M III** the Bundeswehr processes are defined such that they can serve as the basis of SASPF applications for a coordinated introduction of SASPF. The interconnection of IT and process organization ensures a stringent and rapid decision-making process as well as central support of the introduction of SASPF in the Bundeswehr.

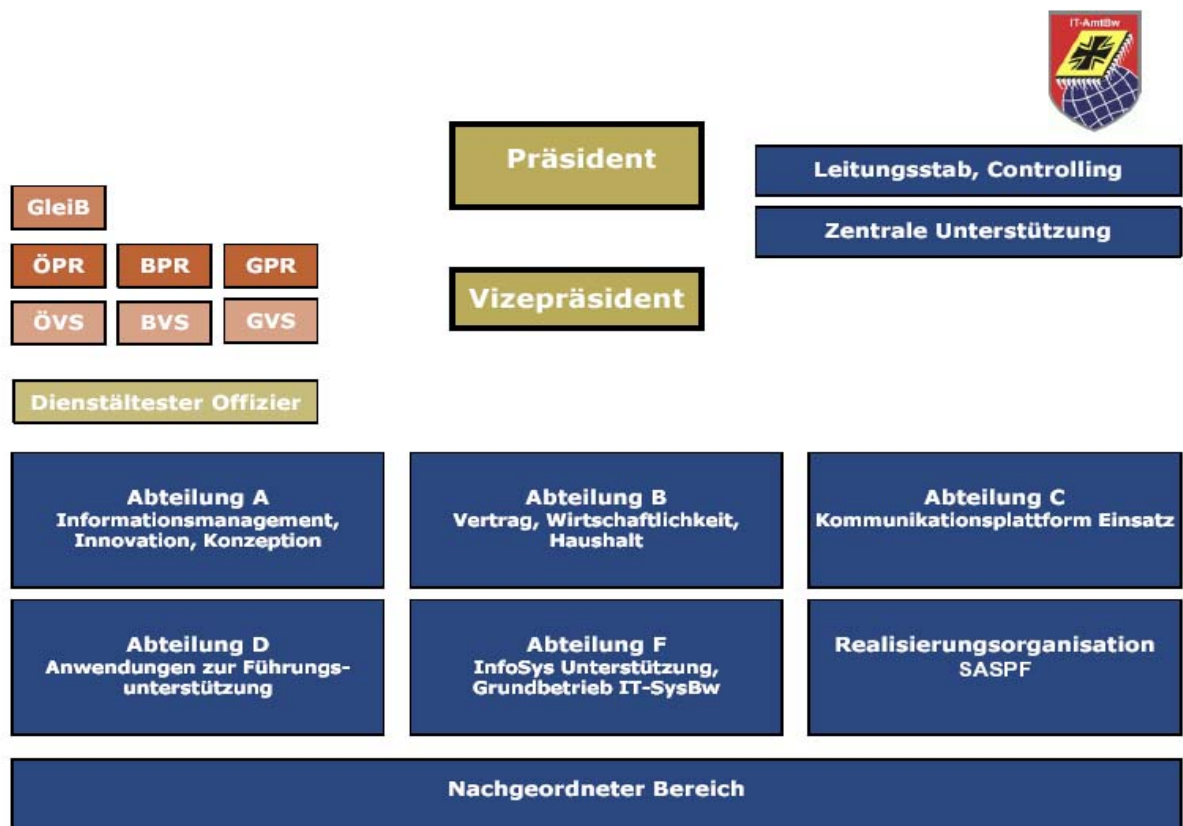
The **M/BF 1 and M/BF 2** branches jointly carry out government participation control tasks. They represent the interests of the Bundeswehr as a participant in private public partnerships, coordinate and prepare partner decisions and evaluate the partnerships under financial, legal and risk-related aspects.

### 3.2.1 The Federal Office of the Bundeswehr for Information Management and Information Technology (Bundeswehr IT Office)

The Bundeswehr IT Office is a higher federal authority within the armaments organization of the Federal Defense Administration and has its main location in Koblenz. In technical, organizational and personnel matters it reports to the Modernization Directorate of the FMoD. The Bundeswehr IT Office is responsible for providing the Bundeswehr with adequate, modern and cost-effective IT procedures and IT systems. Thus, it is the central service provider for the armed forces and the Federal Defense Administration. This includes concept design, analysis, planning, introduction as well as in-service management. In this way the IT Office creates the adequate environment for modern information management in the Bundeswehr.



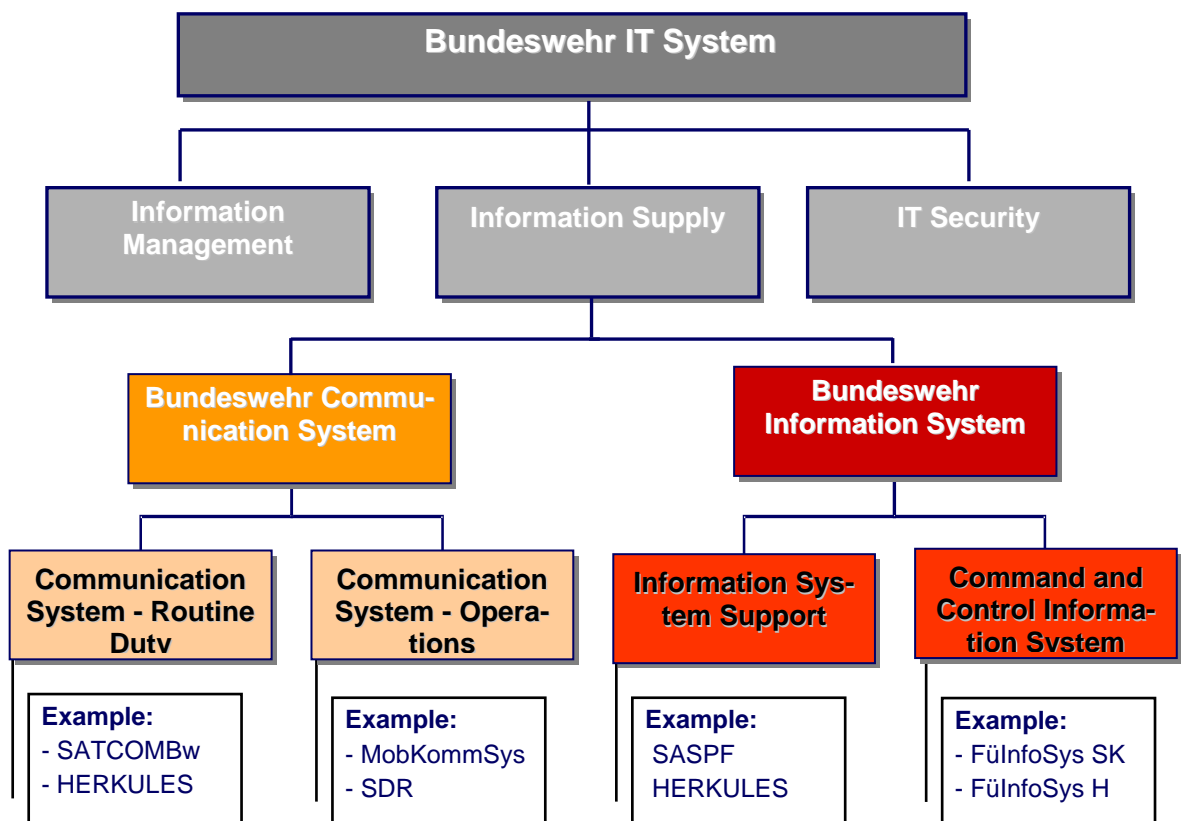
The structure of the Bundeswehr IT Office reflects its complex and demanding task spectrum comprising user and supplier tasks. The structure is rigorously geared to the effective implementation of the requirements for the determination and meeting of the Bundeswehr demand (Customer Product Management, CPM) and ensures the necessary close connection between the policy tasks such as design, contractual and budgetary matters as well as economic efficiency and the tasks of planning, introduction as well as the in-service management.



The IT Office is under the leadership of a Director and a Deputy Director. The Deputy Director is also the Bundeswehr IT Security Officer. The management of the Bundeswehr IT Office is directly supported by the Executive Staff/ Controlling and a central support area for the performance of administrative functions. Division A is responsible for the policy tasks. The task spectrum of implementation and in-service support of the projects is covered by the divisions C, D, and F; the latter was newly established in 2007. Furthermore, the SASPF (Standard Application Software Product Family) realization organization was established in 2007. Division B is in charge of contracting, budget and economic efficiency.

On the subordinate level, the Bundeswehr Information Technology Center (Bw IT Center), which reports to the IT Office, is responsible for the execution of operational tasks. The specialist groups of the IT Center focus on the fields of IT security, system integration, project support as well as IT support functions for operations. Additionally, the Army Command and Control Information System Field Trials staff was established as a temporary organizational element of the Bundeswehr IT Center. It is responsible for the coordination and management of the preparation, conduct and follow-up of field trials and operational tests for the Army Command and Control Information System.

The development and shaping of the Bundeswehr IT system is the focus of the conceptual work of the Bundeswehr IT Office. This also encompasses information management and interoperability-related tasks as well as the definition of IT standards and security architectures. The goal is to create the IT basics to enable the Bundeswehr to conduct networked operations by implementing an integrated system of reconnaissance, command and control and engagement.



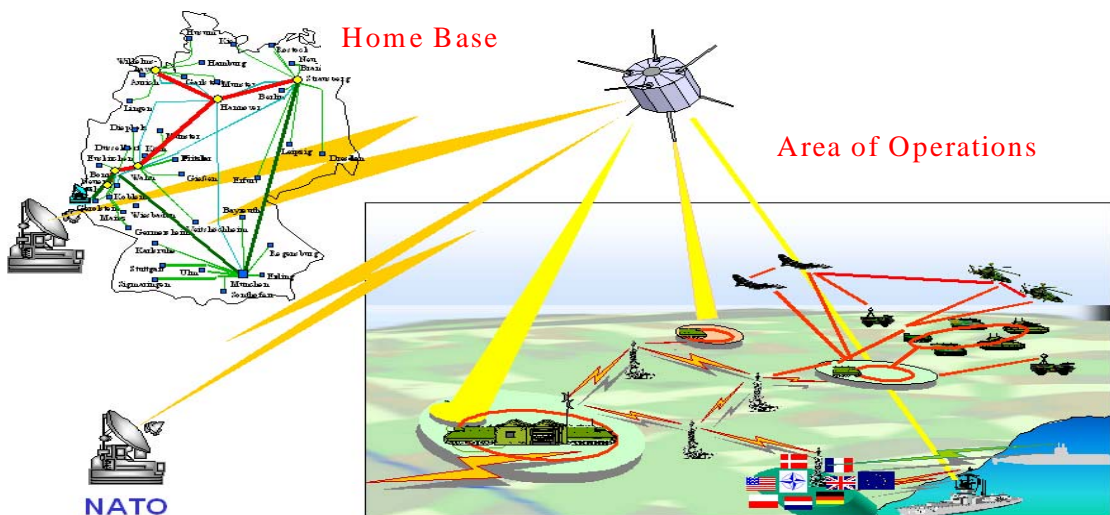
FüInfoSys H = Führungsinformationssystem des Heeres (German Army Command and Control Information System)  
 FüInfoSys SK = Führungsinformationssystem der Streitkräfte (Command and Control Information System of the Armed Forces)  
 MobKommSys = Mobiles Kommunikationssystem (Mobile Communication System)  
 SATCOM Bw = Satellitenkommunikationssystem der Bundeswehr (Bundeswehr Satellite Communication System)  
 SASPF = Standard-Anwendungs-Software-Produkt-Familien (Standard Application Software Product Family)  
 SDR = Software Defined Radio

Division B is responsible for the contractual implementation of the projects managed by the Bundeswehr IT Office. It ensures the cost-effectiveness of procurements and performs the planning, management and accounting of budget funds.

Division C is responsible for the project implementation and in-service management for the operations communication platform. This encompasses e.g. radio communication systems, data link systems, satellite communication systems and mobile networks.

Exceptions are the services to be provided by BWI-IT GmbH under the HERKULES contract with respect to modernization and operation of the administrative information technology and communication networks of the Bundeswehr in Germany. This includes e.g. fixed networks, the operation of the data processing centers as well as the provision of IT services.

Division D implements command support information systems and makes them available to the users. The goal is to create an integrated network of sensor systems, reconnaissance and evaluation systems, weapon systems and operational support systems.



Division F is responsible for customer project management and controlling of HERKULES as well as for product management of SASPF and for the other systems currently in use in the fields of administration and logistics.

The SASPF realization organization – a temporary organizational element – is responsible for the realization of SASPF within the Bundeswehr. With the introduction of SASPF for administrative and logistic tasks, the systems currently in use will, as far as possible, be replaced step-by-step by a SAP R/3-based solution across all organizational areas.

#### **4. Who awards contracts?**

Various procurement agencies share the task of satisfying the extensive demand for goods and services of the armed forces and the civil administration. The Bundeswehr has fielded more than 1.8 million supply items.

##### **4.1 Central Procurement**

Central procurement means that the entire demand of the armed services is jointly determined and procured. This creates a wide competitive environment. Large order quantities for combined demand result in a reduction of unit prices.

Study, research and development contracts, initial as well as follow-up requirements for defense materiel and supplies (vehicles, Air Force and Navy equipment, communications equipment, information technology, weapons, ammunition, missiles, POL, food, etc.) including repair work for the armed services are awarded centrally.

Contracts under the central procurement procedure are awarded by BWB:

**Bundesamt für Wehrtechnik und Beschaffung (BWB)**  
**Ferdinand-Sauerbruch-Straße 1**  
**56073 Koblenz**

Tel.: +49 261 400-0

Fax: +49 261 400-7630

E-Mail: BWBPosteingang@bwb.org

with the following project divisions:

##### **PA K: Project Division Land Combat**

- Combat vehicles
- Artillery systems
- Antiaircraft weapon systems
- Infantry weapons and antitank systems
- Air defense weapon systems
- Engineer munitions, detection and clearance systems
- Land-based missiles
- Bridges and crossing equipment

##### **PA L: Project Division Air**

- Management of airborne weapon and reconnaissance systems, including space-based systems
- Systems engineering and integration of subsystems including armament
- System-related research and technology
- Technological and economic support during service use of manned and unmanned Bundeswehr aircraft



**PA S: Project Division Sea**

- Surface ships
- Submarines
- Support units and auxiliary ships

**PA U: Project Division Land Support**

- Mission support systems
- Field accommodation and equipment
- The "Soldier System"
- Reconnaissance and electronic warfare systems
- Training / simulation systems

and by the Bundeswehr IT Office:

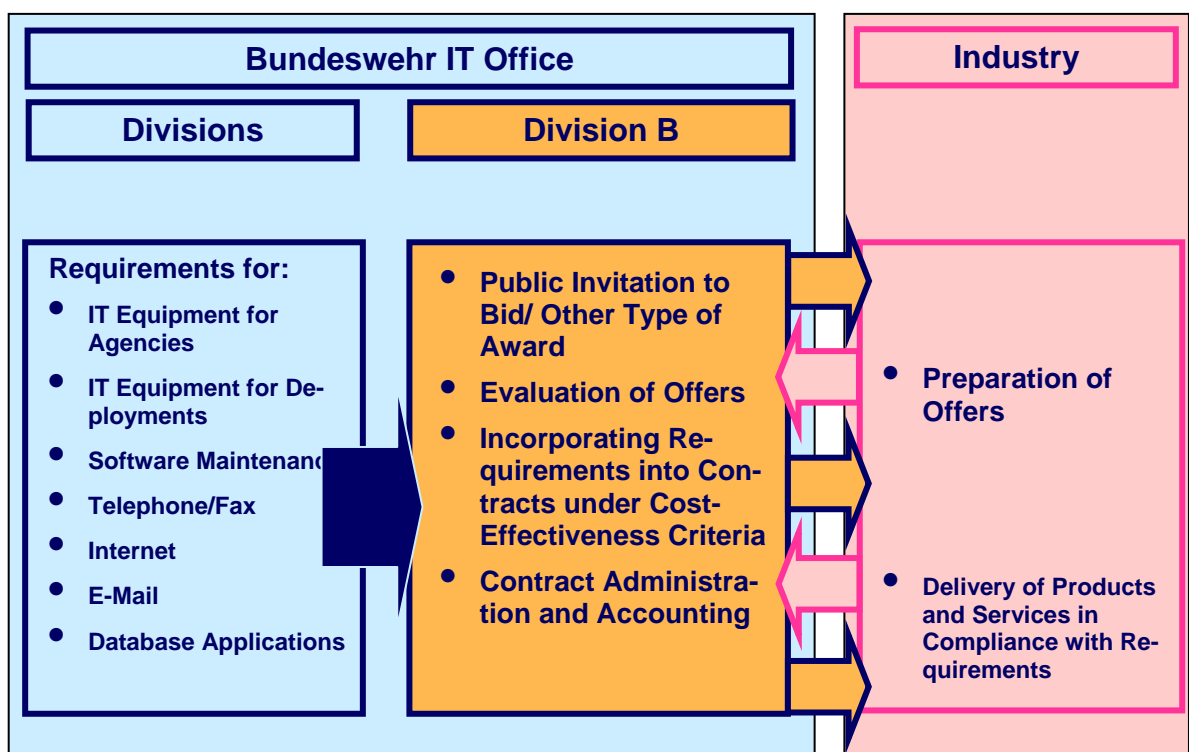
**Bundesamt für Informationsmanagement und Informationstechnik der Bundeswehr (IT-AmtBw)**  
**Ferdinand-Sauerbruch-Straße 1**  
**56073 Koblenz**

Tel.: +49 261 400-0

Fax: +49 261 400-4405

E-Mail: IT-AmtBw@bundeswehr.org

Contract awarding procedures as well as the conclusion and administration of procurement contracts are the responsibility of branches B1, B2 and B3 within Division B.



Ship maintenance/repair contracts are awarded by the Naval Arsenal:

**Marinearsenal**

Postfach 2752  
26379 Wilhelmshaven  
Tel.: +49 4421 687-0  
Fax: +49 4421 49-2037  
E-Mail: [Marinearsenal@bwb.org](mailto:Marinearsenal@bwb.org)

The following Technical and Research Centers within the area of responsibility of the BWB award research and study contracts in accordance with their technical responsibility. In addition, they award procurement and repair contracts to satisfy their own demand for basic equipment, consumables and test vehicles/resources.

**Wehrtechnische Dienststelle für  
Kraftfahrzeuge und Panzer  
(WTD 41)**

*(Bundeswehr Technical Center for  
Automotive and Armored Vehicles)*  
Kolonnenweg  
54296 Trier  
Tel.: +49 651 9129-0  
Fax: +49 651 9129-2600  
E-Mail: [WTD41@bwb.org](mailto:WTD41@bwb.org)

**Wehrtechnische Dienststelle für  
Pionier- und Truppengerät  
(WTD 51)**

*(Bundeswehr Technical Center for  
Engineer and General Field Equip-  
ment)*  
Universitätsstraße 5  
56070 Koblenz  
Tel.: +49 261 400-1701  
Fax: +49 261 400-1857  
E-Mail: [WTD51posteingang@bwb.org](mailto:WTD51posteingang@bwb.org)

**Wehrtechnische Dienststelle für  
Schutz- und Sondertechnik (WTD 52)**

*(Bundeswehr Technical Center for Pro-  
tective and Special Technologies)*  
Oberjettenberg  
83458 Schneizlreuth  
Tel.: +49 8651 79-1208  
Fax: +49 8651 1600  
E-Mail: [WTD52posteingang@bwb.org](mailto:WTD52posteingang@bwb.org)

**Wehrtechnische Dienststelle für  
Luftfahrzeuge - Musterprüfwesen  
für Luftfahrtgerät der Bundeswehr  
(WTD 61)**

*(Bundeswehr Technical and Airwor-  
thiness Center for Aircraft)*  
Flugplatz  
85077 Manching  
Tel.: +49 8459 80-1  
Fax: +49 8459 80-2022  
E-Mail: [WTD61@bwb.org](mailto:WTD61@bwb.org)

**Wehrtechnische Dienststelle für  
Schiffe und Marinewaffen, Maritime  
Technologie und Forschung  
(WTD 71)**

*(Bundeswehr Technical Center for Ships  
and Naval Weapons, Maritime Technol-  
ogy and Research)*  
Berliner Straße 115  
24340 Eckernförde  
Tel.: +49 4351 467-0  
Fax: +49 4351 467-152  
E-Mail: [WTD71Posteingang@bwb.org](mailto:WTD71Posteingang@bwb.org)

**Wehrtechnische Dienststelle für  
Informationstechnologie und  
Elektronik  
(WTD 81)**

*(Bundeswehr Technical Center for In-  
formation Technology and Electron-  
ics)*  
Bergstraße 18  
91171 Greding  
Tel.: +49 8463 652-0  
Fax: +49 8463 652-607  
E-Mail: [WTD81posteingang@bwb.org](mailto:WTD81posteingang@bwb.org)

**Wehrtechnische Dienststelle für  
Waffen und Munition  
(WTD 91)**

*(Bundeswehr Technical Center for  
Weapons and Ammunition)*

Schießplatz

49716 Meppen

Tel.: +49 5931 43-0

Fax: +49 5931 43-2091

E-Mail: WTD91@bwb.org

**Wehrwissenschaftliches Institut  
für Schutztechnologien - ABC-  
Schutz (WIS)**

*(Bundeswehr Research Institute for  
Protective Technologies and NBC  
Protection)*

Humboldtstraße

29633 Munster

Tel.: +49 5192 136-201

Fax: +49 5192 136-355

E-Mail: WISPosteingang@bwb.org

**Wehrwissenschaftliches Institut für  
Werk- und Betriebsstoffe (WIWEB)**

*(Bundeswehr Research Institute for Ma-  
terials, Explosives, Fuels and Lubri-  
cants)*

Institutsweg 1

85435 Erding

Tel. +49 8122 9590-0

Fax +49 8122 9590-3902

E-Mail: wiwebposteingang@bwb.org

The relevant homepage and organizational structure of each agency can be found under <http://www.bwb.org>, >Agencies (for more detailed information please refer to the German version of the website under "Dienststellen").

In individual cases, contracts under the central procurement procedure are awarded by the Federal Ministry of Defense:

**Bundesministerium der Verteidigung**

Postfach 1328

Hardthöhe

53003 Bonn

Tel.: +49 1888 2400

Fax: +49 1888 24-5357

E-Mail: poststelle@bmvg.bund.de

## 4.2 Decentralized Procurement

Decentralized procurement means that several procurement agencies cover the demand of a regional sector of the Bundeswehr for materiel or other types of supplies/services.

All products and services for which central procurement is inappropriate because of their nature or for economic reasons are subject to decentralized procurement. These are mainly commercial items of supply for the daily demand of the units, or for the branch offices and locations of the Federal Defense Administration.

This includes for example:

- food (e.g. fresh meat, eggs, fruit, vegetables)
- consumables for the maintenance of billets and garrisons (hardware items, paints, special oils, fertilizers)
- land use equipment, facility operating and domestic equipment (e.g. agricultural equipment, furniture, mattresses, bedding, flags, coffee machines, all-purpose slicers)
- spare parts for commercial items (e.g. tires, starter batteries)
- DP consumables (e.g. printer ink, toner)
- repair contracts (e.g. repair of standard vehicles and unarmored wheeled vehicles)
- guard and cleaning services.

### Decentralized procurement is carried out by

the four military district administrative offices with their three branch offices

**Wehrbereichsverwaltung Nord**  
*(Northern Military District)*  
 Hans-Böckler-Allee 16  
 30173 Hannover  
 Tel.: 0511 284-0  
 Fax: 0511 284-4380  
 E-Mail: wbnord@bundeswehr.org

**Wehrbereichsverwaltung Nord**  
*(Northern Military District)*  
 Außenstelle Kiel (*Kiel branch office*)  
 Feldstraße 234  
 24106 Kiel  
 Tel.: 0431 7400  
 Fax: 0431 384-5440  
 E-Mail: wbnordastkiel@bundeswehr.org

**Wehrbereichsverwaltung West**  
*(Western Military District)*  
 Wilhelm-Raabe-Straße 46  
 40470 Düsseldorf  
 Tel: 0211 959-0  
 Fax: 0211 959-2187  
 E-Mail: WBVWestPressestelle@bundeswehr.org

**Wehrbereichsverwaltung West**  
*(Western Military District)*  
 Außenstelle Wiesbaden (*Wiesbaden branch office*)  
 Moltkerring 9  
 65189 Wiesbaden  
 Tel: 0611 799-0  
 Fax: 0611 799-1699  
 E-Mail: see Wehrbereichsverwaltung West

**Wehrbereichsverwaltung Süd***(Southern Military District)*

Heilbronner Straße 186

70191 Stuttgart

Tel.: 0711 2540-0

Fax: 0711 2540-2188

E-Mail: wbvsuedpressestelle  
@bundeswehr.org**Wehrbereichsverwaltung Süd***(Southern Military District)*Außenstelle München *(Munich branch office)*

Dachauer Straße 128

80637 München

Tel.: 089 1249-0

Fax: 089 1249-2209

E-Mail: wbvsuedastmuenchen  
@bundeswehr.org**Wehrbereichsverwaltung Ost***(Eastern Military District)*

Prötzeler Chaussee 25

15344 Strausberg

Tel.: 03341 58-0

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- the local Bundeswehr service centers subordinate to the respective military district administrative offices, and
- the armed services (commands, units and other military agencies) for contracts mostly below a certain value.

## 5. How are the contracts awarded?

### 5.1 The awarding procedures

When awarding contracts, the Bundeswehr as a public customer has to comply with the contract awarding regulations. National or European awarding procedures are applied depending on the type and extent of required performance.

In the European awarding procedure competitors and bidders have an enforceable claim to the application of the awarding regulations, to equal treatment and transparency of the awarding process.



#### 5.1.1 National awarding procedure

The national awarding procedure is based on the Federal Budget Code (§ 55 BHO) and on section 1 of the "Vergabe- und Vertragsordnung für Leistungen" (VOL/A) (Procurement and contract procedures for Supplies and Services), Part A. As an administrative guideline for the implementation of the Federal Budget Code (BHO), VOL/A applies the principle of economy. Thus, it stipulates that as a rule contracts must be placed on a competitive basis.

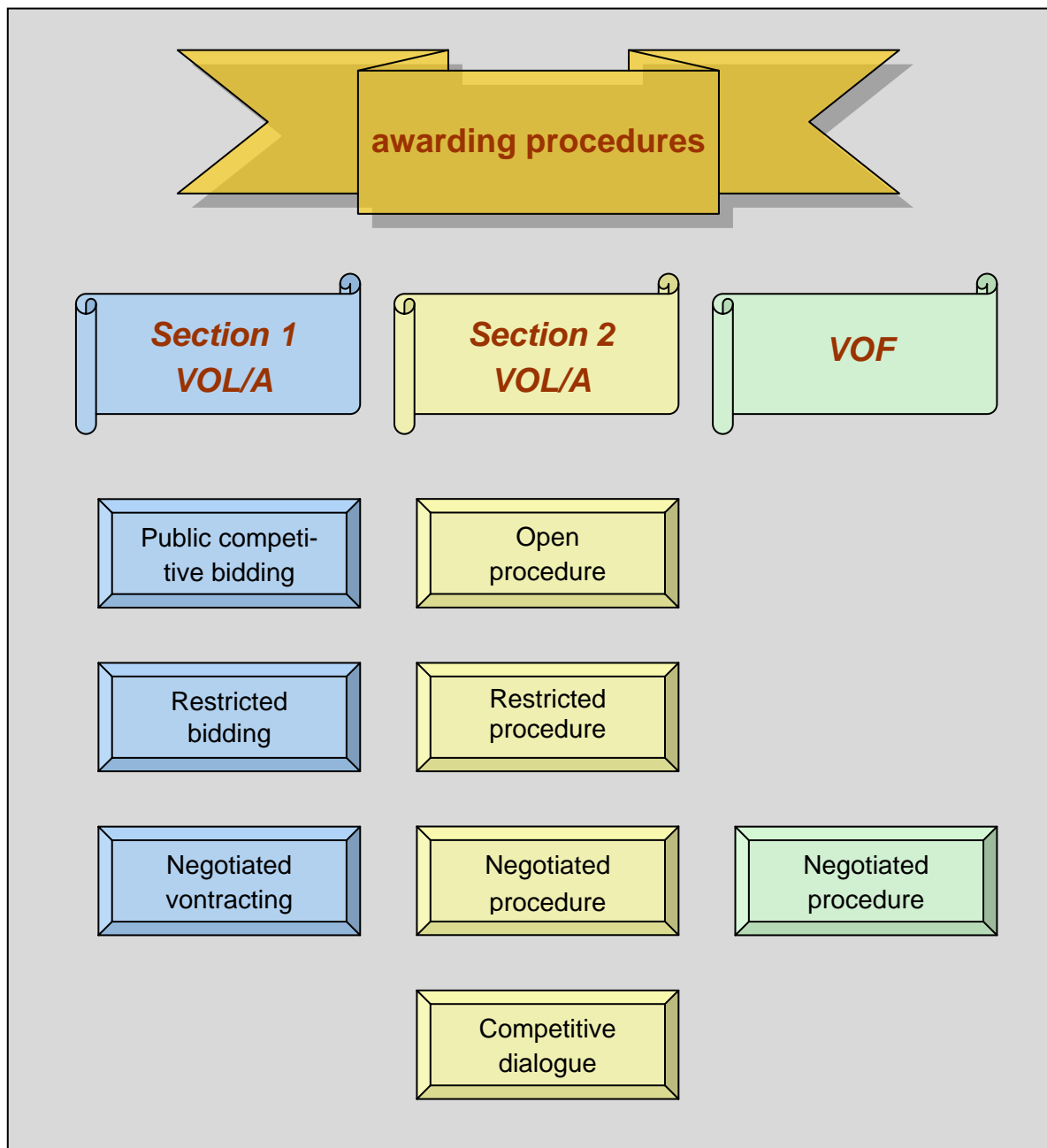
### **5.1.2 European procedure on the basis of the Coordination Directives on Public Supplies and Services Contracts of the European Union and the "Government Procurement Agreement" of the World Trade Organization (WTO)**

European public contracting is based on the EC Treaty and Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

The Government Procurement Agreement (GPA) of the World Trade Organization (WTO) has been implemented in the EU directives. The EU awarding regulations are implemented in German Law by the Act against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen (GWB – Part 4 – Awarding Provisions)), the Regulation on the Award of Public Contracts (Vergabeverordnung – VgV), Section 2 of VOL/A ((Procurement and contract procedures for Supplies and Services), and in the Procurement law for Supplies and Services of Freelancers (VOF). Excluded from the European awarding procedure are contracts as defined in Article 100 section 2 of GWB, especially contracts concerning the production of or trade in weapons, munitions and war material, and contracts where an exemption from the European procedure is justified by national security interests.

In accordance with Articles 102 et seqq. of GWB, the award of contracts for supplies and services reaching or exceeding a threshold value of currently €125,000 / 193,000 iaw. §2 VgV (Regulation on the award of public contracts) and do not fall within the exception provision of Article 100 section 2 of GWB is subject to the verification procedure of the Federal Cartel Office Division for contract awards. The tribunal in charge must be indicated in the cover letter to the Request for Proposal.

## 5.2 Types of award within the different awarding procedures - a summary:



### 5.2.1 Public competitive bidding/open procedure

Public competitive bidding / the open procedure is the generally applicable type of contract award to ensure broad competition. It is a strictly formalized procedure.

An unlimited number of companies can participate in public competitive bidding or the open procedure. The bid specifications can be requested by each company. The companies will submit an offer, thus being included in the evaluation of offers. Within the scope of evaluation the qualification of the bidder is evaluated (expertise, efficiency and reliability). Subsequently, the most economic offer among those being in compliance with the specified requirements is determined.



### **5.2.2 *Restricted bidding/restricted procedure***

The government may refrain from applying public competitive bidding / the open procedure in favor of restricted bidding / the restricted procedure if certain types of supplies/services can only be properly provided by a limited number of companies or if justified by other reasons specified in VOL/A.

Within the scope of restricted bidding / the restricted procedure only a limited number of companies is requested to submit their offers in a formalized procedure.

This limited number of companies is determined regularly by means of a public Request for Interest, i.e. companies are invited within the scope of a public announcement to apply for participation in the competition. The government then selects the number of competent bidders from the participation requests submitted who will receive a direct request for proposal.

### **5.2.3 *Negotiated contracting/negotiated procedure***

If a formal bidding procedure is excluded for particular reasons (e.g. patent protection, urgency, secrecy requirements) the contracts will be awarded by negotiated contracting (preferably, on a competitive basis) or negotiated procedure. The negotiated procedure is usually preceded by a public Request for Interest.

Following the request for proposal the main difference compared to public competitive bidding / the open procedure and restricted bidding / the restricted procedure is the option of negotiating the offer. This negotiation option is restricted because the customer must not procure something entirely different from what is specified in the request for proposal. On the basis of the negotiations the government will determine which company can be expected to provide best services and subsequently be selected for award of contract upon completion of negotiations.

### **5.2.4 *Competitive Dialogue***

The competitive dialogue can be conducted by government customers if they are objectively unable to specify the technical means required to meet their needs and goals or if they are objectively unable to specify the legal and financial conditions of the project.

Competitive dialogue is thus intended for complex procurement projects. Initially, suitable companies are selected through a public Request for Interest which are then requested to enter into a dialogue with the government to elaborate one or more solutions on the basis of which the selected bidders receive a direct request for proposal. The government then selects the company to receive the contract award from the submitted offers.

### **5.3 *International EDA procedure***

The European Defence Agency (EDA), consisting of 26 European member states, was established in July 2004.

The EDA was set up to create a common competitive European defense market. To achieve this aim, the Agency applies the Code of Conduct on Defense Procurements, which came into force on 1 July 2006. Under the Code of Conduct, the member states regularly publish their defense orders via an Electronic Bulletin Board (EBB).

The EDA procedure is applied in the field of "hard" defense materiel, such as weapons, ammunition, rockets, military aircraft, warships and armored vehicles, i.e. those items which are listed in the War Weapons List under Art. 346 of the Treaty on the Functioning of the European Union (TFEU). The publications can be found in the EBB under <http://www.eda.europa.eu/ebbweb/>.

For further information, please contact:

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### **5.4 *International NATO infrastructure procedure***

Contracts for building/construction projects, services and procurement financed under the NATO Security Investment Program (NSIP) are issued for tender in accordance with NATO-Dokument AC/4-D/2261, incorporated into national law by the guidelines for the award of contracts for construction projects within the scope of the jointly funded NATO Security Investment Program ("RiNATO").

In the Federal Republic of Germany these are published in the Bundesanzeiger (Federal Gazette) (Bundesamt für Justiz, Adenauerallee 99 - 103, 53113 Bonn) and on the Federal Administration central internet portal („<http://www.bund.de>") of the Federal Office of Administration in 50728 Köln.

Interested companies of participating NATO member states are offered the opportunity to express their interest in participating in the tender to the Bundesamt für Wirtschaft und Ausfuhrkontrolle (BAFA, Federal Office of Economics and Export Control).

BAFA verifies the general qualification of the interested companies, prepares a bidders list and submits this list to the tendering authority.

## 6. How to get into business

The correct way for firms wishing to obtain a Bundeswehr contract is to

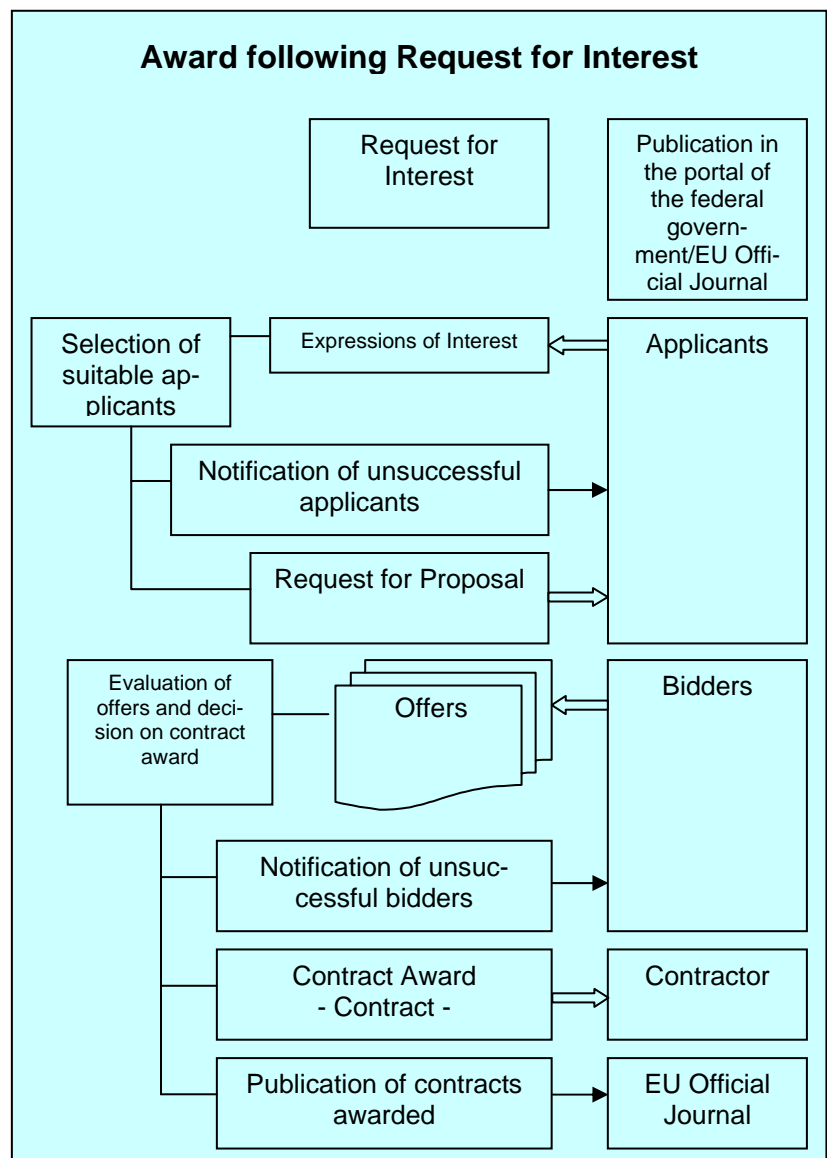
- participate in tenders,
- apply for participation in a public market research and/or to
- contact the "Auftragsberatungsstelle" (Contract Advisory Agency) of the Bundesland in which they have their place of business (German companies only).

### 6.1 Public market research

Invitations to Bid and Requests for Interest are published in the Supplement to the Official Journal of the European Union and/or on the portal of the federal government (<http://www.bund.de>). Furthermore, the Invitations to Bid are published on the sites of the respective contracting authorities/procurement agencies. As an example, the invitations to bid of the BWB are published under "<http://www.bwb.org>" > Vergabe > Ausschreibungen.

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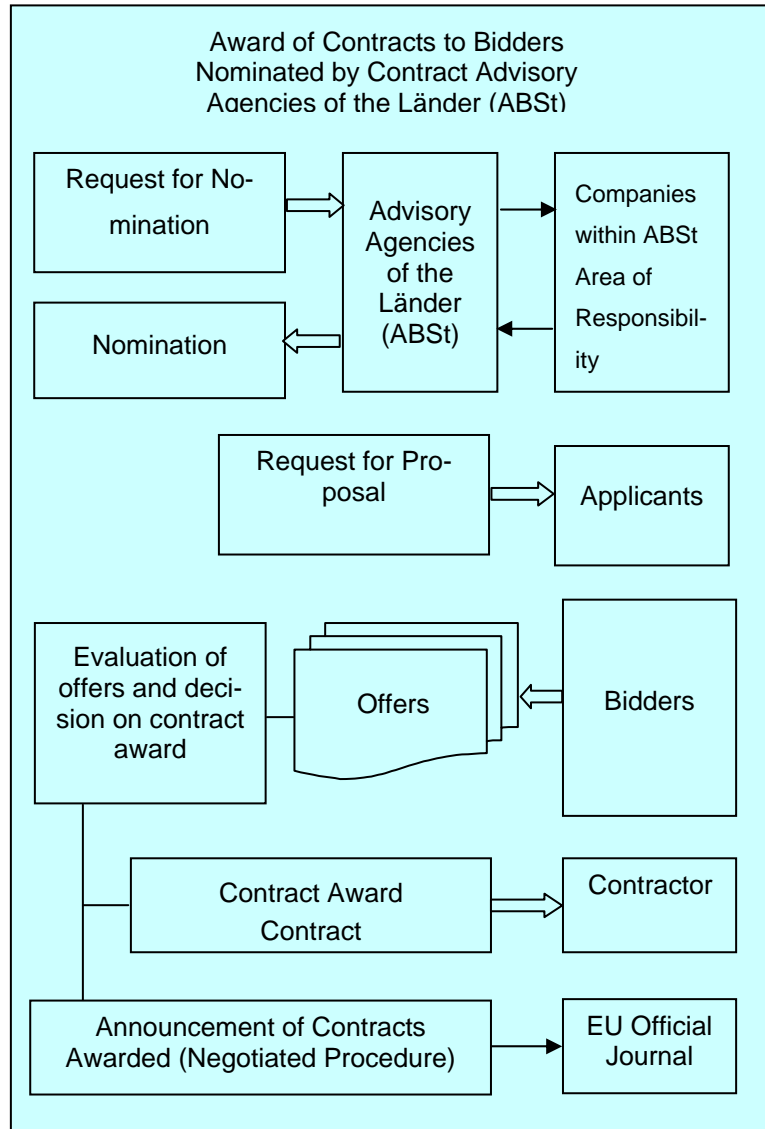


## 6.2 Non-public market research

In a negotiated contracting and in two cases of limited tendering is a preliminary public invitation to bid for participation (public participation competition), optional.

If there is no Request for Interest in the case of central procurements above a certain value (currently € 15,000.00), the Advisory Agencies of the Bundesländer are involved on the basis of an agreement between the Federal Minister of Defense, the Federal Minister of Economics and Technology and the Bundesländer. They will nominate qualified companies. The Advisory Agencies have the requisite knowledge of the market situation and are, above all, tasked with advising interested companies on public contracting issues.

The Contract Advisory Agencies provide information about their tasks at "<http://www.abst.de>"



### 6.3 *Electronic public contracting (e-Tendering)*

The e-Tendering platform of the German government is an IT procedure which is intended to be used by all ministries pursuant to the Cabinet decision dated 10 December 2003 (the so-called 7-Punkte-Programm). In the future, the invitation to bid/request for proposal, the submittal of the tender documents, the submittal and evaluation of the offer shall be effected within the scope of this system for BWB electronic public contracting. The Bundeswehr IT Office is responsible for the award of IT services.

With the project "Öffentlicher Einkauf Online" (Online public purchasing), the procurement office of the Federal Ministry of the Interior (<http://www.bescha.bund.de>) takes part in the eGovernment initiative "BundOnline 2005" launched by the Federal Government. The sub-project "e-Tendering" represents the internet platform for electronic contracting to enable digital communication between customer and industry.

## 7. *Contract terms*

The drafting of contracts is based on the principle of freedom of contracts. There are no special legal provisions governing the contents of contracts with public customers. In accordance with the principle of self-commitment of the administration, however, the procuring agencies are obliged to follow uniform administrative guidelines when contracting. This ensures equal treatment of similar circumstances and prevents arbitrary decisions in contracting. There are, therefore, a number of preprinted, standardized contract terms which are included in contracts on a case-by-case basis and which, as a rule, are already part of the tendering documentation. In order to become legally effective, general terms and conditions must be clearly and unambiguously identified as being part of the contract. The contractor's general terms and conditions are not accepted.

The general terms and conditions of the Bundeswehr are composed of:

- *General Terms of Contract:*
  - VOL/B "Verdingungsordnung für Leistungen, Teil B, Allgemeine Vertragsbedingungen für die Ausführung von Leistungen" (Conditions Concerning Contracts for Supplies and Services Part B)
- *Additional terms of contract in the defense sector:*
  - ZVB/BMVg "Zusätzliche Vertragsbedingungen des Bundesministeriums der Verteidigung" zur VOL/B (Additional Terms of Contract of the German Ministry of Defense Implementing VOL/B)
- *Supplementary terms of contract for non-IT supplies/services:*
  - ABBV "Allgemeine Bedingungen für Beschaffungsverträge des Bundesministeriums der Verteidigung" (General Terms and Conditions for Procurement Contracts Placed by the Federal Ministry of Defense)
  - ABEI "Allgemeine Bedingungen für Entwicklungsverträge mit Industriefirmen" (General Terms and Conditions for Development Contracts with Industrial Firms)

- ABFI "Allgemeine Bedingungen für Forschungsverträge mit Industriefirmen" (General Terms and Conditions for Research Contracts with Industrial Firms)

The terms of contract are available for viewing or download at "<http://www.bwb.org>" > Vergabe > Formulare > Vertragsbedingungen".

- *Terms of contract for the procurement of IT services:*

The "Ergänzende Vertragsbedingungen für die Beschaffung von IT-Leistungen" (EVB - IT, Supplementary Terms of Contract for the Procurement of IT Supplies/Services) and the "Besondere Vertragsbedingungen für die Beschaffung und den Betrieb von DV-Anlagen und -Geräten sowie von DV-Programmen" (BVB, Special Terms of Contract for the Procurement and Operation of DP Systems and Equipment as well as DP Programs) are particularly relevant for the procurement of IT services.

The following terms of contract for IT services are available for viewing or download at "<http://www.cio.bund.de>" > IT-Angebot > IT-Beschaffung > EVB-IT Vertragstypen":

- EVB-IT
  - Purchase of hardware (without work performance)
  - Transfer of standard software (type A - for a one-time charge)
  - Transfer of standard software (type B - for a limited period of time)
  - Provision of services
  - Hardware maintenance
  - S maintenance (without work performance)
  - System (development)

If individual IT services are not covered by the EVB-IT scope the contract shall be concluded based on one of the following BVB (special terms of contract):

- BVB
  - Purchase (incl. work performance)
  - Planning
  - Development

For assistance in selecting the terms of contract to be applied to each individual case go to <http://www.cio.bund.de>" > IT-Angebot > IT-Beschaffung > EVB-IT und BVB.

In individual cases the use of separate model contracts and/or additional annexes may be required for procurement of IT services within the Federal Ministry of Defense area of responsibility (<http://www.bwb.org>" > Vergabe > Formulare).

## 8. **Quality assurance**

Quality assurance of defense materiel comprises the following essential processes for business transactions with commercial contractors:

- Evaluation of contractor quality capability
- Contractual agreement of contractor **quality assurance requirements** (generally based on the NATO "Allied Quality Assurance Publications" (AQAP))
- Contractual agreement of the government's right to perform **government quality assurance**; iaw. § 12 VOL/B government quality assurance means inspection of supplies/services for compliance with the contractually agreed technical and associated organizational requirements.
- Performance of government quality assurance as well as
- Quality inspections based on legal requirements.

More detailed information is included e.g. in the BDI (Federation of German Industries) publication / brochure "*Qualitätsmanagement bei Aufträgen der Bundeswehr*"; originator: Bundesverband der Deutschen Industrie e.V. (BDI). This information is accessible in the internet at "<http://www.bwb.org>" or "<http://www.bdi.eu>" or by accessing a search engine using the following keywords: 'AQAP', 'Qualitätsmanagement', 'Qualitätssicherung', 'Bundeswehr', 'BWB', 'BDI'.

## 9. **Promotion and encouragement**

- of small and medium-sized business
- of occupational therapy installations and workshops for the blind

### 9.1 **Small and medium-sized business**

It has always been a particular concern of the Federal Defense Administration to involve small and medium-sized business when placing public contracts. Wide involvement of these firms promotes competition and helps to put innovative products on the market.

Considerable sums are paid annually to small and medium-sized business in the form of direct procurement and service contracts. A large number of these firms is directly involved in the supply of consumer goods, maintenance and other services. In addition, the (internal) "Leitsätze zur Vergabe von Bundeswehraufträgen" (Guiding Principles for Placing Bundeswehr Contracts) issued by the Federal Ministry of Defense require the procurement agencies to take care that subcontracts under large-scale and/or complex contracts are awarded to small and medium-sized business firms.

Within the scope of the promotion of small and medium-sized business, possible competitive disadvantages of small and medium-sized enterprises compared to big enterprises have to be compensated with certain measures (e.g. breakdown of services into lots, or small and medium-sized companies are also requested to submit their bids) when contracts are awarded. Such measures are applied to encourage small and medium-sized enterprises to quote for Bundeswehr contracts in order to facilitate their integration into economic life.

## **9.2 Occupational therapy installations and workshops for the blind**

Articles 56 and 58 of the Severely Disabled Persons Act stipulate that occupational therapy installations and workshops for the blind be given priority with respect to public contracts which they are able to execute. To this end, the Federal Government enacted the directives for the consideration of occupational therapy installations and workshops for the blind in connection with the award of public contracts, dated 10 May 2001 (BMWi I B 3 - 26 23 55 of 10 May 2001, Federal Gazette No. 109 of 16 June 2001 page 11 773). According to the national awarding procedures in accordance with Section 1 of the VOL/A, occupational therapy installations and workshops for the blind must be awarded the contract in question if their bid price does not exceed the price of the most economic bidder by more than 15 percent.



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