

## Audit of the central procurement of personal protective equipment for the health sector

Report pursuant to section 88(2) of the Federal Budget Code to the Budget Committee of the Bundestag (lower house of the German parliament)

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**FULL REPORT (DE)**



### What we assessed and why

The COVID-19 pandemic significantly increased the demand for personal protective equipment (PPE). At the same time, supply chains and production capacities collapsed worldwide, leading to supply problems and large increase in prices, particularly for respiratory masks in the first few months. In March 2020, in the face of an impending PPE supply crisis, the German federal government decided to support the supply of acute care hospitals and medical practices through its own procurement measures in the short term. This was specifically to safeguard acute care as many other health care facilities were closed in the first lockdown. After the Federal Ministry of Health (BMG) had procured PPE for more than €6 billion in 2020, the Budget Committee of the Bundestag, acting unanimously, asked us to undertake an audit.

### What we found

We found that the BMG was initially only responsible for a needs assessment. Based on enquiries sent to the federal states, the ministry estimated that for the first three months, a procurement volume of 75 million filtering face piece (FFP) masks and 200 million medical face masks was required. Its estimate took into account that the supply was only to complement the procurement measures of the federal states and the health care facilities in the short term. Furthermore, the ordering of imported goods was supposed to be limited as there were already plans to commission domestic production.

We also found that the supply contracts were meant to be concluded by the federal procurement offices. However, the BMG itself also began to procure PPE in March 2020. It did this in various ways – entering into contracts directly, entering into framework agreements with private companies to procure PPE on its behalf, and initiating an open house procedure in which a high fixed price was offered for FFP masks and medical face masks. In addition, contracts for domestic production of protective masks were put out to tender for deliveries from July 2020 to December 2021.

We assessed that several decisions and individual measures were insufficiently documented at the BMG or were only reconstructed subsequently and therefore could not be properly traced. In addition, the BMG did not systematically manage volumes, in line with the needs identified, across all the procurement channels being used in parallel. In some cases, the volumes ordered via individual procurement channels alone exceeded the estimated total needs. In the open house



procedure, there was no legal possibility of specifically managing volumes. The procedure was terminated prematurely as the tenders from the first few days already exceeded expectations.

The delivery of PPE for hospitals and medical practices ended on 27 June 2020. More than a third of recipients had already asked for deliveries to stop in May 2020. By that point, supply routes had stabilised again. The federal government supplied 123 million FFP masks and 300 million medical face masks, approximately one-and-a-half times the volumes identified in the needs assessment. At that time, however, import contracts had been concluded at the federal government's expense for more than 1 billion FFP masks and 1.6 billion medical face masks. The BMG sourced a further 700 million FFP masks and 2.5 billion medical face masks from German production from July 2020. Even after further distribution campaigns in winter 2020-2021, the BMG had high volumes of PPE in storage, some of which was already expired. In June 2020 the federal government decided to set up a national reserve for health protection to prevent future supply crises. However, there is still no plan, needs assessment or legal basis for this reserve.

We criticised the BMG for disregarding its own needs assessment and not managing PPE procurement volumes effectively, and for its incomplete documentation. In particular, we criticised the exceptionally large volumes procured. Not only was it far greater than the needs identified, but it was also many times greater than the volume supplied, which was sufficient to successfully avert a crisis in acute health care. In addition, there were costs in the hundreds of millions for storing, quality testing and distributing the procured PPE, as well as external advice and legal costs due to a large number of legal disputes.

## What we concluded

We acknowledge that the BMG had to make decisions under time pressure and without sufficient certainty, particularly at the start of the pandemic. Nevertheless, we consider that the massive over-procurement of PPE, which is still generating high costs, cannot be justified. We consider a federal PPE reserve to be inappropriate for Germany's decentralised health sector. Measures for future, efficient pandemic preparedness need to be assessed and evaluated critically and must not be used as an after-the-fact justification for poor decisions made in a crisis.