



Guideline issued by the Public Procurement and Disposal of Public Assets Authority under Section 134 of the Public Procurement and Disposal of Public Assets Act, Cap 205

Details covered in this Guideline:

Guideline Subject: Bid, Performance and Advance Payment Securities

Guideline Reference: 4/2025

Commencement Date: 3rd October 2025

Guidelines are distributed to all Accounting Officers who are responsible for distributing copies of this Guideline to the Contracts Committee and members of the Procurement and Disposal Unit of the Procuring and Disposing Entity.

This Guideline can be accessed on the PPDA website at www.ppda.go.ug

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Guideline Subject: Bid, Performance and Advance Payment Securities

1.0 Definitions

For this Guideline, unless the context otherwise requires:

- i. **"EAC Provider"** means a citizen of the East African Community (EAC) or company incorporated in any of the EAC Partner States and has been operational in any of the EAC Partner States for atleast ten years with demonstrated evidence of doing business and complying with relevant statutory obligations;
- ii. **"Local provider"** means a national, resident or EAC provider;
- iii. **"National provider"** means a provider registered in Uganda and wholly owned and controlled by Ugandans;
- iv. **"Resident provider"** means a provider registered in Uganda who is not a national provider.

2.0 Bid Security

A procuring and disposing entity may require a bidder to provide a Bid Security in accordance with Regulation 63 (2) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023 and Regulation 47 (2) of the Public Procurement and Disposal of Public Assets (Procurement of Consultancy Services) Regulations, 2023. The bid security may take the form of a bid guarantee, bid bond or a bid securing declaration as provided in this guideline.

2.1 Bid Guarantee

- i. A bid security in the form of a bank guarantee shall be required for procurement of supplies, works and non-consultancy services under open domestic and international bidding methods.
- ii. The bank guarantee shall indicate a fixed amount and shall not exceed 1% of the estimated value of the procurement requirement. For example, where a procurement is estimated at UGX. 500 Million, the bid security required should not exceed UGX 5 Million i.e.1% of the estimated cost.
- iii. The format of the bid security in form of a bank guarantee is provided in the Standard Bidding Documents issued by the Authority.
- iv. Where an Entity finds it necessary to extend the bid security (bank guarantee) in accordance with the Regulations under the PPDA Act Cap 205, such extension shall be undertaken by use of a bid securing

declaration. The format of the bid securing declaration is provided in the Standard Bidding Documents issued by the Authority.

2.2 Bid Bond

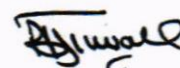
- i. A bid security in the form of a bid insurance bond shall be required for procurement of supplies, works and non-consultancy services under the open domestic and international bidding methods in the alternative to the bank guarantee.
- ii. The bid bond shall be a fixed amount calculated between 1 – 2% of the estimated value of the procurement requirement. For example, where a procurement is estimated at UGX. 500 Million, the bid bond shall range between UGX 5 Million (1%) and UGX 10 Million (2%).
- iii. The bid bond shall be an on demand insurance bond issued by a provider regulated by the Insurance Regulatory Authority of Uganda.
- iv. The format of the bid bond is provided in the Standard Bidding Documents issued by the Authority.
- v. Where an entity finds it necessary to extend the bid bond, such extension shall be undertaken by use of a bid securing declaration whose format is provided in the Standard Bidding Documents issued by the Authority.

2.3 Bid or Proposal Securing Declaration

- i. A Bid Securing Declaration shall be required for procurement of supplies, works and non-consultancy services under the restricted domestic, restricted international, quotation and direct bidding methods.
- ii. A Proposal Securing Declaration shall be required for procurement of consultancy services under all procurement bidding methods.
- iii. Notwithstanding provisions in 2.1 (i) and 2.2 (i) above, a bid securing declaration shall be required for procurements that are reserved for local providers under the open domestic bidding method.
- iv. The format of the bid securing declaration is provided in the Standard Bidding Documents issued by the Authority.

3.0 Performance Security

In accordance with Regulations 43 (d) (ii), 44 (c) (iii), 45 (d) (ii) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Regulation 34 (c) (ii) of the Public Procurement and Disposal of Public Assets (Procurement of Consultancy Services) Regulations, 2023, the following guidance is provided in respect of performance security.



3.1 Performance Guarantee

- i. Performance security in the form of a bank guarantee shall be required for procurement of consultancy services, supplies, works and non-consultancy services under all procurement bidding methods for providers that are not local providers.
- ii. Performance security in the form of a Bank Guarantee shall not be required for procurement of consultancy services, supplies, works and non-consultancy services under all procurement bidding methods for local providers. A Performance Securing Declaration shall instead be required.
- iii. The format of the Performance Securing Declaration is provided in the Standard Bidding Documents issued by the Authority.
- iv. A provider in breach of the Performance Securing Declaration shall be suspended by the Authority for three years.

3.2 Performance Bond

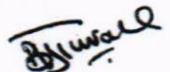
- i. A performance security in the form of an insurance bond may be required for the procurement of consultancy services, supplies, works and non-consultancy services under all procurement bidding methods in the alternative to the bank guarantee.
- ii. The performance insurance bond shall be an on demand insurance bond issued by a provider regulated by the Insurance Regulatory Authority of Uganda.
- iii. The format of the performance security in the form of an insurance bond is provided in the Standard Bidding Documents issued by the Authority.

4.0 Advance Payment Security

Where an advance payment is to be made, an advance payment security shall be required in accordance with Regulation 43 (2) of the Public Procurement and Disposal of Public Assets (Contracts) Regulations, 2023, Regulations 43 (d) (iii), 44 (c) (iv) and 45 (d) (ii) of the Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non - Consultancy Services) Regulations, 2023.

4.1 Advance Payment Guarantee

- i. Where applicable, advance payment security in the form of a Bank Guarantee shall be required for procurement of supplies, works and non-consultancy services under the open domestic and international bidding methods.
- ii. The format of the advance payment security is provided in the Standard Bidding Documents issued by the Authority.



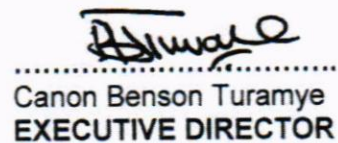
4.2 Advance Payment Bond

- i. Advance payment security in the form of an insurance bond shall be required for procurement of supplies, works and non- consultancy services under the open domestic and international bidding methods as an alternative to the bank guarantee.
- iii. The advance payment bond shall be an on demand insurance bond issued by a provider regulated by the Insurance Regulatory Authority of Uganda.
- iv. The advance payment security must be received by the procuring and disposing entity prior to the advance payment being made.
- v. The format of the advance payment bond is provided as Annex 1 to this guideline.

5.0 Revocation of Guideline No. 3 of 2024

Guideline No. 3 of 2024 on bid and performance securities is revoked.


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Julius K. Ishungisa
BOARD CHAIRMAN


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Canon Benson Turamye
EXECUTIVE DIRECTOR

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26/09/2025
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DATE

Attachment to this Guideline
Annex 1: Advance Payment Bond