



CONSTRUCTION
LAW
INSTITUTE

AMENDMENTS TO THE PPDA REGULATIONS AND GUIDELINES: KEY CONSIDERATIONS FOR THE CONSTRUCTION INDUSTRY

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REDUCTION IN PROCUREMENT LEAD TIME

- Composition of procurement lead time
- Reduction in bidding period (20 to 15 working days), evaluation period (40 to 15 working days), and provision for duration (10 working days) within which contracts committee must make a decision
- Attorney General clearance and administrative reviews



PREVIOUS SECURITIES UNDER THE PP FRAMEWORK

- BID SECURITY
- PERFORMANCE SECURITY
- ENVIRONMENTAL & SOCIAL PERFORMANCE SECURITY
- ADVANCE PAYMENT SECURITY
- RETENTION PAYMENT SECURITY



Previous regulations and guidelines governing bid and performance securities

- One form of bid security, i.e bank guarantee – 1 – 2% of estimated value of procurement (BS)
- One form of performance security 5 – 10% of contract price (PS)
- 50,000,000,000 – 1,000,000,000 (BS) and 5,000,000,000 (PS)
- Standard Bidding Documents (SBDs) issued by PPDA require that bid security must: be issued by reputable financial institution in Uganda (or enforceable by it)



Amended (current) regulations and guidelines governing securities

- Guideline No. 3 of 2024 provides for two types of bid securities (Bank Guarantee and Bid Bond), which are to be used only for the open bidding methods.
- For works under other methods (Restricted, Direct, Quotations), use of a Bid Securing Declaration.
- Bank guarantee shall only be required for procurement of under the open bidding method. It is now not more than 1% of the procurement value.
- No extension of bank guarantee when it lapses. Instead, an Entity is required to request bidders to submit a bid securing declaration.



Amended (current) regulations and guidelines governing securities (Cont'd)

- Introduction of bid bond. A bid bond shall be an on – demand insurance bond issued by a provider regulated by the Insurance Regulatory Authority of Uganda.
- Bid bond to be alternative to bank guarantee and used for procurement of works under open bidding methods.
- A bid bond is to be 1 – 2% of the estimated value of the procurement requirement (Why is it higher than bank guarantee?)
- Bid bond to be in format in SBDs issued by Authority



Amended (current) regulations and guidelines governing securities (Cont'd)

- PPDA Guideline No. 3 of 2024 provides for two types of performance securities (Performance Guarantee & Performance Securing Declaration).
- Performance guarantee now maximum of 5% contract price and only required for the open bidding methods
- Performance Securing Declaration merely undertaking by bidder issued on bidder's letterhead. Used for other bidding methods (restricted, direct, quotations).



Arithmetic Errors & Contract Variations

- The provisions in the regulations permitting correction of arithmetic errors during financial comparison have been deleted
- For consultancy services, arithmetic errors are expressly prohibited and will lead to disqualification of a bid
- Change order maximum value for a single change is now 1% and 1.5% for cumulative (was 0.1% and 1% respectively)
- Contract amendment maximum value for a single change is now 1% and 1.5% for cumulative (was 0.1% and 1% respectively)



Other notable amendments

- A bidder may on its own discretion extend the bid validity period prior to its expiry where an Entity delays to request a bidder to extend it, and it is likely to expire before procurement completed
- A member of the public may attend a public bid opening
- Secretary to the Treasury can give prior approval for payment of advance payment that is more than 30% of the contract price



Other notable amendments

- Need to display on procurement notice board a notice of the signed contract
- Introduced provisions on Labour, Human rights and social responsibility in Code of ethics for bidders and providers. Examples of violations: forced labour, employing children below 18 years, sexual harassment by providers and employees





Thank You!

