



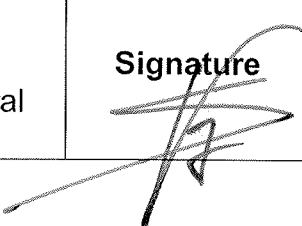
**PUBLIC PROCUREMENT REGULATORY AUTHORITY
(PPRA)**

**GUIDELINES FOR
SECURITIES IN PUBLIC PROCUREMENT, 2025**

May, 2025

Effective Date: 8th May, 2025

GUIDELINES FOR SECURITIES IN PUBLIC PROCUREMENT, 2025

Approved by Board of Directors	Title Director General	Signature 	Date 7 th May, 2025
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ABBREVIATIONS AND ACRONYMS

Authority	Public Procurement Regulatory Authority
MCB	Manager Capacity Building
PSCD	Procurement and Supplies Capacity Development
HPMU	Head of Procurement Management Unit
PMU	Procurement Management Unit
PPRA	Public Procurement Regulatory Authority
PPA	Public Procurement Act, CAP 410
PPR	Public Procurement Regulations G.N. 518 of 2024
PE	Procurement Entity
TB	Tender Board

DOCUMENT VERSION CONTROL

Name of the Document	Guidelines for Securities in Public Procurement, 2025
Version	Second Release, May, 2025
Document Number	PPRA/PSCD/PSS/25/02
Responsibility	Management, PE
Developed by	Management
2nd Approval (Second Issue)	Board, May, 2025
Applicability	Tender Board, PMU and Management
Purpose	To guide Procuring Entities for use when determining, issuing, and administering Securities in tendering processes and during contract management.
It is part of	Public Procurement Guidelines
Related Documents	PPA, CAP 410, PPR, GN 518 of 2024,
Distribution	Board, Management, HPMU, AOs and PEs

	PART I: INTRODUCTION	
1. Background	1.1	Section 130 of the Public Procurement Act, Cap 410 mandates the Public Procurement Regulatory Authority (PPRA) to issue guidelines for better carrying out of objectives of the Act. In addition, Section 67(4) of the Act directs the Authority to issue guidelines on Securities.
	1.2	These Guidelines are therefore issued to Procuring Entities for use when determining, issuing, and administering Securities in tendering processes and during contract management.
2. Scope	2.1	These Guidelines shall apply to the following securities: (a) Tender Security; (b) Tender Securing Declaration; (c) Performance Security; (d) Performance Securing Declaration; (e) Environmental and Social Performance Security; (f) Environmental and Social Performance Securing Declaration; and (g) Advance Payment Guarantee;
3. Short Title	3.1	These Guidelines may be cited as Guidelines for Securities in Public Procurement.
4. Application	4.1	These Guidelines shall come into force from the date they are issued to the Public by the Authority and they may be amended from time to time when needs arise.
	4.2	The Guidelines shall be used by all Procuring Entities during the tendering process and contract management.
	4.3	Where the interpretation of any provision of these Guidelines conveys meaning contrary to the Public Procurement Act and its Regulations, the provisions of

		such Act and its Regulations shall prevail and its interpretation shall be final and conclusive.
5. Definitions	5.1	<p>In these Guidelines, unless the context requires otherwise:</p> <p>“Accounting Officer” means “a government officer appointed by the provisions of the Public Finance Act or a public officer statutorily appointed under any other written law to hold a vote or subvention and accounts for all monies expended from that vote or subvention”.</p> <p>“Advance Payment Guarantee” is a form of protection that makes it possible for a PE to recover any advance payments extended to a supplier, service provider, or contractor in the event that the seller fails to abide by the terms and conditions that govern receipt, usage, and repayment of such advance payment in the procurement of goods, services or works.</p> <p>“Authority” means the Public Procurement Regulatory Authority.</p> <p>“Performance security” means a guarantee or bond provided by a successful tenderer to the procuring entity to warrant performance of contractual obligations;</p> <p>“Performance Securing Declaration” means a security by way of declaration provided by the successful Tenderer to the Procuring Entity with the aim of guaranteeing faithful performance of contractual obligations, whose violation resulting from the Tenderer's failure to complete its obligations or breach of contractual terms under the contract shall be subjected to debarment procedures by the Authority as provided for under Section 67 of Public Procurement Act, 2023</p> <p>“Tender security” means a guarantee or bond provided by the tenderer as part of its tender with the aim of protecting the procuring entity against the risk of tenderer's conduct during the tender period that would warrant the security forfeiture or otherwise returned to the tenderer after completion of the tender process;</p>

	<p>“Tender securing declaration” means a security by way of declaration provided by the tenderer, as part of their tender to the procuring entity, intended to protect the procuring entity against the risk of the tenderer's conduct during the tendering period</p> <p>“Securities” means a bond or guarantee or declaration submitted by the Tenderer to the Procuring Entity for the purpose of safeguarding a Procuring Entity against any defined or identified risks in a procurement process. Securities may, where it is justified that the Tenderer is in breach or failed to honor its terms, be subjected to forfeiture by a Procuring Entity or execution by relevant authorities in accordance with terms and conditions attached to such security.</p>
6. Purpose of the Guidelines	<p>6.1 To guide Procuring Entities (PEs) in the importance and proper use of securities in the tendering process and contract management.</p> <p>6.2 Specific Purpose Specific purposes of these Guidelines are:</p> <ul style="list-style-type: none"> a) To provide the procedure for the Procuring Entities on how and when to use securities during the tendering process; and b) To provide the procedure for the Procuring Entities on how to administer securities in contract implementation. c) To ensure consistency on the application of procurement procedures and practices.
7. Importance of the Guidelines	<p>7.1 These Guidelines will provide effective use of securities in procurement process.</p>
PART II: Tender Security and Tender Securing Declaration	
8. Submission of tender security or tender securing declaration	<p>8.1 The requirement for submission of securities shall be provided by the PEs in the tendering documents, and such requirement shall apply to all tenderers.</p> <p>8.2 Tender Security or Tender Securing Declaration should be part of submissions during tender submission by tenderer before closing date and time.</p>

	<p>8.3 Procuring Entity shall specify the amount of Tender Security ranging from 1.0 percent to 3.0 percent of the estimated contract value. The lower the estimated contract value the higher the percentage to be used and the vice versa. The Procuring Entity shall not use percentages when requiring Tender Security from Tenderers. The tender security shall be indicated in value and not in percentages.</p> <p>8.4 The tendering documents shall stipulate that the issuer of the Tender Security and the confirmer, if any, of the Tender Security, and the form and terms of the tender security, have to be acceptable to the Procuring Entity.</p> <p>8.5 Tender Security or Tender Securing Declaration shall be signed and submitted electronically through NeST together with Tenderers' Tender before closing date and time.</p> <p>8.6 Incase of tender security, Tenderers shall submit original Tender Security before the tender closing date and time</p> <p>8.7 Where electronic Tender Security can be obtained directly from the issuer (e.g., a commercial Bank), such Security may be acceptable by the Procuring Entity as a true and original copy. The responsibility for the submission of the Tender Security before the closing date and time rests with the respective Tenderer.</p> <p>8.8 When submitting original Tender Security the outer envelope shall not bear Tenderer's name and address, rather the number and description of the tender to remain anonymous until on the tender opening date.</p> <p>8.9 Procuring Entities are required to confirm validity and authenticity of the security with the issuing entity/firm soon after the opening of tenders.</p> <p>8.10 The confirmation of the acceptability of a proposed issuer or of any proposed confirmer does not preclude the Procuring Entity from rejecting the Tender Security because the issuer or the confirmer, as the case may be, has become insolvent or otherwise lacks creditworthiness.</p>
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<p>9. Forms and application of Tender Security</p>	<p>9.1 Procuring Entities shall require the tenderers to submit together with their tenders, Tender Security amount or Tender Securing Declaration.</p> <p>9.2 Tender Security shall be in the form of Bank Guarantee issued by a reputable Bank or Insurance Bond issued by a reputable insurance company.</p> <p>9.3 The Tender Security shall state its validity period as required in the tendering documents. Before its expiration, the validity of the Tender Security may be extended upon request by a Procuring Entity.</p> <p>9.4 Tender Security or Tender Securing Declaration safeguards the Procuring Entity from pre-mature withdrawal of the Tenderers from a particular tendering proceeding.</p>
	<p>9.5 Tender Securing Declaration shall apply for procurement the value of which does not exceed the threshold for exclusive preference as provided in the Fourth and Fifth Schedules of the Public Procurement Regulations G.N 518 of 2024</p> <p>9.6 Tender securing declaration may also apply in procurement direct from manufacturers, agents or wholesalers.</p>
	<p>9.7 Tender Security shall apply in all tenders which are above the threshold of exclusive preference stated in 9.5 above</p>
<p>10. Claim by the Procuring Entity to the Tender Security Amount</p>	<p>10.1 The Tender Security or Tender Securing Declaration shall remain valid for a period of not less than Twenty-Eight (28) days beyond the validity period of the tender, in order to provide the Procuring Entity time to act if the Security is called for.</p>
	<p>10.2 Where a Tenderer chooses to withdraw from the tendering proceedings prematurely before entry into force of the procurement contract, its Tender Security shall be confiscated.</p>

	<p>10.3 Where Tender Securing Declaration was submitted, the Tenderer shall be liable to measures provided under such declaration including debarment from participating in tenders floated by the Government for a period as will be determined by the Authority in accordance with Section 72 of the Public Procurement Act.</p> <p>10.4 The Procuring Entity shall make no claim to the amount of the Tender Security, and shall promptly return the tender security, after whichever of the following that occurs earliest:</p> <ul style="list-style-type: none"> (a) expiration of the tender security; (b) the entry into force of a procurement contract and the provision of a security for the performance of the contract if such a security is required by the tendering documents; (c) the rejection by the Procuring Entity of all tenders pursuant to Public Procurement Regulations, G.N 518 of 2024; or (d) the withdrawal of the Tender prior to the deadline for the submission of tenders, unless the tendering documents stipulate that no such withdrawal is permitted.
	Part III: Performance Securities
11. Submission of Performance Security or Performance Securing Declaration	<p>11.1 Within a period prescribed in the tender documents, the successful tenderer shall, after receipt of the notice of acceptance, furnish the Procuring Entity with the Performance Security or Performance Securing Declaration in accordance with the conditions of the contract and in the manner prescribed in the tender documents.</p> <p>11.2 Performance Security or Performance Securing Declaration shall be submitted prior to contract signing. A Procuring Entity shall ensure that a Performance Security or Performance Securing Declaration is submitted by the Tenderer before a contract is signed. Any person within a Procuring Entity, who contravenes this requirement, shall be liable to a penalty in accordance with Section 128 of Public Procurement Act.</p>

	<p>11.3 The amount of Performance Security shall be equal to ten (10) percent of the tender amount for Bank Guarantee, and fifteen (15) percent for Insurance Bond.</p> <p>11.4 11.4 Tenderer who fails to submit its Performance Security within the specified period shall be disqualified from contract signature, and the next ranked tenderer shall be invited. The disqualification shall go hand in hand with confiscation of its Tender Security amount or measures taken in accordance with terms and conditions stipulated under Tender Securing Declaration form submitted by the tenderer</p>
12. Submission of Environmental Performance Security	<p>12.1 If the Performance Security and the Environmental Performance Security is to be provided by the successful Tenderer, both the performance security and the environmental performance security shall not exceed ten percent of the contract price.</p> <p>12.2 The Environmental Performance Security shall be required where the environmental risks are high.</p> <p>12.3 In case the environmental and social performance security is forfeited by the employer before the completion of the contract, the supplier, service provider or contract shall be required to submit additional environmental and social performance security to cover the remaining contract period.</p>
13. Forms of Securities	<p>13.1 The Performance Security or Environmental and Social (ES) Performance Security shall be in any of the following forms:</p> <p>(a) Unconditional Bank Guarantee confirmed by a reputable local bank or, in the case of a successful foreign Tenderer, the bank guarantee shall be confirmed by a local bank; or</p>
	<p>(b) Surety Bond issued by any reputable surety or Insurance company registered in the United Republic</p> <p>13.2 In the case of Performance Securing Declaration, the successful Tenderer shall complete and submit a duly signed Declaration in the format shown in the Third Schedule provided in the Annex 1 of these Guidelines without alteration to its wording.</p>

		<p>In the case of Environmental and Social (ES) Performance</p> <p>13.3 Securing Declaration, the successful Tenderer shall complete and submit a duly signed Declaration in the format provided in the Annex 2 of these Guidelines.</p>
14.Function Application performance securities	and of	<p>14.1 Performance Security shall be applied in all tenders whose budget is above the threshold for regional Exclusive Preference stipulated in the Fourth and Fifth Schedules to Public Procurement Regulations, 2024 .</p> <p>14.2 Performance Securing Declaration shall apply in all tenders which fall within the threshold of Regional Exclusive Preferences.</p> <p>14.3 Upon PE's determination that a supplier, contractor or service provider has performed to the dissatisfaction of the PE, or a tenderer or a consultant who fails to satisfactorily execute to completion of the services required under the contract within the specified period, inclusive of duly granted time extensions, if any; shall be liable in accordance with terms and conditions of such Performance Securing Declaration.</p> <p>14.4 Performance Security and Performance Securing Declaration shall be used to safeguard a Procuring Entity to guarantee performance of the contract by the supplier, contractor or service provider during implementation.</p> <p>14.5 Performance Security and Performance Securing Declaration shall not be used as a substitute to indemnify professional liability resulting from professional negligence, neither shall professional indemnity be used in place of performance security in procurement of consultant services.</p> <p>14.6 Performance Security shall be used as a threshold for charging liquidated damages by a Procuring Entity for delayed goods, services, or works.</p> <p>14.7 The rate of liquidated damages shall be between 0.10 to 0.20 percent of the contract value for procurement of goods for every day of delay. For non-consultant services, the Service Provider shall be required to pay to the Procuring Entity in an amount equal to 0.10 to 0.20 percent of the contract value, and for works, the Contractor shall pay in an amount equal to 0.10 to 0.15 percent of the Contract value for every day of delay. In the case of</p>

	consultancy services, the consultant shall be required to pay 0.10 to 0.20 percent of the contract value up to the maximum of performance security.
	14.8 In no case shall the sum of delayed damages exceed the amount of Performance Security
	14.9 In the case where the Performance Securing Declaration has been used, the rate of liquidated damages shall be between 0.10 to 0.20 percent of the contract value, cost, contract value for works or services for every day of delay to a maximum of 10% of the contract value.
15. Claim by Procuring Entity	Where the supplier, contractor or service provider fails to perform to the required standard or fails to fulfil its obligations as agreed, a Procuring Entity shall demand Performance Security from the bank or insurance company within a time in accordance with terms and conditions stipulated therein; and in the case of Performance Securing Declaration, the Procuring Entity shall initiate the debarment procedures as stipulated in the Public Procurement Act and its Regulations.
Part IV: Advance Payment Guarantee	
16. Submission of Advance payment guarantee	<p>16.1 If so required and stated in the Procurement Contract and after signing of the contract, a supplier, contractor, or service provider shall submit to the Procuring Entity a request for advance payments in the format provided in the tendering documents.</p> <p>16.2 The Advance Payment amount shall not be above that which is prescribed in the Contract.</p>
	16.3 The amount of advance payment allowed shall be specified in the contract documents but in any case, shall not exceed thirty percent of the contract value.
	16.4 Any advance payments in excess of thirty percent shall be done after the approval of the Authority.
	<p>16.5 Before making any advance payment, the procuring entity shall ensure that:</p> <p>a. Advance payment is granted upon receipt of Advance Payment Bank Guarantee from a reputable bank.</p>

	b. the authenticity of the guarantee has been confirmed by the issuing bank.
	16.6 The advance payment guarantee shall remain valid until the supplier, contractor, or service provider has completed a portion of their work or services, or delivered goods, commensurate with the value of the advance payment guarantee provided.
17. Usage of Advance payment	<p>17.1 The advance payment shall be used to cover initial costs of the contract or project and shall be limited to mobilization of resources or acquisition of initial resources under a contract or project as the case may be as provided for under the contract.</p> <p>17.2 The Supplier, contractor, or service provider shall not use the advance payment amount for other activities other than those specified under the contract, as such is justifiable ground to procuring entity to demand repayment from the guarantor.</p>
18. Recovery of the Amount	<p>18.1 The amount of the Advance Payment Bank Guarantee shall be progressively reduced by the amount of the advance payment repaid by the supplier, contractor, or service provider and the Procuring Entity shall ensure that the amount has fully been recovered when the contract reaches eighty percent of its implementation or payments.</p> <p>18.2 Where PE fails to recover all advance payment during the execution of the contract due to non-performance of the obligations of supplier, contractor, or service provider under the contract, a Procuring Entity shall demand repayment of the balance of the advance paid from the Guarantor in accordance with terms and conditions of the contract;</p> <p>18.3 Other terms and conditions of the guarantee shall be as provided in the Advance Payment Guarantee Form provided in the respective Standard Tendering Documents.</p>

Part V- General Clauses		
19. Review of the Guidelines		These Guidelines shall be reviewed after every three years or when need arises.
20. Repeal of Previous Guidelines		The Guidelines for Participation of Public Bodies in Public Procurement of October 2017 are hereby repealed and replaced with these Guidelines.

ANNEX 1: PERFORMANCE SECURING DECLARATION

Date: *[insert day, month, year]*

Contract No. and Title: *[insert contract number and title]*

I/We acknowledge that under the terms and conditions of the above-referenced contract, I/We am/are duty-bound to guarantee the faithful performance by the [Contractor/Supplier/Service Provider/Consultant] (*select as applicable*) concerning all obligations under the contract.

I/We accept that in the event of failing to perform the contract in accordance with the stipulated terms and conditions, I/We may be debarred from participating in public procurement for a period as may be determined by the Public Procurement Regulatory Authority, in accordance with the Public Procurement Act, Cap. 410 and its Regulations.

This Performance Securing Declaration shall remain valid until satisfactory performance and final acceptance of the assignment by the Employer/Client/Purchaser (*select as applicable*).

Declared and signed by:

Name: *[insert name of person signing the Environmental and Social Performance Securing Declaration]*

Signature: *[insert signature of person whose name and capacity are shown]*

Designation: *[insert legal capacity of person signing the Environmental and Social Performance Securing Declaration]*

Duly authorized to sign the Contract for and on behalf of: *[insert complete name of Contractor/Service Provider/Consultant/Supplier]* (*select as applicable*).

Dated on thisday of,..... *[insert date of signing]*

Annex 2: Environmental and Social Performance Securing Declaration

Date: *[insert day, month, year]*

Contract No. and Title: *[insert contract number and title]*

To:

[Insert complete name of Employer/Client/Purchaser] (select as applicable)

[Insert complete physical address of Employer/Client/Purchaser] (select as applicable)

Declaration:

I/We, the undersigned, hereby declare as follows:

1. Understanding of Obligations:

I/We acknowledge that under the terms and conditions of the above-referenced contract, I/We am/are duty-bound to guarantee the faithful environmental and social performance by the *[Contractor/Supplier/Service Provider/Consultant] (select as applicable)* concerning all obligations under the contract.

2. Consequences of Non-Performance:

I/We accept that in the event of failing to perform the contract in accordance with the stipulated Environmental and Social terms and conditions, I/We may be debarred from participating in public procurement for a period as may be determined by the Public Procurement Regulatory Authority, in accordance with the Public Procurement Act, Cap. 410 and its Regulations.

3. Validity of Declaration:

This Environmental and Social Performance Securing Declaration shall remain valid until satisfactory performance and final acceptance of the assignment by the Employer/Client/Purchaser *(select as applicable)*.

Declared and signed by:

Name: *[insert name of person signing the Environmental and Social Performance Securing Declaration]*

Signature: *[insert signature of person whose name and capacity are shown]*

Designation: *[insert legal capacity of person signing the Environmental and Social Performance Securing Declaration]*

Duly authorized to sign the Contract for and on behalf of: *[insert complete name of Contractor/Service Provider/Consultant/Supplier]* (select as applicable).

Dated on thisday of,..... *[insert date of signing]*

Affix Corporate Seal/Stamp (as appropriate)
