

Department of Contracts  
Notre Dame Ravelin  
FLORIANA

To: Permanent Secretaries  
Directors General  
Directors  
Heads of Public Sector Organisations

14 December 2015

## **CHANGES TO THE PERFORMANCE GUARANTEE**

Through Procurement Policy Notes (PPNs) #21 and #22 the Department of Contracts (DoC) decreased the the amount of the Performance Guarantee to be requested for Calls for Tenders below €500,000 from 10% to 4%, and also introduced in a structured manner across the Public Administration the use of the Single Bond. These two initiatives apply to all public contracts as from the 01 December 2015.

This circular aims to ensure a coherent deployment of these two initiatives and therefore Contracting Authorities are being instructed to ensure that:

1. A clarification note is to be published for all procurement procedures that stipulate the requirement of a performance guarantee and are still open for the submission of bids. The clarification note should state clearly that the applicable performance guarantee shall be calculated at 4% and not at 10% of the contract value as laid down in the published tender document;
2. For those procurement procedures where the clarification period for Contracting Authorities has elapsed or the tender has closed and is being evaluated, an addendum to the contract stating the change in the Performance Guarantee percentage is to be drafted and signed simultaneously with the contract agreement.

It is imperative that Contracting Authorities manage performance guarantees and especially single bonds with due diligence. The reduction in the performance guarantee and the consolidation of the single bond concept aim to encourage SME participation in government procurement, increasing competition and thus contributing in the achievement of better value for public money.

Contracting Authorities are encouraged to raise any further queries with the Department of Contracts' customer care service on [info.contracts@gov.mt](mailto:info.contracts@gov.mt) or +356 21220212.

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