

**Technical Support for Procurement and Project Management
and Private Sector Participation to the Ministry of Water and
Irrigation, Water Authority of Jordan and the Jordan Valley
Authority**

Support for Economic Growth and Institutional Reform:
General Business, Trade & Investment IQC

**Aqaba Water Company
Purchasing Policies and Regulations**

April 2004

Second Draft

Contract No. PCE-I-00-98-00015-01

Task Order 814

Submitted by

Chemonics International Inc

April 27, 2004

AQABA WATER COMPANY
Purchasing Policies and Regulations
Table of Contents

ARTICLE 1.	GENERAL PROVISIONS.....	4
Sec.1.1	Purpose	4
Sec. 1.2	Adoption.....	4
Sec. 1.3	Changes	4
ARTICLE 2	PETTY CASH.....	5
Sec. 2.1	General Guidelines.....	5
Sec. 2.2	Limitations.....	5
Sec. 2.3	Petty Cash Reconciliation	5
Sec. 2.4	Timeliness of Submittals.....	6
ARTICLE 3	PURCHASING AUTHORITY LIMITS	7
Sec 3.1	General	7
Sec. 3.2	Purchases Not Exceeding JD 5,000	7
Sec. 3.3	Purchases in Excess of JD 5,000 and Less than JD 25,000	8
Sec. 3.4	Purchases Exceeding JD 25,000 Not Performed By Force Account 8	
Sec. 3.5	Purchases Exceeding JD 300,000	9
ARTICLE 4	TENDER PROCEDURES AND AWARD.....	10
Sec. 4.1	Notice Inviting Tenders.....	10
Sec. 4.1.1	Published Notice.	10
Sec. 4.1.2	Tender's List.	10
Sec. 4.3	Tender Opening Procedure.....	11
Sec. 4.4	Rejection of Tenders.....	11
Sec. 4.6	Variation Orders	11
Sec. 4.6.1	Variation Orders Less Than JD 5,000.....	11
Sec. 4.6.2	Variation Orders Between JD 5,000 and JD 50,000.....	12
Sec. 4.6.3	Variation Orders Greater Than JD 50,000.....	12
Sec. 4.7	Tie Tenders	12

Sec. 4.8	Performance Bonds.....	12
ARTICLE 5	COMPETITIVE PROCUREMENT EXCEPTIONS	14
Sec. 5.1	General	14
Sec. 5.2	Exceptions to Competitive Procurement Regulations	14
Sec. 5.3	Authority to Issue Exception to Competitive Procurement Regulations	15
ARTICLE 6	PROFESSIONAL SERVICES PROCUREMENT	16
Sec. 6.1	Definition.....	16
Sec. 6.2	Procurement for Contracts Estimated Below JD 25,000	16
Sec. 6.3	Procurement for Contracts Estimated Between JD 25,000 and JD 75,000	16
Sec. 6.4	Procurement For Contracts Estimated Above JD 75,000	17
Sec. 6.5	Procurement for Special Goods, Services, and Works from WAJ and ASEZA.....	18

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 1	Page 4 of 18
	Title: General Provisions	
	Latest Revision Date:	

ARTICLE 1. GENERAL PROVISIONS

Sec.1.1 Purpose

These Regulations are intended to provide the members of the Management Committee and the Company Staff with cost-efficient, transparent and accountable purchasing practices that provide its customers with the lowest possible costs and the highest possible quality and reliability of service.

Sec. 1.2 Adoption

The Management Committee has adopted these Policies and Regulations on the date indicated above as the Latest Revision Date. All previous versions are repealed and are null and void.

Sec. 1.3 Changes

It is anticipated that changes or additions to these Policies and Regulations will be required from time to time to cover changes in procedures or new activities or duties within the Company Service Area.

Such changes or additions shall be accomplished only by the Management Committee at a duly constituted meeting, through the adoption of an Ordinance in accordance with Management Committee procedures. In the event of a change or an addition to these Policies and Regulations, the new Policy or Regulation shall be inserted into these overall Policies and Regulations, and those for which they are substituted shall be removed.

Any changes or additions shall be effective from the date of adoption by the Management Committee.

<i>Aqaba Water Company</i>	Article No. 2	Page 6 of 18
	Title: Petty Cash	
	Latest Revision Date:	
Purchasing Policies and Regulations		

- an explanation justifying the relevance of each purchased item to the functions of the department.

Sec. 2.4 Timeliness of Submittals

All requests shall be submitted promptly. Receipts dated more than three months prior to the Request for Reimbursement will not be accepted. Written justification for the purchase must be included with the request.

All requests must be submitted before the close of the fiscal year in which they were made.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 3	Page 7 of 18
	Title: Purchasing Authority Limits	
	Latest Revision Date:	

ARTICLE 3 PURCHASING AUTHORITY LIMITS

Sec 3.1 General

The purchase of all goods, services and works required by the Company shall be made in such a way as to provide the maximum benefits to the Company with minimum expenditure. This will require that purchases made in economical quantities with uniform quotations and bidding suppliers wherever possible.

All funds covered in this Article shall be taken from identified categories from the approved annual budget for the Company. The regulations set up in this Article have been devised for this purpose and must be followed. In case of bids for purchases or contracts, the Company shall take any possible steps to encourage small or emerging businesses to bid on the projects.

It is anticipated that most purchases will be identified for approval in the annual budget. Any goods, services, and works, exceeding JD 30,000, or not identified in the annual budget, will require approval by the Management Committee prior to purchase, except for goods, services, and works deemed to be of urgent necessity by the General Manager.

Sec. 3.2 Purchases Not Exceeding JD 5,000

All purchases by the Company with an estimated cost of less than JD 5,000 shall be procured at the discretion of the General Manager or his/her designee as shown in the following table:

Amount	Authorizing Signature
Less than JD 50	Head of Section
JD 51—JD 300	Director
JD 301—JD 1,000	Deputy General Manager
JD 1001—JD 5,000	General Manager

<i>Aqaba Water Company</i>	Article No. 3	Page 8 of 18
	Title: Purchasing Authority Limits	
	Latest Revision Date:	

While not specifically required by this section, competitive quotations are always encouraged, and may be requested by the General Manager prior to approving the purchase.

Sec. 3.3 Purchases in Excess of JD 5,000 and Less than JD 25,000

All purchases by the Company with an estimated cost of between of JD 5,000 and JD 25,000 shall be procured at the discretion of the General Manager.

The General Manager shall appoint a Technical Committee to review proposed purchases and recommend a course of action or preferred supplier to the General Manager. The General Manager or his/her designee shall request suitable competitive quotations to be submitted to the Technical Committee before authorizing the purchase.

The Technical Committee shall review all such quotations and should recommend purchase based upon the lowest responsive quotation, unless the General Manager determines that a purchase based upon the lowest quotation is not in the best interest of the Company.

No purchase shall be made without the approval of the General Manager.

Sec. 3.4 Purchases Exceeding JD 25,000 Not Performed By Force Account

When work is not to be performed by the Company itself by force account, and the amount involved exceeds JD 25,000, and competitive bidding of the contract is required, any contract for such work shall be let to the lowest responsive and responsible bidder after publication of notice inviting sealed bids in a newspaper or periodical of general circulation to be designated by the General Manager.

The General Manager shall form a Tender Evaluation Committee to request and review all bids. After review of bids, the Tender Evaluation Committee shall recommend the lowest responsive bidder to the General Manager. The approval of the General Manager is required prior to the award of the contract.

<i>Aqaba Water Company</i>	Article No. 3	Page 9 of 18
	Title: Purchasing Authority Limits	
	Latest Revision Date:	
Purchasing Policies and Regulations		

[Should this paragraph be retained? Does the Management Committee have any input?]

The General Manager shall present a summary of all bids received to the Management Committee, together with a statement of the lowest responsive bid and the General Manager's recommended bidder.

The General Manager may reject any and all bids, determine that a bid is non-responsive, determine that a bidder is not responsible, or take such further action as is authorized by the present procedure.

Sec. 3.5 Purchases Exceeding JD 300,000

The procedures outlined in Section 3.4 shall be followed. In addition, the General Manager shall present a summary of all bids received to the Management Committee, together with a recommendation of the lowest responsive bid. This recommendation shall be subject to approval by the Management Committee prior to award of the contract.

The Management Committee may reject any and all bids, determine that a bid is non-responsive, determine that a bidder is not responsible, or take such further action as is authorized by the present procedure.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 4	Page 10 of 18
	Title: Tender Procedures and Award	
	Latest Revision Date:	

ARTICLE 4 TENDER PROCEDURES AND AWARD

Facility contracts, purchases of equipment, goods, services and works in an amount exceeding the limits set forth in Article 3 shall be accomplished using the tendering procedure described in this Article. Where called for in Article 3, a Tender Committee shall be designated by the General Manager prior to the issuance of a Notice Inviting Tenders.

Sec. 4.1 Notice Inviting Tenders

Notices inviting tenders shall include a general description of the project or articles to be purchased or sold, shall state where tender forms and specifications may be secured, and the time and place for opening tenders.

Sec. 4.1.1 Published Notice.

Notice inviting tenders shall be published at least ten days before the date of opening the tenders. Notice shall be published at least twice in a local newspaper of general circulation.

Sec. 4.1.2 Tender's List.

The purchasing officer, or his or her designee, shall also solicit sealed tenders from all responsible prospective contractors or suppliers whose names are on the tender's list or who have requested their names to be added thereto.

Sec. 4.2. Tender Security

All tenders shall be accompanied by tender's security in the form and amount prescribed by the Tender Notice. A successful tenderer shall forfeit his tender security upon refusal or failure to execute the contract within ten working days after the notice of award of contract has been mailed, or directly delivered to the bidder or his designee, unless the Company is responsible for the delay. The tender security shall be returned to the successful tenderer after signing of the contract agreement and submission of any required performance bond.

<i>Aqaba Water Company</i>	Article No. 4	Page 11 of 18
	Title: Tender Procedures and Award	
	Latest Revision Date:	

The Company may, on refusal or failure of the successful tenderer to execute the contract, award the contract to the next lowest responsible tenderer. If the contract is awarded to the next lowest tenderer, the amount of the lowest tenderer's security shall be applied by the Company to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest tenderer.

Unsuccessful tenderers shall be entitled to return of their tender security, after the signing of the contract agreement and submittal of any required performance bond by the successful tenderer.

Sec. 4.3 Tender Opening Procedure

Sealed tenders shall be submitted to the purchasing officer, or his or her designee, and shall be identified as tenders on the envelope. Tenders shall be opened in public at the time and place stated in the public notice. A tabulation of all tenders received shall be open for public inspection during regular business hours for a period of not less than thirty calendar days after the tender opening.

Sec. 4.4 Rejection of Tenders.

The Company may, at its discretion, reject any and all tenders presented and re-advertise for tenders.

Sec. 4.5 Award of Contracts

Contracts shall be awarded by the Company to the lowest responsive tenderer, except as otherwise provided herein.

Sec. 4.6 Variation Orders

On existing Company projects with proposed variation orders, the authority to approve the variation shall be as follows:

Sec. 4.6.1 Variation Orders Less Than JD 5,000.

On variation orders of JD 5,000 or less, the General Manager shall have the authority to approve, providing sufficient funds exist to execute the variation order.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 4	Page 12 of 18
	Title: Tender Procedures and Award	
	Latest Revision Date:	

Sec. 4.6.2 Variation Orders Between JD 5,000 and JD 50,000.

On variation orders between JD 5,000 and JD 50,000, the General Manager shall have the authority to approve, providing sufficient funds exist to execute the variation order. However, prior to approval, the General Manager shall direct the Head of the Company's Engineering Office to provide a written analysis and opinion of the validity and amount of the variation order.

Sec. 4.6.3 Variation Orders Greater Than JD 50,000.

Variation orders in excess of JD 50,000 shall be submitted by the General Manager to the Management Committee for approval. However, prior to submittal to the Management Committee, the General Manager shall direct the Head of the Company's Engineering Office to provide a written analysis and opinion of the validity and amount of the variation order.

Sec. 4.7 Tie Tenders

If two or more tenders received are for the same amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for tenders, the Company may:

1. Accept the one it chooses, or
2. Accept the lowest tender made by negotiation with the tie tenderers.

Sec. 4.8 Performance Bonds

The purchasing officer shall have authority to require a performance bond before entering a contract in such amount as he finds reasonably necessary to protect the best interests of the Company.

If the purchasing officer requires a performance bond, the form and amount of the bond shall be described in the notice inviting tenders.

If the value of the performance bond is not specified in the Invitation To Bid, the value of the bond shall be 10% of the bid amount, and shall be called

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 4	Page 13 of 18
	Title: Tender Procedures and Award	
	Latest Revision Date:	

wholly or partially if the agreement terms are not fulfilled. Specific areas to be addressed in the performance bond are:

- Delay penalties—Specified in the tender
- Maintenance Guarantee—Specified in the tender but usually 5% of contract amount
- Applicable law—Specified in the contract agreement

<i>Aqaba Water Company</i>	Article No. 5	Page 14 of 18
	Title: Competitive Procurement Exception	
	Latest Revision Date:	

ARTICLE 5 COMPETITIVE PROCUREMENT EXCEPTIONS

Sec. 5.1 General

While it is the policy of the Company to purchase goods, services, and works at the lowest possible cost whenever possible, certain conditions or situations may arise where the tender policies and regulations contained in Article 4 may not apply, or will be waived.

Sec. 5.2 Exceptions to Competitive Procurement Regulations

Subject to approval from the General Manager, the following purchases are not subject to the competitive procurement regulations in Article 4:

1. Personal service contracts requiring a unique skill or expertise not readily found in the Kingdom;
2. Contracts for purchases of patented products;
3. The acquisition or disposition of real estate;
4. Emergency contracts requiring rapid initiation and completion of work to protect public health and safety and/or Company property and facilities;
5. Contracts where competitive proposals or tenders could not be properly evaluated and compared;
6. Insurance coverage proposals;
7. All professional service contracts covered in Article 6;
8. Extensions or variation orders to existing projects;
9. Any contract not required to be tendered under Jordanian law.
10. Purchase of spare parts that are not available in Jordan through direct quotation from manufacturers or suppliers, or where only a single supplier is available;
11. Contracts for which there is an insufficient number of tenderers

<i>Aqaba Water Company</i>	Article No. 5	Page 15 of 18
	Title: Competitive Procurement Exception	
	Latest Revision Date:	
Purchasing Policies and Regulations		

Sec. 5.3 Authority to Issue Exception to Competitive Procurement Regulations

The General Manager shall have the authority to issue an exception to competitive procurement regulations for all contracts with an estimated value of less than JD 25,000.

In addition, the General Manager shall have the authority to issue emergency contracts of any value less than JD 300,000, to protect public health and safety and to protect Company structures and facilities. In cases of emergency contracts, the General Manager shall consult with at least two members of the Management Committee.

For all non-emergency contracts with an estimated value greater than JD 25,000, the Management Committee shall have the authority to authorize an exception to the competitive procurement regulations.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 6	Page 16 of 18
	Title: Professional Services Procurement	
	Latest Revision Date:	

ARTICLE 6 PROFESSIONAL SERVICES PROCUREMENT

Sec. 6.1 Definition

For purposes of this Article, professional services are defined as those services that may be provided to the Company by architects, engineers, accountants, auditors, attorneys and physicians, among others.

Professional services include planning and design, construction services including shop drawing review and on-site inspection, financial audits, legal consultation and advice, medical consultation and advice.

Sec. 6.2 Procurement for Contracts Estimated Below JD 25,000

For professional services contracts with an estimated fee of less than JD 25,000, the following procurement process shall be used:

1. A short form Request for Proposal (RFP) should be sent to at least three firms already prequalified for the intended work.
2. The RFP shall include the scope of work, a request for the firm's proposed approach, proposed personnel, schedule, and fee.
3. Proposals shall be evaluated by appropriate staff members who shall make a recommendation to the General Manager, based upon the predetermined weighted score for technical merit and price.
4. The General Manager shall award the contract.

Sec. 6.3 Procurement for Contracts Estimated Between JD 25,000 and JD 75,000

For professional services contracts with an estimated fee between JD 25,000 and JD 75,000, the following procurement process shall be used:

1. A Request For Proposal (RFP) should be sent to at least five firms already prequalified for the intended work.
2. The RFP shall include the scope of work, a request for the firm's proposed approach, proposed personnel, schedule, and fee.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 6	Page 17 of 18
	Title: Professional Services Procurement	
	Latest Revision Date:	

3. A Company panel shall be formed including members from the appropriate technical department(s) and at least one member from the Finance Department.
4. Proposals shall be evaluated by the designated panel that shall make a recommendation to the General Manager, based upon the predetermined weighted score for technical merit and price.
5. The General Manager shall award the contract.

Sec. 6.4 Procurement For Contracts Estimated Above JD 75,000

For professional services contracts with an estimated fee greater than JD 75,000, the following procurement process shall be used:

1. A form Request For Proposal (RFP) should be sent to at least five firms already prequalified for the intended work.
2. The RFP shall include the scope of work, a request for the firm's proposed approach, proposed personnel, schedule, and fee.
3. A Company panel shall be formed including members from the appropriate technical department(s), and at least one member from the Finance Department.
4. Proposals shall be evaluated by the designated panel that shall make a recommendation to the General Manager, based upon the predetermined weighted score for technical merit and price.
5. The General Manager shall present the recommendations, along with any of his/her modifications, to the Management Committee for final award of the contract.

<i>Aqaba Water Company</i> Purchasing Policies and Regulations	Article No. 6	Page 18 of 18
	Title: Professional Services Procurement	
	Latest Revision Date:	

Sec. 6.5 Procurement for Special Goods, Services, and Works from WAJ and ASEZA

From time-to-time, the Company may desire special goods, services and works from WAJ or ASEZA. The following procedure shall be used:

1. A request shall be sent for a price list of goods, services or works desired from WAJ or ASEZA.
2. A Company committee shall be formed to evaluate the price list to ensure that the prices are reasonable, when compared to other possible providers of comparable goods, services and works.
3. The General Manager shall present the agreement on the proposed procurement to the Management Committee for approval.
4. If the required item or service is deemed urgent by the General Manager, and its total value is less than JD 10,000, the General Manager is authorized to procure such items at the agreed-upon price.
5. If an urgent item is greater than JD 10,000, the General Manager shall consult with at least two members of the Management Committee. The final decision shall be based upon this consultation.