

**Major Functional Series 300: Acquisition & Assistance Agreement
ADS Chapter 316 - Procurement Under Intermediate Credit Institutions**

Please note that numbering and editorial changes were made to ADS 316 for DR-CD 9. The changes are reflected below.

Table of Contents

| | | |
|-------------------------|---|-----------------|
| <u>316.1</u> | <u>Authority</u> | <u>2</u> |
| <u>316.2</u> | <u>Objective</u> | <u>2</u> |
| <u>316.3</u> | <u>Responsibility</u> | <u>2</u> |
| <u>316.4</u> | <u>Definitions</u> | <u>2</u> |
| <u>316.5</u> | <u>POLICY</u> | <u>2</u> |
| <u>316.5.1</u> | <u>PROCUREMENTS WITH U.S. DOLLARS</u> | <u>2</u> |
| <u>E316.5.1</u> | <u>Procurements with U.S. Dollars</u> | <u>3</u> |
| <u>E316.5.1a</u> | <u>Publication in the Procurement Information Bulletin (PIB)</u> | <u>3</u> |
| <u>316.5.2</u> | <u>PROCUREMENT WITH LOCAL CURRENCY BY ICIs</u> | <u>3</u> |
| <u>E316.5.2</u> | <u>Procurement with Local Currency by ICIs</u> | <u>3</u> |
| <u>316.5.2a</u> | <u>LOCAL PROCUREMENT UNDER SUBLOANS EXCEEDING \$5,000</u> | <u>3</u> |
| <u>E316.5.2a</u> | <u>Local Procurement Under Subloans Exceeding \$5,000</u> | <u>4</u> |
| <u>316.6</u> | <u>Supplementary Reference</u> | <u>4</u> |

**Major Functional Series 300: Acquisition & Assistance Agreement
ADS Chapter 316 - Procurement Under Intermediate Credit Institutions**

316.1 Authority

1. [Section 604\(a\) of the Foreign Assistance Act of 1961 as amended, \(FAA\).](#)

316.2 Objective

To ensure that USAID-funded procurements by Intermediate Credit Institutions (ICIs) and their [sub-borrowers](#) comply with appropriate procurement procedures and meet eligibility requirements.

316.3 Responsibility

1. USAID officials entering into agreements with Intermediate Credit Institutions (ICIs) are responsible for ensuring that the ICIs are informed of the requirements of this Chapter.
2. Intermediate Credit Institutions ICIs are responsible for transmitting the applicable procurement rules to the sub-borrowers.

316.4 Definitions (See [ADS GLOSSARY](#))

INDIGENOUS GOODS
INTERMEDIATE CREDIT INSTITUTION (ICI)
SUB-BORROWER
* [SUB-LOAN](#)

316.5 POLICY

The following are the official Agency policies and corresponding essential procedures.

316.5.1 PROCUREMENTS WITH U.S. DOLLARS

* When an [Intermediate Credit Institution \(ICI\)](#) or sub-borrower procures goods and services with U.S. dollars provided by USAID, either directly or converted from local currency on the foreign exchange, the ICI or sub-borrower must follow USAID rules (See E316.5.1), with one exception: these entities do not have to announce their procurements in the USAID Procurement Information Bulletin (PIB) unless they utilize formal competitive procedures. Then, they must notify U.S. small businesses of the opportunity via the PIB.

E316.5.1 Procurements with U.S. Dollars

* ICIs and sub-borrowers may follow their own internal procurement procedures, and do not have to follow U.S. Government practices as required by the FAR or the AIDAR. However, they must comply with USAID's policies in the chapters listed below:

* a) Purchase of Imported Items: See [ADS 312](#), "Eligibility of Commodities", and [ADS 310](#), "Source, Origin, and Nationality";

* b) Transportation: See [ADS 314](#), "Eligibility of Delivery Services" and [ADS 315](#), "Cargo Preference";

* c) Insurance: See [ADS 322](#), "Insurance"; and

* d) Identification of USAID as the Donor Agency: See [ADS 320](#), "Marking";

E316.5.1a Publication in the Procurement Information Bulletin (PIB)

* ICIs and sub-borrowers with PIB publication requests shall forward said requests to the appropriate USAID mission representative for forwarding to the Bureau for Management, Office of Procurement, Procurement Support Division, Support Services Branch (M/OP/PS/SUP) for PIB publication.

316.5.2 PROCUREMENT WITH LOCAL CURRENCY BY ICIs

* USAID does not require adherence to any special policies or procedures for procuring goods or services with money received from an ICI when the subloans to the ultimate borrower amount to the equivalent of \$5,000 or less. The policies and procedures in 316.5.2a apply when USAID requires prior approval of subloans, regardless of the subloan dollar amount, and when an ICI effects local cost procurement for its own account. However, USAID may impose additional requirements, such as prior approval of certain procurements, if warranted by the situation.

E316.5.2 Procurement with Local Currency by ICIs - N/A.

316.5.2a LOCAL PROCUREMENT UNDER SUBLOANS EXCEEDING \$5,000

* When a cooperative or other similar institution uses local currency to procure goods or services to satisfy the requirements of subloans made to its members, the combined amount of such subloans shall determine whether the provisions of this section apply or those contained in 316.5.2.

* 1) Commodity Eligibility

The policies concerning restricted and ineligible commodities in ADS 312 apply. (See [ADS 312](#))

* 2) Purchase of [Indigenous Goods](#)

Indigenous goods may be financed with USAID funds without limitation. Caution shall be exercised in financing produced goods using components imported from other than free world countries in order to avoid unintended association of USAID funds with products directly identifiable with non-free world sources.

* 3) Purchase of Imported Items

Imported items available in the cooperating country which otherwise meet the source/origin requirements of the agreement may be financed in unlimited quantities.

* Imported items from any free world country not included in the authorized geographic code may be financed if the cost of the transaction, excluding the cost of transportation, does not exceed the local currency equivalent of \$5,000.

* Any component from a non-free world country makes the item ineligible for USAID financing.

* Any transactions that do not meet these requirements may only be financed in accordance with the waiver procedures in ADS 310, Source, Origin, and Nationality (See [ADS 310](#)).

* 4) COMPETITION

ICI sub-borrowers shall follow the general principle of competition in order to obtain the most advantageous price.

E316.5.2a Local Procurement Under Subloans Exceeding \$5,000

* The requirement for competition shall be satisfied if the buyer has followed good commercial practices and accepts the most advantageous offer, after considering price and other pertinent factors such as quality of the goods and services, delivery time, transportation costs, payment terms, availability of spare parts, installation, and repair services. When there is only one source, competitive offers are not required.

316.6 Supplementary Reference

[Country Contracting, formerly HB 11](#)

316_w082702