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ADS Chapter 316

Procurement Under Intermediate Credit Institutions

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ADS 316 – Procurement Under Intermediate Credit Institutions
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ADS 316 – Procurement Under Intermediate Credit Institutions

316.1 OVERVIEW

Effective Date: 01/15/2002

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

316.2 PRIMARY RESPONSIBILITIES

Effective Date: 01/15/2002

a. 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.

b. Intermediate Credit Institutions (ICIs) are responsible for transmitting the applicable procurement rules to the sub-borrowers.

316.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 01/15/2002

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

316.3.1 Procurements with U.S. dollars

Effective Date: 01/15/2002

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 316.3.1), 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.

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

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

316.3.1.1 Publication in the Procurement Information Bulletin (PIB)

Effective Date: 01/15/2002

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.

316.3.2 Procurement with Local Currency by ICIs

Effective Date: 01/15/2002

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 316.3.2.1 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.

316.3.2.1 Local Procurement Under Subloans Exceeding \$5,000

Effective Date: 01/15/2002

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 316.3.2.

- a. **Commodity Eligibility.** The policies concerning restricted and ineligible commodities in ADS 312 apply. (See [ADS 312](#))
- b. **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.
- c. **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](#))

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

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.

316.4 MANDATORY REFERENCES

316.4.1 External Mandatory References

Effective Date: 01/15/2002

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

316.4.2 Internal Mandatory References

Effective Date: 04/25/2013

a. [ADS 300, Agency Acquisition and Assistance \(A&A\) Planning](#)

b. [ADS 302, USAID Direct Contracting](#)

c. [ADS 305, Host Country Contracts](#)

d. [ADS 310, Source, Origin, and Nationality](#)

e. [ADS 312, Eligibility of Commodities](#)

f. [ADS 314, Eligibility of Delivery Services](#)

g. [ADS 315, Cargo Preference](#)

h. [ADS 320, Branding and Marketing](#)

i. [ADS 322, Procurement of Insurance](#)

316.5 ADDITIONAL HELP

Effective Date: 01/15/2002

Text highlighted in yellow indicates that the adjacent material is new or substantively revised.

There are no Additional Help documents for this chapter.

316.6 DEFINITIONS

Effective Date: 01/15/2002

The terms and definitions listed below have been incorporated into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

indigenous goods

Goods of local source and origin which have been mined, grown, or produced in the cooperating country through manufacture, processing, or assembly. If a locally produced good contains imported components, a commercially recognized new commodity must result that is substantially different in basic characteristics or in purpose or utility from its components. (Chapter 316)

Intermediate Credit Institution (ICI)

A host country lending institution which receives USAID funds to use to purchase commodities or to make loans to residents of that country, normally in local currency. (Chapter 316)

sub-borrower

The individual or group that is the recipient of a loan from an ICI. (Chapter 316)

sub-loan

A loan from an Intermediate Credit Institution (ICI) to an individual or group. (Chapter 316)

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