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# ADS Chapter 301

## Responsibility for Procurement

Partial Revision Date: 08/31/2011  
Responsible Office: M/OAA/P  
File Name: 301\_030713

Functional Series 300 – Acquisition and Assistance  
 ADS 301 – Responsibility for Procurement  
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## ADS 301 – Responsibility for Procurement

### 301.1 OVERVIEW

Effective Date: 08/18/1997

The objective is to assign procurement responsibility for bilateral assistance activities in a manner which best fits the particular circumstances and will result in the most effective implementation of USAID-financed activities.

### 301.2 PRIMARY RESPONSIBILITIES

Effective Date: 10/24/2011

**a. The Strategic Objective team:** The Strategic Objective team is responsible for:

(1) Ensuring that activities are designed to assign the responsibility for procurement where it will best serve the objective. When host country contracting is going to be used, the Strategic Objective team has the primary responsibility to see that the required assessment of the Contracting Agency's procurement system is made.

**b. Mission- or regionally-based Contracting Officer, Controller, and Legal Advisor:** The Mission- or regionally-based contracting officer, controller, and legal advisor are responsible for:

(1) Assessing the Contracting Agency's procurement system as part of the host country assessment team, or

(2) Reviewing the assessment and offering recommendations before the Mission Director certifies that the Contracting Agency's procurement system is acceptable.

**c. Mission Engineer and Commodity Management Officer:** When their areas of expertise are involved, the Mission Engineer and Commodity Management Officer are responsible for:

(1) Participating in the host country assessment.

**d. Mission Controller:** The Mission controller is responsible for:

(1) Ensuring that the Contracting Agency's accounting system and internal controls are adequate.

**e. Mission Director:** The Mission Director is responsible for:

- (1) Reviewing the recommendations of the host country assessment team and
- (2) Certifying the acceptability of the Contracting Agency's procurement system if the facts support doing so.

For more information about responsibilities, see [501mag, Bureau for Management Customer Service Standards](#).

### **301.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES**

Effective Date: 08/18/1997

The statements contained within the .3 section of this ADS chapter are the official Agency policies and corresponding essential procedures.

#### **301.3.1 Selection of Responsible Contracting Entity**

Effective Date: 08/18/1997

The responsibility for procurement of USAID-financed goods and services required to implement bilateral activities may be assigned among a wide range of entities. The host country implementing agency itself or other host country agencies (such as central contracting agencies) may be involved. Either USAID/W or the Mission may assume procurement responsibility, or USAID or the host country may arrange for intermediaries (such as other U.S. government agencies, private firms, nonprofit organizations, or educational institutions) to procure needed goods or services.

The Strategic Objective Team shall assign responsibility for procurement to a qualified organization. The team must consider the following points when deciding who shall assume procurement responsibility:

##### **a. General factors**

- (1) No general USAID preference between USAID-direct and host country contracts;
- (2) Host country preference;
- (3) Activity design and objectives, including the type of goods or services required and any timing constraints;
- (4) Procurement capability of the proposed contracting agency, including capability for contractor selection, contract administration, and contract audit;
- (5) Relative costs;

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(6) Systems and procedures for effective contract support, including payment and other administrative and logistic support availability;

(7) Availability and experience of USAID procurement, legal and program staff to advise and assist the host government or to undertake USAID-direct contracting; and

(8) Effects on establishment of desired institutional or professional relationships.

**b. Special circumstances, such as whether:**

(1) A U.S. university is a contracting party. Use of a USAID-direct contract may often prove to be more appropriate and effective for carrying out an activity when a U.S. university will be involved;

(2) Collaborative assistance selection procedures will be used. Either a USAID-direct or a host country contract, or a combination thereof, may be used depending on the circumstances that pertain to the respective roles of the parties and the nature of the long-term collaborative relationships that are desired;

(3) A potential exists for a disadvantaged enterprise contract using any other statutory or regulatory authority, such as Section 8(a) of the Small Business Act, under which the U.S. Small Business Administration (SBA) subcontracts the award to such a business concern.

(4) Other U.S. Government Agencies will be involved. The host country (through USAID) may designate another U.S. Government Agency to provide, or contract for, services or commodities when specialized expertise is required; and

(5) The contract is for construction services. Use of a host country contract is usually more appropriate for the procurement of construction services.

**301.3.1.1 Distinction Between USAID-Direct Contracts and Host Country Contracts**

Effective Date: 08/18/1997

Mission Directors and staff must bear clearly in mind the distinction between USAID-direct and host country contracts. USAID-direct contracts follow the Federal Acquisition Regulation (and AID Acquisition Regulation) and maximize USAID control over the activity in question. When USAID decides to use host country contracting procedures, on the other hand, it acts as a financier and not a contracting party, reserving certain rights of approval and activity monitoring.

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### 301.3.2 Procurement System Assessment

Effective Date: 08/18/1997

- a.** When the Strategic Objective or Results Package Team is considering assigning a contract anticipated to exceed \$250,000 to an agency of the host country, they must first establish a team to assess the agency's procurement system and then obtain the Mission Director's certification of its capability. The assessment team shall consist of individuals on the Mission's staff with qualifications necessary to assess all aspects of the Contracting Agency's capabilities: the Controller, Contracting Officer, and Legal Advisor shall be either members of the team or shall review the assessment and offer recommendations to supplement the assessment before the assessment reaches the Mission Director. Other Mission or Regional personnel, such as the Mission Engineer and Commodity Management Officer, may participate or provide advice to the extent that their areas of expertise are pertinent to the assessment. Institutional contractors may also be used to conduct the assessment.
- b.** If the assessment results in a recommendation that host country contracting is practical, then the Mission Director shall make a positive determination that the host country Contracting Agency has or will obtain the capability to undertake the procurement. If the assessment indicates that use of host country contracting would be impractical or inappropriate and the Mission Director cannot make such a determination, then contracting by USAID itself or procurement by another U.S. Government Agency must be used.

The assessment of the Contracting Agency's procurement system and the Mission Director's determination shall be carried out in accordance with this chapter. The Project Officer's Guidebook -- Host Country Contracting. (See [Project Officer's Guidebook - Host Country Contracting](#)) provides guidance)

#### 301.3.2.1 Using a Contractor to Conduct an Assessment

Effective Date: 08/18/1997

- a.** If a contractor is being considered for conducting or participating in the assessment, the Strategic Objectives Team must first determine that the Contracting Agency will give access to its records to the selected contractor before a contract is awarded. The Contracting Agency may object to assessment by certain contractors for valid reasons, but a refusal to permit any assessment must preclude its participation in USAID's host country contracting process.
- b.** Prior to awarding the assessment contract, the USAID contracting officer shall notify the selected contractor that in order to avoid any perception that a favorable assessment would enhance the reputation of the Contractor with the host country contracting agency and thus improve its position with respect to obtaining work under the specific activity to be contracted for under host country contracting, **THE CONTRACTOR SHALL BE INELIGIBLE TO FURNISH, AS A PRIME OR**

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SUBCONTRACTOR OR OTHERWISE, UNDER ANY HCC CONTRACT USING USAID FUNDS AND AWARDED BY THE PROCUREMENT AGENCY, ANY SERVICES PERTAINING TO THE SPECIFIC ACTIVITY FOR WHICH THE ASSESSMENT WAS CONDUCTED, unless the Mission Director shall have granted a waiver, based on the Mission Director's determination that such preclusion of the contractor would not be in the best interests of achieving the strategic objective. The Regional Legal Advisor and the Contracting Officer shall provide comments prior to the Mission Director making such a determination.

This preclusion shall not apply to future contracts to be awarded through host country contracting procedures under activities which were not yet in the design stage when the contractor performed the assessment.

### **301.3.2.2 Certification Requirement**

Effective Date: 08/18/1997

**a.** Before the Contracting Agency is assigned a procurement action in excess of \$250,000 in USAID's host country contracting process, the Mission Director must certify, in writing, that the Contracting Agency has the capability to undertake the specific procurement action. The certification shall read:

Based upon an assessment, carried out by \_\_\_\_\_ and summarized in a report, dated \_\_\_\_\_, of the capability and integrity of (the name of the Contracting Agency) to carry out the procurement actions financed by USAID from solicitation to audit and closeout, in accordance with applicable USAID standards and procedures (set forth in ADS Chapter 301), and based upon the recommendations of the cognizant strategic objective team, Contracting Officer, Legal Advisor, and Controller, I have determined that (the name of the Contracting Agency) is capable of undertaking procurement of (name of commodity or service). This determination must be reviewed at any appropriate time that staff, organization, legal, or other changes suggest that a current assessment would be appropriate and will in any event be repeated, or updated by limited reviews, within three years of the above assessment.

Signed by Mission Director (date) \_\_\_\_\_

**b.** If the capability assessment discloses significant weaknesses in the Contracting Agency's capability, but not so significant that the Mission cannot work with the Contracting Agency to overcome them and the Mission intends to proceed with approving host country contracting for the specific activity in question, then the Mission Director's certification must be modified to identify the particular weaknesses in capability identified, the Mission's plans to resolve the problems, and in view of the foregoing, the Mission Director's determination that host country contracting is the appropriate contracting method.

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- c. The assessment of the Contracting Agency's procurement capability and the certification by the Mission Director must be kept as part of the official activity files.

### **301.3.3 No Waiver Provision**

USAID shall not waive the policies contained in this chapter. The selection of the responsible contracting entity shall be made by the USAID official approving the activity and shall be reflected in the Agency's corporate database.

## **301.4 MANDATORY REFERENCES**

### **301.4.1 External Mandatory References**

Effective Date: 08/18/1997

- a. [Sections 601 and 635 of the Foreign Assistance Act of 1961, as amended](#)

### **301.4.2 Internal Mandatory References**

Effective Date: 04/03/2013

- a. **Action Memorandum on Host Country Contracting Policies approved by the Administrator on February 23, 1982**
- b. [ADS 300, Agency Acquisition and Assistance \(A&A\) Planning](#)
- c. [ADS 501mag, Bureau for Management Customer Service Standards](#)
- d. **Procurement Executive Guidance in State 399975, dated November 27, 1990**
- e. [Project Officer's Guidebook - Host Country Contracting, Appendix B "Assessment of Host Country Procurement Capabilities"](#)

### **301.5 ADDITIONAL HELP**

Effective Date: 08/18/1997

There are no Additional Help documents for this chapter.

### **301.6 DEFINITIONS**

Effective Date: 08/18/1997

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

#### **Contracting Agency**

Any entity of the host country designated by the country as responsible for negotiating contracts financed by an USAID loan or grant. This includes, but is not limited to, ministries of the national government and their sub-unit authorities (such as port or

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regional), units of local government at any level, and government-owned, private, or mixed corporations and similar entities. (Chapters 301, [305](#))

**Direct Acquisition**

When USAID is a direct party, a signatory, in a mutually binding legal relationship obligating the seller ("contractor") to furnish supplies or services and the buyer ("USAID") to pay for them. (Chapter 301)

**Direct Contracting**

See direct acquisition. (Chapter 301)

**Host Country**

The country in which a USAID-funded activity takes place. (**Chapter 252, 301**)

**Host Country Contracting**

A means of program implementation in which USAID finances, but is not a party to, contractual arrangements between the host country and the supplier of goods and/or services. (Chapters 301, [305](#))

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