

Handbook 15: AID-Financed Commodities
Chapter 1: Introduction
Section 1A: Scope

CDT 1992/08/12
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CHAPTER 1 INTRODUCTION

1A. Scope

1. This Handbook sets forth implementation procedures which govern the financing of commodities and commodity-related services under major types of AID programs. Procedures described in the Handbook become mandatory with respect to specific programs and transactions only as they are incorporated or referenced in loan or grant agreements, or in implementing documents issued under such agreements. AID's basic procurement policies are explained in Handbook 1, Supplement B. Some commodity related topics, such as payment methods, local currency procurement, and small business policies, are not covered in this Handbook because implementation is adequately covered in Handbook 1, Supplement B and the applicable procurement regulations.

2. This Handbook does not include guidance as to the circumstances under which AID assistance should take the form of programs which involve the financing of commodities, nor does it cover the authorization procedures for such programs. Similarly, it does not deal with the planning of commodity requirements. These subjects are discussed in separate AID Handbooks on programming (Handbooks 2, 3, and 4).

3. This Handbook should be consulted, in any event, during early steps of the authorization and planning process, particularly during the planning of commodity requirements, since it provides information which will be helpful in the incorporation of applicable statutory, regulatory, and policy requirements in agreements and implementing documents.

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Chapter 1: Introduction
Section 1B: Organization

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1B. Organization

1. Many of the most fundamental statutory, regulatory, and policy requirements applicable to AID's financing of commodities relate to matters of eligibility. Geographic source and establishing eligibility of commodities, commodity-related services and transactions fall into this category. These and similar matters affecting eligibility are

covered in Chapter 2.

2. Four chapters are concerned with the variety of arrangements and procedures under which AID-financed commodities may be procured. Chapter 3 covers commodity procurement methods and procurement entities. Chapter 4 provides guidance on use of procurement agents. Chapter 5 describes procurement through other U.S. Government agencies, particularly GSA. Chapter 6 covers a number of special commodity procurement arrangements applicable to specific items; e.g., contraceptives, and other family planning commodities, pharmaceuticals, fertilizer, used equipment and items from UNICEF.

3. AID's administration of cargo preference, general coverage, and marine insurance are the subjects of Chapters 7 and 8.

4. AID marking requirements are covered in Chapter 9 and commodity arrival requirements in Chapter 10. Chapter 11 outlines steps necessary to cut off movement of commodities if a program is suspended or terminated and to dispose of AID-vested commodities. Chapter 12 covers suspension and debarment of suppliers.

5. Appendix A provides the text of AID Regulation 1, Commodity Transactions Financed by AID, in loose-leaf format, so that amendments can be distributed as replacement pages.

6. Appendix B is the AID Commodity Eligibility Listing. The listing consolidates AID guidance on the eligibility of commodities in a form that can be incorporated in assistance agreements as appropriate, and may be used as a reference guide by suppliers, importers, and banks.