

Implementation Tips for USAID Partners

Sharing Resources and Knowledge Among the Global CSO Community

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Definitions

Restricted Commodities—Goods or services that cannot be purchased without specific advance written permission.

Vehicle—“...[S]elf-propelled vehicles with passenger carriage capacity, such as highway trucks, passenger cars and buses, motorcycles, scooters, motorized bicycles and utility vehicles” (22 Code of Federal Regulations 228.13 (b)).

References

ADS Chapter [312.3.3.2](#), Eligibility of Commodities: Motor Vehicles

22 CFR Section 228, Rules on Source, Origin, and Nationality for Commodities and Services Financed by USAID.

[22 Code of Federal Regulations 228.13 \(b\)](#)

Vehicle Procurement

Q. What steps are necessary to procure a vehicle with USG funding?

A. In many programs, procuring a vehicle is the largest single item in the budget. The following describes the key U.S. Government (USG) rules to consider before, during and after procuring a vehicle.

USAID has very specific regulations covering vehicle procurement.

Purchasing a Vehicle with USG Funds

Even if you have the funding, do not move forward on your procurement until you have approval in writing from your Agreement Officer (AO).

For USAID grantees, vehicles—along with pharmaceuticals, agriculture commodities, pesticides, used equipment and USG-owned excess property and fertilizer—fall under the category of “restricted commodities.” Purchase of items under this category require specific approval.

A vehicle purchase is considered approved when

1. it is of U.S. source/origin;
2. it has been identified and incorporated in the program description, schedule of the award (initial or revisions) or amendments to the award; and
3. the costs related to it are incorporated in the approved award budget.

Source & Origin Rules for Vehicle Procurements

Vehicles are required by USAID to be made in the U.S. unless these are not available, are significantly more expensive—at least 50% more than a non-U.S.-made vehicle—or there is some other sound reason. In such cases you may request a waiver to purchase a vehicle made outside the U.S.

To request a waiver, write a letter to your AO and attach the price quotes and documentation gathered following your organization’s procurement procedure. Do not move forward with your purchase until you have written approval.

Even if you have the funding, do not move forward on your procurement until you have approval in writing from your Agreement Officer (AO).

For More Information

For this or other issues of *Implementation Tips*, please visit www.NGOConnect.net. The Web site is a dynamic and interactive portal dedicated to connecting and strengthening CSOs, networks and CSO support organizations worldwide.

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New vs. Used Vehicle Procurements with USAID Funds

Used vehicles are generally not approved by USAID. The primary concern is the risk of mechanical problems and inflated used vehicle prices.

However, there is no restriction on purchasing a used vehicle with cost-share or matching funds. If the used vehicle is purchased with cost-share funds, you can use the USG funds originally budgeted for the vehicle purchase for service delivery or other program costs. Check your Agreement terms for the re-budgeting process to determine if you need prior approval.

Post-Procurement Checklist

After you purchase the vehicle, do not forget to:

- Mark your vehicle in accordance with your approved marking plan, if applicable;
- Enter the vehicle into your fixed-asset management system;
- Have a policy for maintaining the vehicle on a regular schedule;
- Set a policy requiring the driver and all passengers to use seatbelts;
- Make sure you have proper insurance to cover the vehicle; and
- Set up a vehicle trip log that includes the starting mileage for the day, the name of the person using the vehicle, the reason for the trip, the destination and point of return and the distance driven (this should be signed by the driver at the end of each day).

Taxes and Duties

You may or may not be required to pay taxes or duties under local law.

