



# Template of Approval Request for Agricultural Commodity Financing Under ADS 312

An Additional Help Document for ADS Chapter 312

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**ACTION MEMORANDUM FOR THE [MISSION DIRECTOR/ OFFICE DIRECTOR/ASSISTANT ADMINISTRATOR]**

**FROM:** [Office/Mission]

**SUBJECT:** Approval for Financing of Non-U.S. Agricultural Commodities for [Project]

**DATE:** [Date]

**ACTION REQUESTED:<sup>1</sup>**

A.<sup>2</sup> Your approval is requested to finance non-U.S. procurement of [List commodities], which have a U.S. domestic price below the USDA calculated “parity price”, to be utilized under [Project] (the “Project”) (See Annex 1). [Summarize the purpose of the procurement under the Project.]

B.<sup>3</sup> Your approval is requested to finance non-U.S. procurement of [List commodities], which are commodities that may be available under the Food for Peace Act, to be utilized under [Project] (the “Project”) (See Annex 1). [Summarize the purpose of the procurement under the Project.]

**BACKGROUND:**

[Describe the background/context of the project. This can be summarized from the approval document for the Project.]

**DISCUSSION<sup>4</sup>:**

[List commodities] are “eligible commodities” for USAID financing pursuant to **ADS 312mac, Agricultural Commodities Financing Requirements Relating to Quality and Safety**. However, these commodities are restricted for financing outside of the United States.

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<sup>1</sup> The paragraph references (“A” and “B”) are solely for purposes of distinguishing the two types of agricultural commodity approvals pursuant to this template. Depending on the circumstances, the approval may need to address one or both of these paragraphs, and the references may be removed (and the paragraphs combined) to improve the flow of the Approval Request. (Please discuss any questions as to the form of this Approval Request with your RLO or cognizant GC attorney prior to drafting.)

<sup>2</sup> Include this paragraph if approval is requested to finance non-U.S. agricultural commodities for which the U.S. domestic price is below the “parity price”, as explained in ADS 312.3.3.1(b).

<sup>3</sup> Include this paragraph if approval is requested to finance non-U.S. agricultural commodities that may also be available under the Food for Peace Act, as explained in ADS 312.3.3.1(c).

<sup>4</sup> The section references (“A” and “B”) are solely for purposes of distinguishing the two types of agricultural commodity approvals pursuant to this template. Depending on the circumstances, the approval may need to address one or both of these sections, and the references may be removed (and the paragraphs combined) to improve the flow of the Approval Request.

## **A. APPROVAL FOR FINANCING OF NON-U.S. AGRICULTURAL COMMODITIES**

In accordance with ADS 312.3.3.1(b), “USAID will not finance the procurement of non-U.S. agricultural commodities or products under FAA authority when the U.S. price is below ‘parity’ (as defined in section 312.6), unless the commodity cannot reasonably be produced in the U.S. in fulfillment of the objectives of the assistance program under which the procurement is to be financed.”

[*List commodities*] have a parity price determined by the U.S. Department of Agriculture (see <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002>). [Given the present methodology employed by the USDA in calculating parity prices, it is very unlikely that any commodity will have a price in the U.S. that is above the parity price and this Approval Request assumes that the commodity/ies proposed for procurement currently has/have a price/prices in the United States that is/are less than the parity price/prices.] [*Or*] [The price/s of the commodity/ies proposed for procurement currently has/have a price/prices below the parity price.]<sup>5</sup>

However, in this instance, the commodity/ies to be financed cannot reasonably be procured in the United States in fulfillment of the objectives of this particular assistance program, and therefore they may be financed by USAID.

[*Discuss in detail why this is the case*]<sup>6</sup>

Therefore, the success of the Project requires procurement of these commodities in [*Place of procurement*]. These commodities could not reasonably be procured in the United States in fulfillment of the objectives of the Project.

## **B. APPROVAL OF AGRICULTURAL COMMODITIES ALSO AVAILABLE THROUGH FOOD FOR PEACE**

In accordance with ADS 312.3.3.1(c), “USAID will only approve the procurement of agricultural commodities and products thereof that are also available for disposition under the Food for Peace Act (P.L. 480) from outside the U.S. when procuring those commodities from the U.S. would be impracticable and not in furtherance of USAID’s purpose, or when the commodities are not available in sufficient quantities in the U.S. to supply emergency requirements.”

As indicated on the USAID website (see <http://www.usaid.gov/documents/1866/commodity-and-ocean-freight-price-estimates-fiscal-year-2015>), [*List commodities*] may be available for

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<sup>5</sup> Because “parity price” for a commodity is typically above its U.S. price, you may choose to assume a higher parity price (choosing the first bracketed sentence), or you may determine the U.S. price and compare the two so that you can affirmatively state that the parity price is higher (choosing the second bracketed sentence).

<sup>6</sup> The length and nature of this analysis will vary depending on the specific nature of the Project, type of commodities, intended quantities for financing, and other factors.

disposition under the Food for Peace Act. [However, in this instance, procuring this/these commodity/commodities from the U.S. would be impracticable and not in furtherance of USAID’s purpose.] *AND/OR* [However, in this instance, this/these commodity/commodities is/are not available in sufficient quantities in the U.S. to supply emergency requirements of the recipients.]

*[Discuss in detail why this is the case]*<sup>7</sup>

Therefore, the success of the Project requires procurement of these commodities in *[Place of procurement]*.

**AUTHORITY<sup>8</sup>:**

A. ADS 312.3.3.1(b) states that [the Bureau Assistant Administrator having program responsibility, in consultation with BFS and the cognizant GC attorney, must approve financing procurements of non-U.S. agricultural commodities or products exceeding U.S. \$1 million in aggregate value per fiscal year per commodity for any award.] *OR* [Mission Directors and USAID/W Office Directors with program responsibility have the authority to approve procurements of non-U.S. agricultural commodities or products not exceeding U.S. \$1 million in aggregate value per fiscal year per commodity for any award.]

B. ADS 312.3.3.1(c) states that [the cognizant Bureau Assistant Administrator, in consultation with the Office of Food for Peace, must approve all proposed USAID-financed procurements of agricultural commodities that are also available under the Food for Peace Act, as listed on the [USAID website](#), exceeding U.S. \$1 million in aggregate value per fiscal year per commodity for any award.] *OR* [Mission Directors and USAID/W Office Directors with program responsibility, in consultation with FFP, have the authority to approve procurements not exceeding U.S. \$1 million in aggregate value per fiscal year per commodity for any award.]

**SOURCE AND NATIONALITY:**

The applicable Geographic Code for procurement of the commodities under the Project is [ ]. Therefore, [no source and nationality waiver is requirement for the financing of the agricultural commodities pursuant to this approval] *OR* [a source and nationality waiver has separately been submitted for approval pursuant to ADS 310 in order to permit the financing of the agricultural commodities pursuant to this approval].<sup>9</sup>

**RECOMMENDATION**

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<sup>7</sup> The length and nature of this analysis will vary depending on the specific nature of the Project, type of commodities, intended quantities for financing, and other factors.

<sup>8</sup> The section references (“A” and “B”) are solely for purposes of distinguishing the two types of agricultural commodity approvals pursuant to this template. Depending on the circumstances, the approval may need to address one or both of these sections.

<sup>9</sup> If the ADS 310 Source and Nationality Waiver is already available, include in an Annex to this Approval.

That you sign below to approve<sup>10</sup>:

A. the financing of the non-U.S. agricultural commodities, that have a U.S. domestic price below the USDA calculated “parity price”, from [*Country/countries*] under [*Project*] as set out in Annex 1.

B. the financing of the non-U.S. agricultural commodities, that may be available under the Food for Peace Act, from [*Country/countries*] under [*Project*] as set out in Annex 1.

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

**ANNEXES:**

Annex 1 – List of Commodities

[Annex 2 – ADS 310 Source and Nationality Waiver]<sup>11</sup>

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<sup>11</sup> Include if applicable. See Footnote 9 and related paragraph in this template.

Clearance Page for Approval for Financing [and Non-U.S. Procurement] of Agricultural Commodities for [*Project*]

**CLEARANCES:**

[Requestor]

[Cognizant GC/RLA]

[Insert additional clearances at Mission/Bureau]

**COPY TO<sup>12</sup>:**

Bureau for Food Security (sent to: [agcommoditiesapprovals@usaid.gov](mailto:agcommoditiesapprovals@usaid.gov))

[Program Office]

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<sup>12</sup> Approvals pursuant to the “parity price” restriction should be copied to BFS at the listed email address. Approvals for commodities that may be available under Food for Peace need not be copied to BFS.

**ANNEX 1**

*[Note: to be adapted as necessary]*

<b>Commodity</b>	<b>Variety</b>	<b>Source</b>	<b>Quantity Required ([Relevant Unit])</b>	<b>Unit Price/Kg ([Relevant Currency])</b>	<b>Total Cost ([Relevant Currency])</b>	<b>[Total Estimated Cost (US\$)]Note: Include if Total Cost is in a currency other than US\$]</b>	<b>Vendor</b>
<b>Total</b>							