

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
TO LAOS**ACTION MEMO**

No. 71-10

September 16, 1970

TO : All USAID Employees

FROM : Harry L. Carr, AD/M 

SUBJECT : Supply Economy (Subject Index 540)

REFS : (a) AIDTO Circular A-1950  
(b) M.O. 541.1  
(c) M.O. 541.1.1  
(d) M.O. 758.3

AID/W recently advised the Mission that the Agency's budget outlook for administrative type expenses is, at best, bleak and is expected to become more critical in the forthcoming year.

Practicing economy in supply management is incumbent on each and every one of us -- American employees (and their dependents at post), TCNs, FSLs and all other USG employees. In short, everyone in possession of or using Mission property, and those connected with the procurement and maintenance thereof, have a responsibility for prudent, careful, economic management.

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Those concerned with the procurement of Mission property should establish a review of proposed procurement actions, determining what property and supplies are required for the continued operation and performance of current and projected Mission programs. Among the many factors to consider in making a review of these requirements, AID/W has directed that the following also be conscientiously applied:

1. Improvisation or substitution of a similar item available in current stock.
2. Postponement of procurement of replacement items if original items are still in useable or working condition, even though they meet replacement criteria.
3. Particular stress on redistributing surplus non-expendable property to other USAIDs if such property is economically feasible to transport.
4. Obtaining fair value replacement for property transferred to another agency. Fair value is to be determined in accordance with H-233.5-2a of M.O. 541.1.1.
5. Wide advertisement of sales of property in an effort to stimulate competition and thereby realize a greater return. Proceeds from both program support and administrative funded A.I.D.-owned property, disposed by sale, are deposited to A.I.D.'s Deposit Fund Account 72F3845. These funds are used for replacement property in accordance with M.O. 758.3.
6. Scrutiny over property transferred to the Host Government as either a project contribution or as grant-in-aid. USAIDs must assure themselves the need for the property by the Host Government is genuine in furthering the aims of the program. Therefore, property should only be transferred to the Host Government if the following criteria have been met:
  - a. Property is not required by other USAIDs;
  - b. Host Government has made a valid request in writing;

c. Operating Division and Program Office have examined request and fully concur in transfer and;

d. Mission Director has satisfied himself that the request is in the best interests of the USG.

7. Until further notice, USAID administrative type property should not be donated without attempting to dispose by sale first.