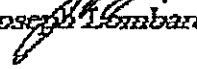


**ACTION MEMORANDUM TO THE USAID DIRECTOR OF THE OFFICE OF  
PROCUREMENT**

**FROM:**  *Joseph Lombardo, Acting Mission Director, USAID/HONDURAS*

**SUBJECT:** *Delegation of authority to approve contracts in excess of \$10 Million*

**DATE:** *June 5, 2000*

**ACTION REQUESTED:** That you delegate authority to the Director Office of Contract Management to approve contract awards and contract modifications in excess of \$10 million and for extensions of one year or more in the terms of contracts in excess of \$10 million

**USAID/W APPROVAL REQUIREMENT:** *Section E305.5.1f of the ADS requires that the Director of the Office of Procurement in USAID/W must approve contract awards and contract modifications in excess of \$10 million and extensions of one year or more in the terms of contracts in excess of \$10 million.*

**BACKGROUND:** *On April 14, 1999, the Assistant Administrator for Latin America and the Caribbean approved an emergency supplemental appropriation to provide urgently needed reconstruction assistance to victims of Hurricane Mitch under the Hurricane Reconstruction Program. Over the March-August 1999 period, the USAID Honduras Mission Director approved several areas of activities to support this special objective, and these have been obligated through Amendments to the Special Objective Grant Agreement with the Government of Honduras. Two of these areas of support include reconstruction of major infrastructure for urban water and sanitation and disaster mitigation under the Municipal Development Component (522-041003).*

*The Honduran Social Investment Fund (FHIS), under the Office of the Presidency, is the implementing agency for the above mentioned areas of support. Using Host Country Contracting procedures, the FHIS is expected to award five contracts in excess of \$10 million to construct water, sanitation and drainage projects in various secondary cities of Honduras. One of these contracts (for the construction of 20 water and sanitation projects in 13 secondary cities) is scheduled to be awarded by FHIS during the week of June 19, 2000 and the contract value is expected to exceed \$10 million.*

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**DISCUSSION:**

The Honduras Mission is under extreme pressure from The White House, Congress, OMB and Agency Management to implement the Reconstruction Program. Therefore the Mission needs to assure that the Host Country Contracts for water and sanitation be awarded as expeditiously as prudently possible. Forwarding bid packages to DC will delay the program. Mr. John P. McAvoy is an senior Agency Contracting Officer with an unlimited warrant. He has assisted with the preparation and evaluation of the documentation of the Host Country Contracts and is in a position to insure quality control of the awards. For this reason, we believe that delegation should be made to him to approve HCC in excess of \$10 million.

**RECOMMENDATION:** That you authorize the Director of the Office of Contract Management in USAID/Honduras to approve contract awards and contract modifications in excess of \$10 million and for extensions of one year or more in the terms of contracts in excess of \$10 million for host country contracts under the Municipal Development Component of the Hurricane Reconstruction Program.

APPROVED: 

DATE: JUN 19 2000

DISAPPROVED: \_\_\_\_\_