B.6 COST REIMBURSABLE

The U.S. dollar costs allowable shall be limited to reasonable, allocable and necessary costs determined in accordance with FAR 52.216-7, Allowable Cost and Payment, FAR 52.216-8, Fixed Fee, if applicable, and AIDAR 752.7003, Documentation for Payment.

B.7 LABOR

Compensation of personnel under this contract or any resulting subcontract must be in accordance with AIDAR 752.7007 Personnel Compensation (July 1996). See further guidance in AIDAR 722.170 Employment of Third Country Nationals (TCN's) and Cooperating Country Nationals (CCN's).

## SECTION C – STATEMENT OF WORK

## HEALTH SYSTEM STRENGTHENING IN A POST-CONFLICT IRAQ

The objective of this Contract is to help facilitate rapid, universal health service delivery to the Iraqi population and strengthen the overall health sector to ensure medium- to long-term viability. The implementation of this program shall not take place until a permissive environment exists and USAID instructs the contractor to proceed. See special provision in Section H.15.

C.1 BACKGROUND

Compared to many other developing countries in the Middle East and the rest of the world, Iraq has relatively poor health and demographic indicators. For example, in Iraq the total fertility rate is 5.4 (average for least developed countries is 3.1), the infant mortality rate is 103 (LDC average is 60), and the life expectancy at birth is only 58 years (LDC average is 65) (Population Reference Bureau, 2002). In addition, child malnutrition remains a major concern with almost one-third of all children in the southern and central regions of Iraq suffering from chronic malnutrition (UNICEF Emergency Update, October 7, 2002). Low exclusive breastfeeding rates, high prevalence of anemia among women, and a high incidence of low birth weight contributes to Iraq's very high child mortality rate (131 for children under 5 years) which has more than doubled from the previous decade with diarrhea and acute respiratory infections accounting for 70% of child deaths (UNICEF Emergency Update, October 7, 2002). The total expenditure on health as a percentage of GDP was only 3.7% in 2000, suggesting a limited national investment in protecting the health of Iraqis (2002 World Health Report). The fact that water-borne infectious diseases are a major killer of children suggests that investments in water and sanitation have also been limited.

The current humanitarian (and health) crisis in Iraq follows two devastating international wars--the Iran-Iraq war of 1980 and the Persian Gulf War of 1991--and the adoption of UN sanctions following the latter. The initiation of the UN Oil-for-Food program in 1995 as a "temporary" measure to provide for the humanitarian needs of the Iraqi people (UNSC Resolution 986) has only partly mitigated the very grave humanitarian crisis in the country. The severe deterioration of Iraq's infrastructure and basic public services (including health, water/sanitation, and electricity) has only added to the suffering of a rapidly increasing Iraqi population. Against this backdrop, the livelihood and coping capacity of the Iraq population have been severely strained.

The current international political focus on the Middle East and the possibility of conflict have highlighted existing gaps in basic services and infrastructure in Iraq, as well as the vulnerability of populations to further deterioration of health status if there is a disruption of basic services. The Iraqi health system continues to

deteriorate and standards of care in hospitals and health centers are poor. Iraqi hospitals have not received the necessary repairs or maintenance since the imposition of U.N. sanctions and equipment and basic items are no longer being replaced. At the same time, primary health centers have been unable to function properly because of the shortage of equipment and materials. It is assumed that any conflict involving Iraq could have a far-reaching impact on the general population, including civilian casualties, isolation of communities in both urban and rural areas, massive internal displacement and external refugee flows, damage to infrastructure (including facilities for water/sanitation, power, health), and disruptions in related basic services.

In the event of conflict or a humanitarian emergency, priority concerns must include protection of civilians and addressing humanitarian needs. Provision of essential health services, medicines and other supplies, and clean water through a variety of partners addressing immediate humanitarian needs will be of critical importance since vulnerable populations will be at increased risk for disease and infection. In addition, there will be an urgent need for parallel efforts to expand, strengthen, and reform the overall health system to improve its efficiency and ability to deliver vital services in the medium- to long-term. Overall work to strengthen the health system will also require repair of existing facilities and/or construction of new ones (please see note pertaining to construction in Section C.2 below) as needed to make sure that people have continued access to essential health services. In addition, complimentary investments in health-related areas such as water supply/treatment, sanitation, control of insect vectors, food safety, and air quality will be needed. In the event of a conflict and/or humanitarian emergency in Iraq, these activities will be critical because of the limited government investment in health/other sectors and the on-going humanitarian emergency.

C.2 PURPOSE

The purpose of the USAID Health System Strengthening (HSS) contract is to help protect human health, promote development, and ensure stability in the event of a conflict in Iraq by supporting efforts to strengthen the overall health system and ensure the rapid normalization of specific health services. To accomplish this, the HSS contractor (in concert with other USAID awardees) will support and strengthen the Iraqi Ministry of Health (MOH) through the provision of technical, logistical, commodity, and managerial support. The HSS Contractor will also provide assistance to the USAID mission related to coordinating and reporting on health activities being carried out by USAID awardees. In addressing the overall goal of meeting the basic health care needs of all Iraqis, the Contractor shall work with the USAID mission to identify priority geographical areas and services that are not being covered by public international organizations, NGOs, and other assistance providers and undertake the necessary support, described below, to help achieve the intended results. In addition, the Contractor should ensure gender considerations are integrated into all programming.

Note: Other assistance for addressing many basic health (and related) services will be provided by other USG support which includes the following: 1) "Infrastructure Reconstruction" contract that will fund rapid assessments of infrastructure conditions and rehabilitation and reconstruction of health facilities; 2) "Salary Support" contract that will provide compensation to individuals who have been serving as public servants under the Iraqi MOH; and 3) "Logistics Support" contract that will handle all logistics support for the mission. The Logistics Support contractor also provides three specific services for all contractors as follows:

a. Warehouse and inventory support services including the requirement to "receive, store, and issue materials and supplies and maintain a daily, monthly and quarterly inventory management and control system for receipt, storage and issue in all the storage areas, maintaining documentation for all incoming cargo and outgoing shipments to the Missions and other designated places of performance resulting in a zero balance tolerance."

b. Arrange and implement customs clearances procedures for storage and re-export.

c. Provide freight forwarding services for commodities as they are requisitioned by arranging for long and short-haul trucking as needed including arrangements for straight trucks or semi-trailers, as appropriate, air and sea port freight services; and outgoing customs documentation. Contractor determines the border crossing requirements to deliver commodities to the Iraq border. Logistics contractor arranges and implements an internet tracking control system for all shipments to ensure that commodities are not lost, misplaced or destroyed, and are able to be cleared expeditiously from customs in the receiving country.

The Logistics Support contractor is NOT providing support for shipping from the U.S. to the overseas port of entry.

USAID is requiring that all Iraq contractors with a need for these three specific services coordinate through the Logistics Support contractor for them. USAID is funding these three logistics requirements directly through the "Logistics Support" Contract for Mission and contractor/recipient (including subcontractors and sub-grantees) needs. The Health contractor will need to coordinate with the Logistics support contractor for all needs specified above and will not need to make payment to the "Logistics Support" Contractor for these needs. However, in the case that the "Logistics Support" Contractor cannot provide this needed support, the Health contractor may use another vendor. Further, the Health contractor may subcontract directly with the "Logistics Support" contractor or another eligible contractor for any support services not covered by (funded under) the "Logistics Support" contract.

C.3 STATEMENT OF WORK

The activities to be carried out under this contract will contribute to the reestablishment and strengthening of the national and provincial public health system in a post-conflict Iraq and its management by the MOH (specific results for which the Contractor is responsible are provided at the end of section C.5). Several organizations--such as the International Committee for the Red Cross (ICRC), the International Federation for the Red Cross and Red Crescent (IFRC), the Iraqi Red Crescent Society (IRCS), the World Health Organization (WHO), and UNICEF--have been supporting the health system (and in some cases the water/sanitation system) and MOH in the past and are expected to re-new their efforts as soon as possible following the conflict. The activities carried out by the Contractor will complement the efforts of these other organizations to achieve the overall post-conflict health objectives (see below). To the degree possible, the Contractor's activities will be based on the needs of both the Iraqi people and MOH and will support and build upon the existing public health system rather than re-inventing, replacing, or duplicating existing mechanisms that are technically sound. Trained MOH health staff will be encouraged and supported in their efforts to continue operating the health system, although some additional training may be required. In addition, trained Iraqi health staff living outside the country will be recruited. Where possible, the Contractor is encouraged to work closely with other USAID awardees providing assistance on water/sanitation and draw upon experience from other USAID-funded projects in the region that have improved health services and worked with the MOH to strengthen the overall health system.

Specific components of the HSS program include:

- MOH assistance: provision of health services, education, information, and technical assistance;
- Technical support to the USAID mission, USAID Disaster Assistance Response Team (DART), and health team in-country;
- Rapid response grants to address specific health needs in-country.

C.3.1 MOH assistance: provision of health services, education, information, and technical assistance

- International organizations such as ICRC, WHO, and UNICEF have established relationships with the MOH to support specific facilities and components of the public health system in Iraq and also have

Iraqis included as part of their staff. As a result, these organizations are in an ideal position to continue supporting the MOH by providing many essential health services and emergency health care in a post-conflict Iraq. This component of the Contract is intended to complement these on-going activities and strengthen the capacity of the MOH to effectively manage the public health system. The Contractor will assist the MOH by providing the following:

- Health information to consumers and providing/supporting advanced medical, surgical, and allied health disciplines and management consultations in referral hospitals.
- Other essential health services as needed such as emergency health care in populations/geographic areas specified by the USAID mission depending on the health situation (e.g. number of people wounded, degree of interruption of health services, number of health facilities damaged). This work may involve health posts, clinics, and hospitals in urban and rural areas. Efforts would follow closely behind military action, implementing in areas as the situation becomes permissive. The Contractor shall be prepared to implement in a number of geographic areas simultaneously, focusing on MOH priority populations/locations not already covered by ICRC/IFRC/IRCS, UNICEF, WHO, or other health partners, including NGOs. The Contractor should be prepared to collaborate on water and sanitation projects with other USAID partners, international organizations, and NGOs.
- Support related to reforming, expanding, and strengthening the public health system, including the improvement of disease surveillance/response and laboratories, and the provision of technical experts to the MOH, as appropriate.
- Assistance with rapid health and demographic surveys and robust assessments of the health system including the Health Information System (HIS), sustainability of the public health system including plans for long term operations, maintenance, and financing, and salaries of Iraqi health providers and appropriate payroll lists for public health staff. (The contractor will be responsible for submitting an approved Iraqi citizen payroll list to the CTO. The payment of Iraqi public health providers will be made through a separate arrangement). Needs assessments for specified health facilities, populations, and geographic areas may be conducted if required.
- Assistance in developing a strategy and implementing a program for recruiting trained Iraqi health care staff who have been living in other countries prior to the conflict.
- Sub-granting (as specified in C.3.3 below) to other organizations, including NGOs, in order to provide specified assistance to the MOH.

The Contractor should be prepared to collaborate on water and sanitation projects with other USAID partners, international organizations, and NGOs.

Not all essential health-related commodities, equipment, and materials (including spare parts and consumables for equipment such as X-ray film) will be available in Iraq and some will need to be imported from neighboring countries to safeguard the health of vulnerable Iraqi populations. Based on the needs of the MOH, the Contractor shall work with the USAID-supported Logistics contractor to determine the most cost-effective mechanism to establish and maintain supply depots and deliver health commodities/materials/equipment (see section C.6a: Procurement, Delivery, and Installation Requirements).

C.3.2 Technical support to the USAID mission, USAID Disaster Assistance and Response Team (DART), and health team in-country.

The Contractor shall provide support to the USAID mission, including assessments, program monitoring and evaluation, reporting on progress of its activities and those of other USAID health grantees (i.e. ICRC/IFRC/IRCS, UNICEF, and WHO) and health sector coordination related to USAID-funded health programs in Iraq. The Contractor shall be expected to maintain close coordination with the USAID mission, USAID/DCHA/OFDA, the DART, DOD staff, other USAID awardees in the health and related sectors

(e.g. water/sanitation), national and international NGOs, and bilateral/multilateral donors in-country. In addition, the Contractor is expected to maintain good relations with local citizens, and involve and solicit input from local, governorate, and national government officials and institutions including the MOH. The Contractor is advised that many key local contacts will occur in Arabic and that the Contractor must be prepared to demonstrate staff capability to work in an Arabic language environment and familiarity with Arab culture and sensitivities.

Once permissive areas are established, the Contractor shall be responsible for obtaining initial data on health coverage and status of health facilities from the MOH, DART, DOD, and other partners such as ICRC/IFRC/IRCS, UNICEF, and WHO. This information will be used by the USAID mission to focus efforts on facilities/populations/geographic areas most in need. After that, the Contractor will routinely obtain data on health coverage and status of health facilities from the MOH, ICRC, IFRC, IRCS, UNICEF, WHO, and any sub-contractors/sub-awardees of the HSS contract in order to monitor progress toward the overall USAID health objectives for post-conflict Iraq.

C.3.3 Rapid response grants to address specific health needs in-country

To respond to unforeseen emergency circumstances and ensure that priorities related to the health system are being adequately addressed, the Contractor may need to make rapid response grants in-country. Grants to U.S. NGOs are limited to $100,000 each while grants to non-U.S. NGOs may be up to $250,000 per grant. These grants will contribute to completing the activities described in sections C.3.1 and C.3.2 above. Priorities may include delivering health services, providing interim health services and/or temporary health facilities while repair/construction/re-equipping of priority buildings is taking place, and improving water and sanitation services in locations where poor hygiene is a major contributing factor to the transmission of diarrheal diseases. The Contractor will be responsible for negotiating, awarding, and monitoring the grants in accordance with USAID assistance policies. In accordance with USAID ADS 302.5.6, the USAID mission shall be involved in establishing selection criteria for the grants and approving the actual grant recipients.

USAID prefers to the extent practicable that the Simplified Grant and Fixed Obligation Grant Formats described in ADS 303.5.15 are used when the conditions set forth in 303.5.15(a) through (i) apply. The Simplified Grant and Fixed Obligation Grant Formats may be used for U.S. recipients for grants not in excess of $100,000 and for non-U.S. recipients for grants not in excess of $250,000. The threshold for U.S. recipients is limited by the requirement to obtain OMB's approval of a class deviation applicable to grants in excess of this amount.

C.4 SPECIFIC TASKS

Tasks which the Contractor will undertake are listed below.

1. Initial Planning and Pre-positioning. The Contractor shall initiate planning and selection of key staff and shall identify medical groups, equipment, supplies, materials, technical experts and other relevant items/services (e.g. transport, labor, storage) available in-country, in the region, or from other sources (subject to the source and origin restrictions provided in section E under Procurement, Delivery, and Installation Requirements). Non-Iraqi sources for all items/services must be identified given (1) the uncertainty of conditions that will exist after the conflict and (2) the current ban on procuring goods and services in Iraq. The Contractor shall also identify potential issues or challenges to obtaining these, e.g. procurement, delivery, payment, sub-contracting, limited quantities. Based on discussions with WHO, the DART, the USAID mission, and the USAID Logistics Contractor, the HSS Contractor may need to pre-position some key equipment, supplies, and medicines.

   To the extent possible, the Contractor shall also obtain preliminary information from the MOH (or other partners such as WHO) on the structure, capacity, and needs of the public health system and initiate

discussions related to coordination with national and international health partners. The Contractor will also coordinate with the USAID mission, the DART, DOD, the MOH, and international health partners such as ICRC, UNICEF, and WHO to standardize the assessment tools that the Contractor will use in Iraq.

2. Assessments of the Health System and Needs. Once permissive areas are established in-country, the Contractor will establish a core technical team and develop working relationships with key health partners in-country, including the MOH, USAID grantees/contractors (e.g. ICRC, IRCS, UNICEF, WHO, the Logistics Contractor, and the Infrastructure Reconstruction Contractor), sub-contractors/sub-grantees, the USAID mission and DART, DOD, and other key U.S. officials.

   Where possible, the HSS Contractor will conduct initial, rapid health assessments on behalf of USAID and the MOH within a week of entering permissive areas of Iraq. The focus of the assessments will be shaped by initial information provided by the MOH, DART, DOD, and other health partners and will likely include determining the condition of specific health facilities and status of health service delivery. The Contractor's assessments will be used to initiate any needed costing and sourcing of sub-contractors/sub-grantees, equipment, supplies, medicines, and any other services, such as transport, labor, and storage. If determined to be the most cost-effective mechanism, the Contractor will purchase and position equipment, supplies and medicines. In addition, the Contractor will use the assessment data to prepare a work plan for the first quarter of programming, to be submitted within one month of the contract start date, that details steps, a timetable, and responsible parties for accomplishing tasks within the plan. The first quarter workplan should include estimated monthly fuel requirements for up to one year of program implementation. The Contractor— in consultation with the MOH and USAID health grantees--will also conduct an assessment of the overall health system to include the health information system, laboratories, staff and institutional capacity, and salaries of workers in the health sector. The Contractor will also assist the MOH in planning rapid demographic and health surveys and develop and implement a program to recruit trained health care providers who were living in other countries prior to the conflict.

   The timing (i.e. simultaneous or sequential) and amount of information to be collected during the initial facility/service and health system assessments will be determined once any post-conflict circumstances are known. The HSS Contractor shall provide recommendations to the USAID mission in their initial assessments as to what facilities should receive priority rehabilitation or construction. The assessments may be shared with the Infrastructure Reconstruction Contractor.

   By end of the first month of the Award, it is expected that the Contractor shall have completed initial assessments to include: (1) health staff payroll; (2) the capacity and needs of the MOH to deliver key health services (at referral hospitals and any other priority health facilities identified by USAID), gather and use health information (through laboratories, the HIS, and other systems) particularly that related to disease outbreaks, and provide health information/education. USAID assumes that, in order to achieve many of the objectives required in this scope, the Contractor will work closely with counterparts that represented ministries or agencies of the former regime (i.e. MOH). The HSS Contractor's assessment of health staff salaries and payroll requirements will be shared with the CTO for use by another mechanism. In addition, the HSS Contractor shall be ready to provide equipment, supplies, medicines, training, and/or services as needed to the specified referral hospitals or other priorities facilities identified by the DART and USAID mission. By end of the second month, the Contractor shall have completed more comprehensive assessments of the overall health system and facilities identified by USAID and be providing equipment, supplies, medicines and/or services to the MOH and/or other health partners as needed.

3. Health System Strengthening. Based on its (and other) assessments, the Contractor shall provide training, equipment, medicines, and health information/education as prioritized by the mission to improve public

health services in specified health facilities and/or populations/geographic areas and shall provide technical assistance to the MOH (see section C.3.1 for details) to strengthen the overall public health system. In cooperation with other USAID awardees, the Contractor will provide technical capacity-building to the MOH so that after one year it will be able to manage all aspects of the country's health system, including planning, staff, payroll, service delivery, and administration of facilities.

At the end of the Contract, the Contractor shall review all of its work and report to the USAID mission on program accomplishments relative to the USAID health objectives in Iraq.

C.5 RESULTS

In support of the MOH, the Contractor will be responsible for the following results:

- assessment of health care provider payroll completed (within one month of entry into permissive areas)
- assessment of health system capacity completed (within eight weeks of entry into permissive areas);
- program to recruit trained Iraqi health staff living outside of the country operational (within six months of commencement of program implementation);
- advanced medical and surgical care available for most critical cases in 1 referral hospital in each of 21 cities (within six months of commencement of program implementation);
- health facilities assisted by the Contractor will be fully operational in terms of supplies, equipment, and training (within six months of commencement of program implementation). The exact number and location of these facilities will be determined based on assessments and prioritization by the MOH, WHO, and the USAID mission.
- provide technical assistance as required by approved assessments and work plans during the entire 12-month period of the contract.
- quality and completion of work by all its sub-contractors/sub-grantees, ensure adequate progress is made, and monitor financial payments to assure accountability during the entire 12-month period of the contract.

** Indicators to achieve the above results are provided in Attachment 5. Further details may be referenced in the contractor's technical proposal, Chapter One (Plan) dated 3/17/03. The indicators will be coordinated with the CTO.*

The Contractor, in concert with other partners supported by USAID (i.e. ICRC/IFRC/IRCS, UNICEF, and WHO), will also contribute to the following results:

- the Health Information Systems (HIS) platform functioning (within 30 days of entry into permissive areas);
- basic health care available to 25% of the population in permissive areas (within eight weeks of entry into permissive areas), 12.5 million persons (after 6 months of program implementation), and 25 million persons (after 1 year of program implementation);
- maternal and child health care available to 50% of the population in permissive areas (within eight weeks of entry into permissive areas) and a population of 25 million persons (after 6 months of program implementation);
- health information and education extended to 100% of the population in permissive areas (within eight weeks of entry into permissive areas) and 25 million persons (after 6 months of program implementation);
- the MOH able to manage all aspects of the country's health system, including planning, staff, payroll, service delivery, and administration of facilities (within 12 months of program implementation).

C.6 OPERATIONAL GUIDELINES

a. Procurement, Delivery, and Installation Requirements

All equipment, supplies, medicines, and other relevant items for making health facilities operational must be of high-quality and consistent with international standards and MOH and local needs. Specific details will be discussed with the Contractor once initial assessments have been completed and priorities identified by the MOH, DART, and USAID mission.

See Section H.6. for authorized geographic code information.

The Contractor will be responsible for providing communications equipment compatible with USG/USAID frequencies, vehicles for staff equipped with GPS transmitters, and full support for in-country staff.

The HSS contractor shall work with the USAID-supported Logistics contractor to determine the most cost-effective mechanism to establish and maintain supply depots and deliver health commodities/materials/equipment. The Contractors will inform the CTO of the recommended mechanism, who will determine whether the HSS Contractor or the Logistics contractor shall purchase, store, and deliver the required health supplies. If the HSS Contractor is considered the most appropriate provider, the HSS contractor shall be responsible for purchase, delivery, and installation (or oversight of installation if applicable) of any needed medicines, equipment, and materials purchased for delivering health services (e.g. refrigerators, microscopes, computers, furniture, etc.) in the facilities specified by USAID. The Contractor will also be responsible for any needed follow-up maintenance, including spare parts, and training on use of equipment. If required, the Contractor will issue to sub-contractors/sub-grantees the commodities/materials/equipment required to complete their projects and the value of these will be deducted from their approved budgets.

The Contractor is responsible for determining if certain health and safety precautions (e.g. immunizations, biological and chemical protection gear, malaria prophylaxis) are necessary for key staff to be located in Iraq. If so, the Contractor will also be responsible for procuring and delivering these items to key staff prior to their deployment to the region

b. Reporting Requirements

The Contractor will be responsible for providing all the reports specified in Section F of the contract.

c. Security

See the special security provision in Section H.16.

## SECTION D - PACKAGING AND MARKING

D.1 AIDAR 752.7009 MARKING (JAN 1993)

(a) It is USAID policy that USAID-financed commodities and shipping containers, and project construction sites and other project locations be suitably marked with the USAID emblem. Shipping containers are also to be marked with the last five digits of the USAID financing document number. As a general rule, marking is not required for raw materials shipped in bulk (such as coal, grain, etc.), or for semi-finished products which are not packaged.