

## ***SECTION I – STATEMENT OF WORK***

The USAID/Peru Office of Health is requesting proposals for an activity to be contracted through USAID's Technical Assistance Service Contract II (TASC II). The purpose of the activity is to provide broad technical assistance in health sector reform and decentralization in Peru, under the technical guidance of USAID/Peru's Office of Health (OH). The activity will continue and build upon work that has been implemented to date under the Global Health Field Support project (936-3104.01) "Partners for Health Reform *plus*" (PHRplus), contract number HRN-C-00-00019-00, which will terminate as planned in September 2005. The scope of work below delineates the major lines of activities to be implemented during the 5-year term of the Task Order (TO).

The performance period for this TO will be from o/a September, 2005 through September 30, 2010 (FY2006-2010). This activity is being planned to extend beyond the end of the Mission's current 2002-2007 strategy because health sector reform will remain the centerpiece of the OH strategy in the next strategy period.

This task order activity will provide technical support for implementation of USAID/Peru's Strategic Objective 11, "Improved Health for Peruvians at High Risk" (SO11), especially Intermediate Result (IR11.3): "Support Health Sector Policy Reform". The Contractor will continue the implementation of a variety of interventions that are now underway in close coordination with the Government of Peru and other Peruvian partners. Work will be carried out at the national level and in four focus regions: Lambayeque, La Libertad, San Martin and Ucayali.

Task order activities will contribute to accomplishment of objectives related to health sector policy reform in seven areas: (1) promoting public debate and evidence-based policymaking in the course of the upcoming political transition in Peru, (2) transferring management functions from the central Ministry of Health to regional governments under Peru's decentralization program; (3) shifting the predominant role of the Ministry of Health from service delivery to policymaking and regulation, (4) targeting of health subsidies more efficiently to the poor, (5) allocating patients and services more efficiently among levels in MOH health networks, (6) promoting new business models and technologies, and (7) integrating new partners and promoting cooperation among partners.

### ***Background***

---

#### USAID/Peru Health Strategy

USAID/Peru's Office of Health directs the implementation of Strategic Objective (SO)11 and is accountable for achieving results under its strategy. SO11 employs a three-pronged approach to improving health for Peruvians at high risk. The strategy identifies three main Intermediate Results (IRs):

IR11.1 Improve the quality and efficiency of health services.

IR11.2 Promote healthy behaviors and avoidance of health risks by individuals and communities.

IR11.3 Support Health Sector Policy Reform.

USAID/Peru has passed the midpoint of its 2002 – 2007 strategy. During the initial half of the strategy, the Office of Health has implemented activities through local Peruvian partners and several USAID/GH Cooperating Agency “Field Support” mechanisms, including CATALYST, PHRplus, and POLICY. Attachment VI provides background information on these projects.

USAID has a long history of assistance to the health sector in Peru. In recent years USAID has begun to shift from traditional “project” assistance through large “strategic objective agreements” with the government, to more flexible activity-based approaches implemented through US and Peruvian private sector partners. While this approach is likely to continue, it does not signal a diminished interest in the public sector, but a choice of a more expedient approach for working with both the public and private health sectors.

Other strategic directions in USAID/Peru’s recent health sector assistance include: (1) focus on health sector policy reform, including decentralization, management, human resources, and public-private linkages; (2) focus on long-term sustainability and reduction of subsidized services except to the neediest clients; (3) regional and South-to-South approaches and linkages; (4) focus on health education, communication, and behavior change; (5) selection of field activities that directly reinforce USG counter narcotics “Alternative Development” activities, especially in the seven-department geographic emphasis area; and (6) greater emphasis on interventions dealing with HIV/AIDS and other infectious diseases.

#### Problem Statement

Although Peru is classified as a lower middle income country, its investment in both health and education has remained low. With chronic under investment in Peru’s health sector, it continues to be characterized by low quality care and an inadequate supply of services, except in the small segment targeting the wealthy. The public service delivery system (which serves most of Peru’s population) is inefficient and highly centralized in terms of planning, budgeting, procurement, personnel management and administration. Mechanisms for control of service delivery quality are weak (including non-standardized training of health service personnel and no effective regulation of pharmaceuticals). Dramatic inequities persist across income groups and geographical areas in terms of access, quality, and health outcomes. Out of pocket expenses for health care are very onerous for the poor (>50% of Peru’s population), and insurance availability is limited in both the public and private sectors. Consequently, many Peruvians are at high financial risk with respect to health expenses, and illness and injury commonly aggravate family poverty. Government-wide decentralization has been mandated by law, but so far implementation has been slow. Leadership in the Ministry of Health has changed frequently in recent years, resulting in repeated and extensive changes in staff and policy throughout the public system (there is no civil service system), and leading to significant disruption and delays in program implementation.

Peru has substantial professional expertise in the public health arena which is crucial to all reform efforts. Significant advances have occurred in the last 15 years, including the design and partial implementation of a public insurance system for women and children and improvements in the diagnostic laboratory capacity.

Extensive information is available regarding the health sector and decentralization via the web sites below. Others may be readily found with conventional search engines.

<http://www.minsa.gob.pe/portal/>

<http://www.phrplus.org/>

<http://www.prodes.org.pe/>

### **Description of Planned Activities**

---

The contractor will be responsible for implementing a variety of processes to advance health sector policy reform, including:

- Provide advisory services and specialized technical assistance. Technical assistance will be mainly provided by a permanent core staff of Peruvian experts hired locally. When appropriate Peruvian expertise is not available, the Contractor will recruit short term third country or U.S advisors.
- Organize events such as conferences and breakfast meetings to foster debate and discussion of policy options among policymakers, experts, stakeholders, and decision makers.
- Design and in some cases carry out studies and research related to health sector policy, finance, and management.
- Manage or directly implement pilot projects, subprojects, and field activities. The Contractor will be the lead implementor of some sub-projects. In other cases, the Contractor will manage sub-grantees or sub-contracts that it will select.
- Disseminate information through publications and participation in public fora.
- Support evidence-based advocacy of policy innovations and reforms.
- Facilitate networking and technical exchanges among experts and policymakers.
- Provide training of implementers of policy and management reforms. The Contractor will offer training events and materials as needed to effectively implement ongoing activities that require skills strengthening of health sector personnel. Depending on the training event, the Contractor's responsibilities may include developing content and curriculum, providing professional trainers, travel and per diem of trainers and trainees, publicity, training equipment and materials, and/or providing a training site.

The contractor will work in a number of activity areas related to health sector policy reform. Some tasks in these activity areas are under way and the contractor will pick up where PHRplus leaves off. Other areas are new. The details of activities (including their products, results, and benchmarks) will be specified, reviewed, modified, and approved in annual work plans submitted to the USAID CTO and RCO. The seven main activity areas, with their associated activities, are the following:

**A. Government Transition** (recently initiated)

1. Help inform pre-election debate on health issues.

In 2006 Peru will elect a new president, congress, and 24 new regional presidents. During the campaigns there are opportunities to highlight health sector issues in the public debate. In coordination with other USAID/Peru technical offices, including Democratic Initiatives, the Contractor will plan and implement activities designed to take advantage of the opportunities presented during the pre-election period.

2. Support newly-elected health officials during post-election transition.

After the elections, during the formation of the new national and regional administrations, the policy agenda and the cast of decision-makers may be volatile and unpredictable. The contractor (in consultation with USAID) will be positioned to provide key information, policy advice, and continuity. The contractor will need to be fully familiar with the political and policy arena in order to operate effectively during this period, and should be able to serve as a “quick response mechanism” for responding to inquiries and opportunities that arise during this period.

**B. Health Sector Decentralization & Participation** (ongoing)

1. Support participatory health sector planning at the regional level (Lambayeque, San Martin, Cajamarca, and Ucayali).
  - a. Build upon and reinforce capacity in participatory health planning committees in the 4 regions. Provide direct support to the committees for planning, implementing and monitoring health interventions following the regional health plans.
  - b. Support design and implementation of accountability and tracking mechanisms to oversee health strategic plans in 4 regions.
2. Strengthen managerial competencies and functions in regional governments, especially those related to health services.
  - a. Support the administrative restructuring of 4 DIREASs to efficiently perform newly-transferred functions. Support for the accreditation of selected local governments in 4 regions.
  - b. Strengthen regional health accounts in the 4 regions
  - c. Support the development and coordination of information systems for the four DIREASs.
  - d. Monitor and evaluate decentralization in four regions.
  - e. Strengthen capability of two local PROGRESA partner universities to provide management consulting and research services required by decentralization.
  - f. Coordinate decentralization activities among the DIREASs of the Macro North Region.

3. Support the transfer of selected health responsibilities and functions to local (sub-regional) governments.
  - a. Provide technical assistance to selected provinces and districts (based on organizational and social capabilities and political will of authorities) to define, negotiate, and schedule transfer plans.

**C. Enhance the Rector/Steering Role of the Ministry of Health (new)**

1. Strengthen institutional capacity and transparency in central institutions that are key to successful decentralization, including the National Council on Decentralization, the Ministry of Health, and Ministry of Economy and Finances, and others.
2. Stimulate and contribute to the redefinition of post-decentralization governance of the health sector by the MOH. During and after the political transition in 2006, provide advocacy and technical assistance to political leadership to support a diminishing role of the MOH as a health services provider and an enhanced role as policymaker and effective regulator.
3. Help define and strengthen MOH regulatory role. Strengthen MOH oversight and regulation of the private health services and insurance sectors, including support for and enforcement of laws to safeguard consumers. Coordinate with other actors to regulate the quality of service delivery.

**D. Health Sector Financing and Insurance (ongoing)**

1. Support mechanisms to increase resources available in the health sector for effective health programming and service delivery in Peru.
2. Support rationalization of GOP financing of public sector health functions both at the central (MOH) and decentralized levels.
3. Continue developing the system for targeting state subsidies (“SIU”).
4. Health insurance reform
  - a. Support creation of an analytical base for health insurance reform
    - National burden of disease study
    - National private health sector study
    - Other studies as required.
  - b. Support creation of legal framework for health insurance
    - Legal tools for the implementation of basic and complementary insurance plans
    - Technical and legal design of the Superintendent of National Health Services.
  - c. Support stakeholder and public understanding of health insurance through a communications program.

- d. Design and implement pilot payment mechanisms in 2 sites (based on adequate progress with (a) and (b)).

**E. Reform of Public Sector Health Care Management and Organization (ongoing)**

1. Support design of integrated health service networks
  - a. Implement the organizational and managerial redesign of the integrated health services network in 1 coastal province (Trujillo)
  - b. Expand the integrated health services network model into one sierra province (La Libertad)
  - c. Design and implement an information system for the primary level network in two provinces that is consistent with the functions assigned to that level by the integrated health services network model.
  - d. Evaluate the results of the integrated health services network model taking as a benchmark the baseline assessment made by Project 2000 in Trujillo.
  - e. Design legal and managerial tools for extending the model to other areas and make them available to the MOH, regional governments, and other donors.

**F. Key Health Sector Policies and Initiatives**

1. Improve human resources policies in public sector
2. Support and monitor the Household Targeting System in 4 regions
3. Social Policy Strengthening
  - a. Develop a map of social competencies in 2 regions
  - b. Formulate integrated social development plans in 2 regions
  - c. Estimate regional social accounts in 2 regions
4. Support integration of information systems used in the public health sector.
5. Identify New Business Models (new)

Perform analyses and feasibility studies concerning new business models to put for-profit health services within reach of low income consumers. In consultation with (1) private health providers and (2) other enterprises that profitably serve “bottom of the pyramid” populations, the Contractor will attempt to identify non-traditional health care delivery mechanisms that surmount the structural and economic limitations of the current government and private health institutions in Peru. The contractor will evaluate the potential of outsourcing, franchising, privatization, vouchers, and other options for improving the financing and management of certain health services.

**G. Coordination and limited Support to other USAID Partners (ongoing)**

1. Provide technical consulting to other USAID partners in the Contractor's principle areas of expertise, including payment mechanisms, organization design and sustainability, and private sector competitiveness.
2. Provide assistance to other USAID/Peru offices in work related to the social and health sectors.
3. Participate in USAID/Peru partner meetings.
4. Coordinate with other donors under the supervision of USAID when appropriate to advance the USAID/Peru health strategy.

**Partners**

The Contractor will work closely with the Government of Peru (GoP), with the Ministry of Health (MOH), regional governments, local governments, civil society institutions, other USAID-funded implementing partners, and other health donors. The Contractor, under USAID direction, will also work cross-sectorally with other USAID/Peru SOs.

**Location**

The Contractor will run field activities in Lambayeque, La Libertad, San Martin and Ucayali with field offices and permanent field coordinators. The contractor will maintain a home office in Lima with permanent technical and administrative support staff.

**Expected Results and Indicators**

---

The Contractor, in collaboration with the USAID/Peru Office of Health, Peruvian Government health entities, and other organizations active in the health sector, is expected to make measurable progress toward objectives identified by USAID/Peru's Office of Health (below.) For the activities financed under this TO, impact will be assessed through both quantitative and qualitative measures. Specific programmatic benchmarks, outcome indicators, and targets will be developed with the first year's work plan through a collaborative process involving the Contractor and the USAID/Peru Office of Health. Objectives, activities, and illustrative indicators for the TO period are shown in Table 3 below.

Assumptions regarding performance include: that the general policy environment will not deteriorate significantly; that the economy will remain stable; that the political transition in 2006/7 will be peaceful and orderly; that USG and USAID policies with respect to Peru will remain stable.

*Request for Task Order Proposal No. 527-P-05-007*  
*Section 1, Statement of Work*

**Table No.3: Illustrative Indicators:**

Activity Area: Objective	Activities	Illustrative Indicators
<p><b>(1) Government Transition:</b> Health sector policy issues debated publicly and evidence-based health policies formulated in the course of the 2006-7 political transition.</p>	<ul style="list-style-type: none"> <li>• Help inform pre-election debate on health issues.</li> <li>• Support newly-elected health officials during post-election transition.</li> </ul>	<p>Multi-party agreement signed identifying top priorities for in health for Peru.            Number of those priorities accomplished or advanced significantly by the new government each succeeding year.</p>
<p><b>(2) Health Sector Decentralization &amp; Participation:</b> Health sector managerial capacity strengthened in regional governments and administrative functions transferred to regional governments from the central Ministry of Health.</p>	<p>Support Participatory Health Sector Planning at the Regional Level in 4 regions.</p> <ul style="list-style-type: none"> <li>• Strengthen managerial competencies and functions in regional governments, especially those related to health services.                Support the transfer of selected health responsibilities and functions to local (sub-regional) governments.</li> </ul>	<p>Number of health councils with civil society representation monitoring implementation of local health planning (within 4 regions).            Number of the four regional governments' transfer plans submitted to CND.            Number of functions successfully accredited by each local government.            Percentage of DIRESAs reorganized according to newly transferred functions.            Number of key advances by the Macro North Region.</p>
<p><b>(3) Enhance the Rector/Steering Role of the Ministry of Health:</b> Leadership vision and policy trend favor regulation/policymaking as the predominant function for the Ministry of Health in the future, accompanied by a diminishing service delivery role.</p>	<p>Strengthen institutional capacity and transparency in central institutions.            Stimulate and contribute to the redefinition of post-decentralization governance of the health sector by the MOH.            Help define and strengthen MOH regulatory role.</p>	<p>New plan is in place clearly defining the role of the MOH during and after decentralization.            MOH budgetary categories reflect regulatory role and priorities.</p>

*Request for Task Order Proposal No. 527-P-05-007*  
*Section 1, Statement of Work*

Activity Area: Objective	Activities	Illustrative Indicators
<p><b>(4) Health Sector Financing and Insurance:</b> Government health subsidies better-targeted to the neediest patients.</p>	<ul style="list-style-type: none"> <li>• Support mechanisms to increase resources available in the health sector for effective health programming and service delivery in Peru.</li> <li>• Support rationalization of GOP financing of public sector health functions both at the central (MOH) and decentralized levels.</li> <li>• Continue developing system for targeting system for state subsidies.</li> <li>• Health insurance reform.</li> </ul>	<ul style="list-style-type: none"> <li>• Percent of GNP spent on health increased.</li> <li>• Detailed plans in place for transfer of funds through decentralized public health system.</li> <li>• Analytic base for insurance developed (actuarial, etc.)</li> <li>• Consumer protections in place for private insurance provision.</li> <li>• Payment mechanisms (fee-for-service, capitation, etc.) evaluated in the Peruvian context.</li> <li>• Subsidized health services targeted to intended recipients.</li> </ul>
<p><b>(5) Reform of Management and Organization of Health Care Delivery:</b> Patients and services more efficiently allocated among the different levels of Ministry of Health establishments.</p>	<ul style="list-style-type: none"> <li>• Support design of integrated health service networks.</li> </ul>	<p>Health Network Governing Board constituted and functioning            Health network charter of services defined            Health network information system functioning.            Referral and “referral return” system implemented.</p>
<p><b>(6) Key Health Sector Policies and Initiatives:</b> New business models and technologies studied and adapted to the Peruvian health sector.</p>	<ul style="list-style-type: none"> <li>• Improve human resources policies in public sector.</li> <li>• Support and monitor the Household Targeting System in 4 regions.</li> <li>• Social Policy Strengthening.</li> <li>• Support integration of information systems used in the public health sector.                Identify New Business Models (new).</li> </ul>	<p>Before-after reports of client economic status in SIU demonstration sites.            Feasibility analyses of four-profit health services for the poor.            Local/regional information systems improved.</p>

*Request for Task Order Proposal No. 527-P-05-007*  
*Section 1, Statement of Work*

Activity Area: Objective	Activities	Illustrative Indicators
<p><b>(7) Coordination and limited Support to other USAID Partners:</b> Community of health partners strengthened with participation of new players and with improved coordination.</p>	<ul style="list-style-type: none"> <li>• Provide technical consulting to other USAID partners in the Contractor’s principle areas of expertise, including payment mechanisms, organization design and sustainability, private sector competitiveness.</li> <li>• Provide assistance to other USAID/Peru offices in work related to the social and health sectors.</li> <li>• Participate in USAID/Peru Partner meetings.</li> <li>• Coordinate with other donors under the supervision of USAID when appropriate to advance the objectives of this contract.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of donors and partners participating in contractor – sponsored events.</li> <li>• Number of joint information events and project activities at field sites.</li> <li>• Number of new partners brought into the contractor network.</li> </ul>

***Period of Services***

---

Strategy constraints limit the initial award and period of performance to initiate on/about September, 2005, and continue through September 30, 2006. At the discretion of the Mission, based on funding and programming priorities, this task order may be extended through September 30, 2010. Funding will be provided in annual increments based on approved annual workplans.

***Transition***

---

The task order contractor will assume responsibility for certain ongoing activities that have previously been the responsibility of PHRplus as seamlessly as possible. All commodities (See Attachment VIII), information resources, and files (except proprietary corporate and personnel files) will be transferred from PHRplus to the contractor. If time permits, the task order contractor will overlap with PHRplus for familiarization, technical and administrative explanations, and introductions to partners and stakeholders.

***Contractor's Reporting Guidelines***

---

1. Annual Work Plan: The annual work plan will outline the proposed activities for the year and include a detailed budget and benchmarks for assessing progress toward USAID/Peru intermediate objectives. The Contractor's application for the task order will constitute the first annual work plan.
2. Annual Progress Report: Within thirty calendar days of the anniversary date of the contract, the Contractor shall submit an Annual Progress Report that includes:
  - An executive summary of activities of the prior year.
  - A summary of the progress made to date on the specific work objectives, as defined in the annual work plan.
  - A description of important problems, issues and difficulties arising in the implementation process, and proposed recommendations and solutions.
  - Definition of any additional assistance or guidance required from USAID/Peru.
  - A financial statement that contains a summary of all expenditures by line item as well as total amount. The statement of funds yet to be spent in the life of the task order, obligated and unobligated, should also be included.
3. Monthly Reports: The monthly activity report will provide a brief summary of task order activities of the previous month. It should also include plans for upcoming activities. Monthly expenditures and end month financial reports will be included. The Monthly report should be submitted by the tenth working day of the following calendar month.

4. Short Term (ST) Consultants' Reports: All short-term consultants shall prepare reports at the end of their consultancies detailing their activities while in Peru and providing observations and recommendations as may be appropriated. Before leaving the country, the Short Term Consultant shall leave copies of a final or a draft copy of their report with the implementing Contractor and USAID/Peru.

5. Trip Reports: Any person who travels within or outside the country for this task order will prepare a trip report, to be submitted to USAID/Peru CTO within two weeks of the trip's completion. Each trip report will include a one-page summary with the background and rationale for the trip, and the activities undertaken and trip results.

6. Other Dissemination Activities: In addition to distributing technical and administrative reports to appropriate audiences, including but not limited to USAID/Peru, the Contractor should undertake other efforts to disseminate methodologies, instruments and findings. This may include publications in professional journals, presentations at professional meetings, and participation in national or international projects of similar nature.