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A GUIDEBOOK ON THE USE OF CONSULTANTS FOR MANAGEMENT NEEDS ASSESSMENT AND SUPPORT SYSTEMS DEVELOPMENT
NEW DELHI, INDIA

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ABBREVIATIONS

DS	Diagnostic Survey
FCMR	Fertility and Child Mortality Reduction
GOI	Government of India
IRHP	Integrated Rural Health and Population
MBO	Management by Objectives
MIS	Management Information System
MNA	Management Needs Assessment
MOH	Ministry of Health
MOHFW	Ministry of Health and Family Welfare
MSSD	Management Support Systems Development
PHC	Primary Health Center
RFP	Request for Proposals
SOW	Scope of Work
SPCC	State Project Coordinating Committee
TOR	Terms of Reference
UN	United Nations
USAID	United States Agency for International Development

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1.0 INTRODUCTION

1.1 Project's Need for Management Support

The Integrated Rural Health and Population (IRHP) Project is, basically, an expansion and an acceleration of the Government of India's (GOI's) Model Health Plan. This plan incorporates the health goals for under-served rural areas included in the 1979 National Health Policy and provides for the development of innovative and cost-effective systems and methods to attain goals. Under the Area Programme, a wide range of services will be provided and new facilities will be created. Ambitious implementation goals have been set and budgets have been prepared to meet the requirements for supplies, manpower development, and construction.

Essentially, the IRHP is a restatement of the Area Programme and Model Plan. It links the goals of the Model Plan to USAID's development objectives and justifies all activities and financial inputs by specifying the outputs expected and the "objectively verifiable indicators" which will show that the project's goals are being approached.

Twelve key problems of fertility and child mortality have been identified. The reduction in the incidence of fertility and child mortality will be the ultimate indicator of success.

It is required of all USAID-assisted projects that progress toward goals be demonstrated by means of predetermined indicators, so that expenditures for project activities can be justified to the U.S. Government. The consequence, as well as the intent, is to impose a system of management on a project, a system oriented to maintaining progress toward objectives and pinpointing deviations from the planned course of events so that appropriate corrective action can be taken within a reasonable period of time. This approach to management is sometimes called "management by objectives," or MBO, and it can be implemented not only at the upper level of IRHP project management, but also at each level down to the village worker, if so desired.

At first glance, the basic design of the Model Plan is reasonably simple. However, as it has been elaborated and detailed in the IRHP, it has become a highly complex project with many different sets of activities, some of which are scheduled to occur simultaneously. Because such activities as construction, staffing, and training are interrelated, the achievement of the project's objectives will be delayed if any one component slips behind significantly. The inherent requirement for steady, coordinated progress and the management requirements of USAID combine to pose extremely stringent demands on

GOI project officials. It is for this reason that a portion of the project budget has been reserved for the development and implementation of new management systems or the improvement of existing systems, including management information systems (MIS), logistics and supply, and other management needs determined by state project officials.

It is true that good management is largely a matter of applying everyday common sense to the analysis and solution of problems, but the kinds of interventions required to enable the IRHP to attain its objectives call for sustained intensive effort and management experience and expertise which are not likely to be found among the small cadre which is now responsible for implementing the project. Therefore, it is recommended that outside consultants be employed to undertake these tasks. The employment of management consultants is not in any sense a panacea for management problems. Management consultants are an available resource which, when used properly, can enhance significantly the effectiveness of project staff.

1.2 Need for Guides to Using Consultants

The purpose of this guidebook is to help state project officials to use management consultants effectively and to avoid the kinds of errors and pitfalls that cause the experience to be more of a hardship than a benefit to the project. Because the engagement of a consultant generally entails serious financial and legal commitments, many private and public enterprises in India and other countries have guidebooks, manuals, or policy statements similar to this one. The underlying principle is to initiate and maintain an institutional capacity for using consultants. With written guidelines, there is some assurance that the information needed to recruit consultants, direct their activities, and ensure that required output is delivered does not remain the knowledge solely of individuals who are free to leave the organization at any time. Written guidelines also eliminate ambiguities which can cause disagreements between a client and a consultant, and serve as a framework to orient project officials to use consultants.

2.0 MANAGING THE CONSULTANTS

2.1 First Steps: Promoting Use of Consultants at Top and Bottom Levels

The first step in preparing the ground for effective use of an outside management consultant is to motivate all project and departmental staff who are likely to play a role in the consultant's activities. It is of utmost concern that a constructive relationship be established from the outset, so that top project management has a clear picture of how the consultant's work will benefit the project, and so that all staff understand the the consultant is working in their best interest and is not an inspector or a meddlesome outsider attemptint to tell them how to do their jobs better.

A positive attitude toward consultants should originate at the top levels of the project, from whence it filters down through the ranks. To promote such an attitude, higher officials must have a clear understanding of the purpose of a consultant's assignment, the methods that will be used to meet the objective, and the responsibilities of both the consultant and the various project offices. Usually, all this information will become available either in a written contract or an agreement which governs the scope of the consultant's activities and specifies compensation and other details. However, some of the information must be actively disseminated before actual work begins.

The responsibility for this and many other tasks should be given to an internal organization appointed for the express purpose of managing consultants. This organization, shown in Exhibit A, will have the primary tasks of defining the job to be done, preparing the necessary documentation for inviting proposals, selecting consultants, conducting subsequent negotiations with the consultants, monitoring the consultants' work, evaluating consultants' performance, and recommending strategies to implement results.

The structure and operating details for such an internal organization can be worked out to accommodate each state in the IRHP Area Programme, but three functional elements should be organized: an advisory committee, a task force for each specific project to be undertaken by consultants, and a liaison person (selected from among the members of the task force). The roles of these entities will become clear as the project progresses.

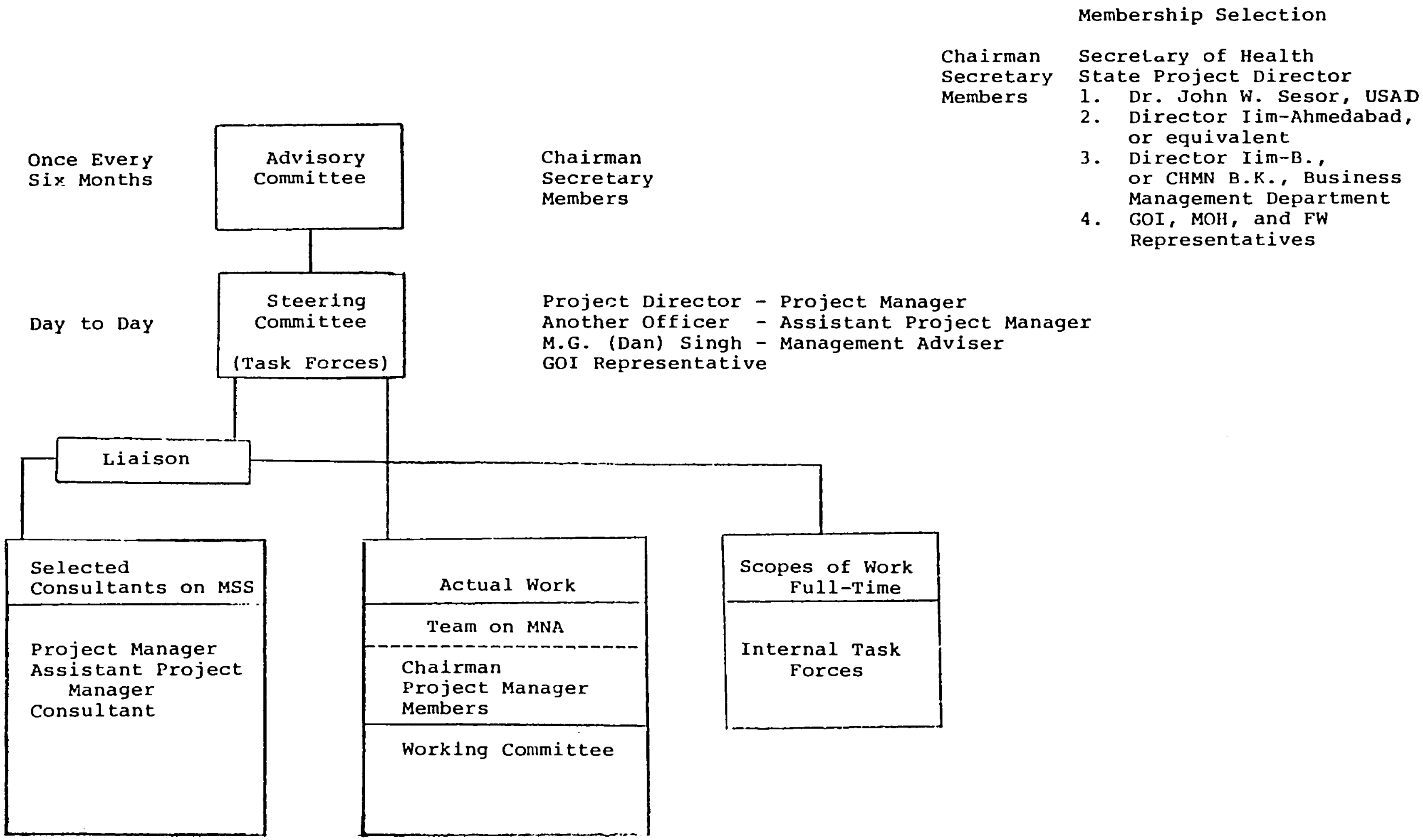
The advisory committee represents the highest level of project responsibility and decides which management improvement activities should be undertaken. It appoints and interacts with the task force, which is charged with working out details and the practical matters of managing the consultants. The task force appoints a liaison to communicate with the consultants on most matters which do not require major decisions or changes in the program. An arrangement such as this should ensure that timely decisions are made and relayed between the consultants and the user, and that routine problems and misunderstandings are cleared up rapidly.

2.2 Duties of Internal Task Force

It should not be necessary to point out that as much experience and expertise as is available will be required of those appointed to the internal task force. The duties of this group, which will be under

Exhibit A

ORGANIZATION FOR MANAGEMENT OF MANAGEMENT NEEDS ASSESSMENT AND OTHER MANAGEMENT SUPPORT SYSTEMS



the overall guidance of the advisory committee, are:

- Prepare the terms of reference (TOR) for the assignment.
- Prepare the cost estimate (the budget).
- Prepare a short list of firms.
- Determine the selection procedure.
- Send the letter of invitation to submit a proposal to the firms on the short list.
- Evaluate the firms' proposals and select a firm for contract negotiations.
- Negotiate a contract with the selected firm.
- Supervise consultants' activities and provide the necessary facilities, data, and personnel.
- Evaluate the consultants' work at predetermined intervals, and renegotiate the contract if changes are required.
- Plan for the implementation of the consultants' recommendations.

3.0 THE MANAGEMENT IMPROVEMENT PROCESS IN IRHP

It is of great importance that both the user and the consultants agree on the overall methodology of management improvement in the IRHP, and that they both have a common understanding of some key terms used in this methodology.

3.1 Management Needs Assessment and Diagnostic Survey

This phase, known as management needs assessment and diagnostic survey (MNA/DS), will consist of a broad-based field survey of limited duration and effort. Its objective will be to identify management problems at state, district, and block levels which affect the achievement of the project's goals of fertility and child mortality reduction (FCMR). Once identified, these management problems will be classified by priority (i.e., in the order in which they should be approached); the classification will be based on such factors as the degree to which the problems currently hinder efforts to achieve the project's objectives, the availability of the time and resources likely to be required to solve the problems, and applicability to other geographical areas.

The results of the MNA/DS will be reported to the central-level project director. Decisions to proceed with the subsequent phase should be made jointly, so that different states do not expend effort to solve the same problem with different consultants, unless this approach is justified on the basis of environmental or cultural differences, which would make it impossible to apply the same solutions in different states.

A secondary output which the consultants will be required to produce is a set of terms of reference and scopes of work (SOWs) for subsequent development work on the prioritized problems. A sample set of terms of reference for MNA/DS is provided in Appendix A.

3.2 Bypassing the MNA/DS Stage

The MNA/DS stage may be bypassed by states which choose to have consultants do special studies which do not necessarily follow the theme of management improvement. It may also be bypassed when it is necessary to proceed directly with the development phase of a management improvement activity of such high priority that there is little doubt that it will have to be done.

3.3 Management Support Systems Development

Using the terms of reference and the scope of work developed in the MNA/DS phase, the consultant, in the first stage of the phase known as management support systems development (MSSD), will perform in-depth analyses of the highest priority problems identified in the MNA/DS. Alternative approaches to solving these problems should be discussed, all factors bearing on the solution should be identified, and the basic philosophy of a management system or subsystem should be articulated. The number of problems to be addressed (or systems developed simultaneously) should be a decision made at the state level, with advice from the MNA/DS consultant(s). The factors which must be considered in this decision are the availability of financial and other resources, the amount of interference with project field work that is tolerable, and the capacity of the task forces, liaison persons, and advisory committee to deal with several simultaneous projects.

The findings of this analytical effort will be documented and reviewed, and a decision will be made either to proceed with or delay initiation of the next component of MSSD, the development stage. In this stage, the consultant will be required to prepare the ground for implementation by designing a formal system, preparing written job descriptions, designing forms, developing curricula for training personnel, budgeting for system implementation, and devising a schedule or plan for implementation.

4.0 SEQUENCE OF EVENTS LEADING TO MSSD

To illustrate how MSSD activities involving outside consultants get under way, a typical sequence of events is outlined below.

(1) The state project director appoints an advisory committee and a task force for MNA/DS work.

(2) A letter of invitation to submit proposals (also known as a request for proposals (RFP or IFB) is prepared. This letter incorporates the terms of reference and the scope of work for MNA/DS (a model is given in Appendix A) and provides to bidders additional information on, for example, the budget, contractual arrangements, and the facilities which the user is to provide.

(3) The invitation is sent to approximately five firms or institutions on the short list of consultants included in this guidebook, and to other local firms and individuals.

(4) Responsive consultants will probably wish to make brief visits to the field and to state project headquarters. The MNA/DS task force should be prepared to assist interested bidders and to consider the bidders' suggested modifications to the terms of reference.

(5) Proposals are evaluated according to the system specified in the letter of invitation, and negotiations are undertaken with the consultants with the best proposal.

(6) The consultant administers the MNA/DS in accordance with the terms of reference and the agreed-upon scope of work. The outputs of this study, part of which is done in conjunction with the task force, includes a description and a list of prioritized management needs, and a set of terms of reference and scopes of work for the subsequent MSSD phase. These outputs are reported to the central project level, so that systems which may be replicated in more than one state can be treated specially.

(7) The advisory committee selects the areas for MSSD work and decides how the work is to be divided among the consultants. A decision may be made either to allow bidding from the short list for each separate activity, to modify the short list, or to invite only the MNA/DS consultant to bid on the MSSD phase.

A task force should be appointed for each separate MSSD contract. Each task force will be responsible for preparing the invitations for proposals and selecting the consultants.

(8) As MSSD work on the various high-priority problems proceeds, the liaison persons and the task forces keep the advisory committee informed of progress and problems. It will be the ultimate responsibility of the state to implement the management systems which are developed by the consultants; thus, it is in the state's own interest to monitor the system development process closely and to offer guidance and request changes when necessary.

5.0 SELECTION OF CONSULTANTS

In the selection and appointment of the consultants who will be invited to submit proposals, standard procedures should be used. These procedures should be developed by the central project leadership, in accordance with GOI regulations, and be reviewed as and when necessary to meet the needs of prevailing conditions and situations. These procedures should encompass the following essential elements:

5.1 Selection Committee

A task force cum selection committee should be formed consisting of qualified staff concerned with the project in question. In addition to the project coordinator, representatives from USAID and field counterparts with expertise in applicable areas should be appointed to the committee.

5.2 Selection Criteria and Methodology

A number of important factors should be considered in preparing the short list of invited consultants and in subsequent evaluations of proposals. These factors are:

- Consultant's approach to the problems, and his or her understanding of the problems and, wherever applicable, the probable benefits
- Consultant's experience and background in projects and services performed in the past.
- Past experience in carrying out similar assignments.
- Qualifications and experience of the consulting personnel who will be assigned to the project.
- Financial and organizational capacity of the consultant(s).

- Consultant's(s') reputation.
- Fees and fees structure.
- Facilities, if any, that the user should provide (e.g., office space, furniture, typing, and travel).
- Time frame.
- Other factors, such as confidentiality, terms of payment and termination, scale of operations of the firm, and the spectrum of skills the firm possesses.

A pro forma document, similar to that illustrated in Exhibit B, may be used to rank consultants. In summary, a consultant's experience competence, and resources to handle the proposed project will be the most important selection criteria. In management consulting, the size of the firm may not always be important. Often, an individual expert in a particular function or sector is appropriate for one part of an assignment. Cost is one factor in evaluating proposals, but concentration on fees alone can be misleading. Proposals from several different consultants may contain widely different estimates of costs, because the approaches and methodologies of each consultant may vary considerably. Therefore, the primary emphasis should be on the evaluation of the approach, the consulting personnel, and the probable benefits.

For this reason the procedure (practiced by the World Bank and United Nations (UN) agencies) of submitting the proposal in two parts--the first containing the approach and other relevant details, and the second, the quotation of fees--should be used. In this system, the first part of the proposal is studied and the consultants are evaluated on the basis of their approaches to the problem, the caliber of the staff, previous experience, etc.

In evaluating each kind of project, a recommended set of numerical ratings and weights should be developed. (See Section 7.4.) The selection committee should use these figures to point-rate and rank each of the proposals. The committee may deviate from the recommended set of numerical ratings and weightings and even from other factors, but such a step should be followed consistently and the reasons should be recorded. For qualitative evaluation, in-depth discussions with firms with higher quantitative rankings may be undertaken.

5.3 Directory of Consultants

The central project director should prepare and maintain a directory of external consultants. This directory should contain

Exhibit B

PRO FORMA DOCUMENT FOR RANKING CONSULTANTS

Ranking Legend:

0 - Nil
1 - Theoretical Knowledge
2 - Some Practical Experience
3 - Working Knowledge
4 - Above Average Expertise
5 - In Depth Expertise

	Planning	Policy Evaluation	Organization Analysis and Development	Economic Analysis - Feasibility	Management Controls		Training and Education		Financial Analysis and Planning	Financial Information System		Personnel & Admin. Management	Forms Analysis	Systems and Procedures Control		Marketing	Forecasting	Distribution		Operations Research	Networks	Statistics		Productivity	Production & Inventory Planning and Control	Quality Control	Methods	Measurement		Program Management (Line Management)	Project Management	M.I.S.	E.D.P. Operations	Scientific Programming (Languages)	Business Programming (Languages)	E.D.P. Standards	Real Time Systems	Simulation	Hardware	E.D.P. Systems Analysis and Design

the consultants' names, addresses, spectrum of skills, level of expertise, and experience, and a profile of their professional staff. It also should contain a preliminary comprehensive comparative evaluation, tne the form of a Qualifying Pro Forma Evaluation, using:

o Brief "pre-qualification statements" furnished by the consultants.

o Weighted point-ratings for the selection factors outlined in Section 5.2 above.

o Performance evaluations of the consulting firms' earlier activities in projects in which any one of the organizational units may have been involved.

Special consideration may be given to firms which are known to have satisfactoryily perfromed similar services and to firms which submitted good proposals in response to previous invitations but were not selected.

The directory of consultants should be used to prepare the short list of consultants (three to five firms or individuals) who are appropriate to the specific job and who will be invited to submit proposals.

The directory should include two rosters of consultants: a roster of individuals and a roster of organizations. These rosters will not be lists of "Approved" individuals or organizations, but they will be used to select the consultants. To be included in the roster, a consultant or organization should express a desire to be listed.

5.4 Invitation to Submit Proposals

The invitation to submit proposals should include two separate documents: a paper entitled "Supplementary Information to Consultants" and the terms of reference and scope of work.

In the "Supplementary Information to Consultants," the task force should inform the consultants of the general requirements for submitting proposals and indicate the terms for placing primary emphasis on the evaluation of the proposals. This information may also include the total number of person-months of consultants' time, estimated for budget purposes, and the total amount available for other expenditures.

NOTE: In the experience of the World Bank, there is no merit in inviting more than five firms to submit proposals, because it is not likely that the quality of the best proposals would improve if more firms were involved; on the contrary, it is possible that the quality of the proposals would decrease as the number of invited firms increases. Furthermore, the cumulative cost to prepare proposals would become excessive and ultimately be reflected in overhead.

Because it is desirable (in most cases) for the invited consultants to have a first-hand knowledge of the company and its specific problems before they submit their proposals, sufficient time must be allowed for preliminary discussion of the terms of reference and necessary clarifications. For small studies, 20 days generally constitute an adequate interval between the time the invitations are mailed and the proposals are submitted. The corresponding time for studies of average and longer duration should be 30 days to 60 days.

5.5 Submission of Proposals

The invitation to submit proposals should specify what the proposal should contain. The consultant should be requested to specify:

- The approach to the particular problem and comments, if any, on the terms of reference.
- The estimated time to complete the assignment, and a detailed program of work broken down by individual activities or tasks.
- The consultant's previous experience with similar projects.
- Resumes of the staff who will work on the assignment.
- A complete list of the firm's consulting personnel and their qualifications (to indicate what backup will be available).
- Facilities, if any, which the user will have to provide (e.g., office space and furniture in the user's office).
- Fees. (These may or may not be included in the proposal.)

5.6 Evaluation of Proposals and Contract Negotiation

The selection committee should study the proposals in accordance with the selection criteria outlined in Section 5.2. Fees can then be negotiated with those consultants who rank high and whose proposals are deemed acceptable in terms of overall objectives. The award of the contract may be made to a lower-ranking firm if it is deemed that, qualitatively, this is the best firm; however, any such deviation should be duly recorded.

Once a decision has been made about the winning proposal, the selected firm should be invited to negotiate a contract with the borrower. Discussions of the work plan, staffing, the borrower's inputs, and the form of the proposed contract should be completed before financial negotiations begin.

Staff substitution by a consulting firm is undesirable at any time, and particularly after a proposal has been received and field work has begun. However, if the proposal is no longer valid, the substitution of staff may be discussed during negotiations. During an assignment, if substitution is necessary because of ill health, or if one or more staff prove to be unsuitable, the consultant should propose other appropriate staff for approval by the borrower. The selection committee should satisfy itself that replacement staff for key positions are competent.

5.7 Checking References

Before the final selection is made, it may be worthwhile to check the references of those consultants who are being seriously considered. This can best be done by contacting three to five clients of each of the consultants under consideration. The reference checks should be conducted by those members of the selection committee who have been liaising with the consultants. Questions should be directed to more than one executive of the previous clients, because evaluation of a consultant's performance may vary widely among different managers.

5.8 Informing Unsuccessful Firms

When negotiations with the selected firm have been completed, the task force should promptly notify the other bidders that they were unsuccessful.

6.0 TERMS OF ENGAGEMENT

Except in cases of simple and well-defined assignment, it is recommended that proposals be invited without financial terms, that a consultant be selected solely on the basis of the qualitative criteria listed above, and that agreement on the financial terms be reached later, during contract negotiations with the selected firm(s). During these negotiations, it will be possible to consider consultants' suggestions which, frequently, result in the revision of costs. Agreement must be reached, however, before costs can be adjusted.

After the consultant has been selected, the relationship between the user and the consultant should be stated in writing. The written agreement will be in the form of a final contract for all projects, but, for contracts, it may be in the form of a Letter of Agreement. The following items should be covered in the agreement:

- Scope of the assignment, including time frame.
- Assignment of responsible personnel.
- Services and facilities to be provided by the user.
- Schedule for discussions, progress, and reports on revenue.
- Financial arrangements.
- Special items, such as early termination, suspension or postponement of part or all of the service, etc.

The pro for "Terms of Agreement" will be developed by the advisory committee. This document will form part of the working manual to guide users.

6.1 Financial Arrangements

The fees to be paid and the schedule for payment must be specified clearly. Numerous kinds of arrangements may be made; it is proposed that those described below be adopted.

6.1.1 Fees and Fee Structure

There are four principal fee structures:

(1) Agreed Fixed Per Diem Rates

The consultant is paid for each person-day spent on the assignment. The per diem rate varies with the level of the consultant. In this arrangement, an estimate of the total time that will be required usually is provided. Often, a minimum and maximum range for the fees is also specified. This method should be used for small- to medium-size jobs and when an individual consultant or a small firm is employed. This method permits a certain amount of flexibility and decreases the risk to the small entrepreneurs, thus enabling them to exist. It also benefits the state, which may get high-quality work for comparatively low costs.

(2) Lump-Sum or Fixed Amount Fees

A lump-sum price for the defined project may be provided, and may or may not include out-of-pocket expenses. This method should be used for a one-shot, medium- to large-size project and when a medium- to large-size consulting firm is assigned to the task.

(3) Retainer Fees

The user may reserve a certain amount of the consultant's time for problems that may be referred to the latter. This may be either for a fixed period or for a certain number of person-days within a specified span of time.

This method may be used for either medium- to large-size projects, for problems that may occur sporadically, and when an individual consultant or a small firm is employed.

(4) Consultancy Rate Contract

A consultant may be taken on a rate contract, which should include the basic salary of the staff, the social benefits payable by the firm, the overhead incurred by the firm, and the firm's fee. If much time away from the hometown is required, a component for an "assignment allowance" may also be included.

Use of this method may result in more favorable rates, especially when an individual or a small firm has been selected to do the job. This method is used when the assignment requires one or two specialized skills for a lengthy period of time.

6.1.2 Certification of Bills

The certification of bills should be the responsibility of the project coordinator, or the chairman or person who convenes the task force. No payment should be made if this formality is not observed.

6.1.3 Billing and Payment

Advance payment, followed by monthly or quarterly billing for the amount of consultant time spent on the project, should be standard practice when agreed fixed per diem rates and retainer fees are used and when specific milestones have been reached in a project governed by a lump-sum contract. If a consultant is employed under a rate contract, payments may be made monthly.

For individual consultants or small firms, out-of-pocket expenses may be paid as and when they are incurred; when a certain amount of rupees is exceeded for any specific item, these expenditures may also be paid in advance. For larger firms, out-of-pocket expenses should be reimbursed each month. A system of periodic payment ensures the survival of individual consultants and small firms.

6.1.4 Price Escalation

The rates fixed at the start of the project will be firm, and no change will be allowed within a single project.

If a scope of work is enlarged or reduced, necessary adjustments will be made by the committee authorized to undertake this task.

6.2 Early Termination, Suspension, or Postponement

A standard clause on the early termination, suspension, or postponement of activities should be included in all contracts and suitably drafted.

6.3 Other Clauses

The task force responsible for the project may add other clauses which it believes are necessary or desirable, provided these clauses do not negate the essential requirements of the contract. The approval of the steering committee would be required before any additional clauses are inserted into the contract.

6.4 Withholding of Bills

Consultants are professional people, just as are lawyers, doctors, and accountants, and they are used to working on the basis of utmost good faith. The company management feels that they can make a useful contribution. "Horse trading," bargaining over fees, and the withholding of a certain percentage of a consultant's bills are unfair practices. None of these practices should be allowed to interfere with the consultant's work, the quality of which is of paramount importance.

7.0 THE INVITATION TO SUBMIT PROPOSALS

Initial impressions often influence personal relationships; so, too, does the initial contact between the user and the prospective consultant. Usually, initial contact is in the form of an invitation to submit proposals which is sent to approximately five firms and institutes on the short list. It is the responsibility of the task force assigned to the particular project to prepare the invitation. The invitation should include the information listed below.

7.1 Project Background and Environment

An overall description of the project may be taken from existing documents, if it is felt that most of the prospective consultants will not be familiar with the IRHP. If the project to be undertaken is in the MSSD phase, the appropriate part of the document on the MNA/DS findings may be included as well.

7.2 Terms of Reference

The TOR is the initial statement to the consultant of the work that is required. This document and any modifications that are made form an integral part of the contract which governs the work which the consulting firm is to perform. The TOR, therefore, should be as clear and as precise as possible, given the assignment at hand. The TOR serves to confirm the agreement between the state and USAID on the objective(s) and scope of the assignment.

The TOR should contain the following items:

- A precise statement of the objectives of the assignment.
- An outline of the scope of work that defines each major task to be performed.
- The inputs (i.e., data, facilities, counterpart assistance, and services) which are to be provided by the user.
- Particulars of the output required at various milestones in the project.
- An approximate project schedule that indicates when the various stages can be expected to be completed.
- The methods to be used to evaluate the consultants' work at the conclusion of the project.

In some cases, details of the work cannot be provided and only the objective of the project can be stated. In such an instance, it is useful for the user to call in one or more consultants for informal discussions to clarify the problem.

7.3 Budget or Cost Estimate

An estimate should be made of the cost of a proposed consulting assignment, and this figure should be reviewed and approved by the advisory committee. The cost estimate, or budget, should be based on the requirements for a certain level and category of personnel, the time to be spent in the field and in the home office, physical inputs, and other items required to deliver services.

The cost estimate is required for the budgetary purposes of the IRHP, but it also serves other purposes. To estimate the cost, the task force will have to become familiar with the terms of reference and consider alternative methods to undertake the assignment. The effort to become familiar with the TOR serves several purposes. One, it lays the ground for evaluating proposals, negotiating a contract, and supervising the assignment. Two, it helps the task force to determine what information should be included in the letter of invitation.

Where price is not a factor in the selection process, the letter of invitation may include an estimate of person-months or the budget for the assignment. In the latter case, firms will be expected to include in their proposed budgets estimates of the person-months required to complete the assignment. Where price is considered in the selection of consultants, the letter of invitation should include the number of person-months expected to be required to complete the assignment, but the budget need not be provided. With this information, the firms are able to envisage the scope of the assignment. The need to limit costs is recognized, but the budget should be set to enable all invited firms to submit meaningful technical proposals.

7.4 Criteria for Proposal Evaluation

The letter of invitation should mention the criteria and relative weights by which technical proposals will be evaluated. Proposals are normally evaluated in three principal categories:

- The firm or institute's general experience, and experience in the field of the assignment.
- The adequacy of the proposed work plan, and the approach proposed for responding to the TOR and for meeting the project's objectives.
- The qualifications and experience of the personnel proposed for the assignment.

For the kind of assignment suggested by the MNA/DS and the MSSD, the following weightings are recommended:

Item	Percentage
Firm's General Experience	5-10 Percent
Firm's Experience in Field of Assignment	10-20 Percent
Work Plan and Approach	40-50 Percent
Key Personnel	40-50 Percent
(Price, if used as a factor)	(10-30 Percent)

7.5 Price and Contractual and Other Information

In addition to the criteria listed above, other information should be included in the invitation to submit proposals. This information is described below.

(1) The decision to consider price should be made before proposals are invited. If price is not to be a factor in the selection, this should be made clear where the approximate budget is presented. If price is to be a factor, a two-stage procedure should be adopted, with the technical and financial proposals submitted separately in sealed envelopes, and the price proposals submitted at a later date. The desired method should be described in the letter of invitation.

(2) The type of contract to be used should be described. Some commonly used types of contracts are described elsewhere in this guidebook.

(3) Invited firms and institutes should be requested to reply by cable their intention or lack of intent to submit a proposal. The time normally allowed for submission of proposals is 30-60 days. This information, too, must be mentioned in the invitation.

(4) The names of all firms that are being invited to submit proposals should be provided.

(5) The invitation should specify the period during which the consultants' proposals will remain valid (normally, 60-90 days); the period during which the consultants will

undertake to maintain, without change, the proposed staffing (including named personnel); and, if price proposals have been submitted, the period during which the consultants will be held to both the rates and the total price proposed.

(6) The anticipated date when the consultant's will be expected to commence the assignment should be specified in the letter of invitation.

8.0 PROJECT MANAGEMENT AND THE USER-CONSULTANT RELATIONSHIP

8.1 Communication and Cooperation

The success of a consultancy depends not only on the technical soundness of the consultant as a professional and the soundness of the scientific approach, but also on the consultant's and user's clear understanding of each other's role and responsibilities. Because the successful performance of the consultant is in the larger interest of the user, because of the latter's stake in the investment, it is important for the user to ensure that his staff make every effort to assist the consultant. Mutual confidence and cooperation between the user and the consultant, in addition to satisfactory conditions of employment, are basic to the success of a project. Effective communication between the two parties is a prerequisite for a successful relationship. The importance of the role of the task force and the liaison person in promoting the user-consultant relationship cannot be overstated.

8.2 Project Monitoring

It is usually useful for the user and the consultant to mutually prepare or agree on a schedule for the project, including the points in the schedule at which inputs from the user (e.g., data, personnel, or vehicles) will be required. Several graphic techniques (e.g., PERT, CPM, and Gantt Chart) which simplify or at least clarify the sequence of the many events which make up the project may be used to devise a schedule and to monitor activities. The consultant can work with the user before the project begins to acquaint the task force with one of these techniques, and the task force can become familiar with that technique by using it to monitor the MNA/DS and MSSD phases. Once its usefulness has been demonstrated, it can be used to monitor and control any desired segment of activity, including implementation of the management systems developed during the MSSD phase.

8.3 The Task Force's Role: Preparation for Consultant's Study

Delays in a consultant's performance of his job will mean delay in the project, for which the client suffers more than the consultant; thus, it is important that the user prepare the ground before the consultant arrives. The user's personnel have to be motivated, because it is not unusual for the user to establish the relationship on the assumption that the consultant is working in the best interest of all project staff.

All IRHP staff may acquire experience through day-to-day exposure to the consultant's team; some, temporarily released from duty and incorporated into the consultant's team, may also be selected for training in a specific field. This group of professionals is normally known as the counterpart staff.

Certain matters should be discussed before specific agreement is reached on the level, numbers, and responsibilities of the counterpart staff. These matters include the responsibilities of counterpart staff in relation to the consulting firm's contract responsibilities; the extent to which counterpart staff can fit in with the consultant's proposed work schedule; the arrangements for replacing unsuitable counterpart staff; and the field and travel costs of counterpart staff.

In addition to the professional counterpart staff, clerical, administrative, and technical services to support the consulting firm may be provided by various government agencies. The provision of such services can substantially reduce the cost of the contract. When such support staff are provided, they usually become an integral part of the consulting firm's work program, and they should be under the firm's operational control and direction.

8.4 Training as a Component of MSSD

Many of the systems which can be developed during the MSSD phase will require a program to train counterpart and other staff in the background and correct application of the new procedures.

For a training program to be effective, a concerted effort must be made by the user and the consultant, beginning with designing the program, and extending through implementation and final evaluation of activities. Two factors are especially critical. One is the task force's willingness to select qualified staff for training, to make those professionals available for the life of the program, and to provide appropriate opportunities to apply the acquired skills in the future, after the consultant has departed. The other factor is the consultant's willingness to recognize the training function as a separate obligation, distinct from other services, and to anticipate conflicts of time and personnel conflicts because of competing demands. Both factors should be addressed in advance planning, and adequate funding and time for the training program should be provided.

Training requires both money and time. The budget for the training program should be included in the consultant's contract.

8.5 Project Accomplishment and Follow-Up

Once the study begins, the consultant's emphasis will shift to detailed fact-finding, analysis of facts, consideration of alternative solutions, selection of best alternatives, reporting of findings and recommendations to the client, and assistance with implementation.

During this stage, it will be particularly important to set up the necessary mechanisms to explore progress, clarify problems, and understand and discuss preliminary conclusions and recommendations. At the conclusion of the assignment, the consultant will submit a final report containing detailed conclusions and recommendations. This report should be thoroughly read and reviewed, so that a plan for implementation can be worked out.

8.6 Procedure for Changing Scope of Work

Frequently, the need arises to change the scope of work after the consulting assignment has begun. Generally, this is a consequence of the client's inability to foresee all the problems involved in management system development before work gets under way; it also reflects a lack of experience in the particular technical area, or lack of familiarity with government health systems. Although, sometimes, parts of the SOW may be eliminated by mutual agreement, more often additions are required. With additions, the costs increase. The task force and advisory committee should be prepared for such eventualities and have at hand a procedure to facilitate renegotiations.

9.0 SPECIAL ROLES OF THE MOHFW AND USAID

9.1 Role of the MOHFW

Most, if not all, of the management consulting work for the project will be done by the states, but the central-level Ministry of Health and Family Welfare (MOHFW) also will play a vital part in the successful outcome of the project.

Two kinds of studies and development work will be done by consultants in the states participating in the IRHP project. The first type is work related to the unique problems and environments found in a particular district or state. (For example, one state's system of assigning newly trained personnel may differ significantly from that of another state.) The findings and recommendations of the consultants will probably not be applicable to other states. For this reason, a copy of the consultants' report and a record of any subsequent implementation will be sent to the MOHFW's Aided Projects Division for future reference and dissemination to other interested parties. The second type of work will be replicable in a number of studies. Prior to the preparation of the TOR for the MSSD phase, the central level should determine the need for the system in other states and initiate contact between those states and the consultants who are to conduct the study or development work. The TOR should be expanded so that the work will be directly applicable to all states in need of the new system or study. If the consultants are required to spend some time on-site in the other states, the responsibility for reimbursement for time and expenses should be negotiated beforehand.

9.2 Role of USAID

The co-funding agency, USAID, will be represented on the states' advisory committee and, in this way, stimulate the consultants' studies and advise the states on all the processes described above. USAID may second its own management specialist to task forces, if it appears that this approach is beneficial. It may also request U.S. or other consultants from time to time.

APPENDICES

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Appendix A

TERMS OF REFERENCE AND SCOPE OF WORK FOR
A MANAGEMENT NEEDS ASSESSMENT
AND DIAGNOSTIC SURVEY
(Draft)

Appendix A

TERMS OF REFERENCE AND SCOPE OF WORK FOR A MANAGEMENT NEEDS ASSESSMENT AND DIAGNOSTIC SURVEY (Draft)

In accordance with the terms of the Grant Agreement between the United States Agency for International Development (USAID) and the Government of India (GOI), expanded and improved management support is to be provided to the Model Plan scheme as part of the IRHP (Integrated Rural Health and Population Area Development Project). It is expected that this will come about through the combined efforts of the State Project Coordinating Committee (SPCC) and outside expert consultants from the private or public sector, for whose services funds have been made available in the IRHP grant.

The work of the consultants will be divided or classified into two parts for this project: a diagnostic phase and a development phase. This will be done to help ensure full agreement on objectives and methodology between the consultants and the coordinating committee, and to enhance the mutual learning experience which can occur through interdisciplinary cooperation.

The dianostic phase has been generally referred to as the Management Needs Assessment (MNA) in past documents and discussions. Because it has become apparent that this term can take on many different meanings, it is our intention to offer here mutually acceptable terms of reference (TOR) for this task.

Objectives

The Management Needs Assessment will be a survey of broad scope but limited effort and detail, with the objective of identifying constraints to the achievement of project objectives, particularly service delivery, which can be overcome by new or improved management tools and techniques. Some aspects of project management in which constraints may be identified are listed below; this list is not intended to be all-inclusive.

a. Planning of peripheral workers' service activities to ensure maximum coverage of the 12 fertility and child mortality reduction (FCMR) problems at district, primary health center (PHC), and village levels.

b. Allocation of resources with regard to the workers' planned service activities.

c. Organizational structure for effective management control over health workers' activities.

d. Management information systems and recordkeeping for effective program monitoring, control, and clinical case management.

e. Logistical systems to ensure cost-effective, reliable provision of essential medicines and supplies.

f. Appropriate organizational substructures to support activities such as training and communication.

h. Managerial perspectives, and perceptions of organizational objectives, of program managers.

i. Inventories of supervisory and management skills, and need for management training.

j. Personnel systems, manpower planning, training, and performance and evaluation of workers.

k. Use of services and creation of demand to program subgoals.

l. Transportation links from state level to village, including maintenance problems, measures of use, and appropriateness of vehicles.

m. Financial management, routine budgeting processes, and cost studies of different services.

n. Quality assurance for services delivered, assessment of unmet perceived health needs, and project evaluation methodology.

After the basic needs have been identified in a field survey in the state project districts, the consultant(s) should provide guidance to the state coordinating committee so that it can evaluate the relative importance of each management need, and prioritize the development of management support systems. After agreement has been reached with the project committee, the consultant(s) will be asked to prepare scopes of work (SOWs) for further analysis of high-priority management needs and subsequent development and implementation of interventions, programs, and systems.

Scope and Timing of Required Services, and Particulars of the Required Output

The consultant team will hold initial meetings with members of the State Project Coordinating Committee to discuss the methodology of the study, arrange details of the workplan (e.g., schedules for field visits) to contact persons, and to schedule meetings. The consultants should obtain any additional information available about the progress of the project, any studies previously performed, and special concerns of the SPCC. The consultant team will then proceed with field visits in all project districts, spending as much time as necessary at each site to gain a perspective on management needs from the lowest level of service delivery up through the district level. The total effort expended through this phase should not exceed three person-months.

The consultant team will then prepare a presentation to the SPCC which includes a description of all management systems and subsystems now in use and the constraints and problems they present. The SPCC should be prepared to spend no less than five half-days with the consultants so that management needs can be discussed in detail. The consultants should reach a consensus with the SPCC on the relative importance of the various sets of management needs.

Documentation will be required from the consultants which includes descriptions of existing management systems, their deficiencies, and other problems; the relative priorities to be assigned; and additional studies that are needed.

Because the consultants' final report will be used as the basis for management support system development and other research studies, it should include as annexes the complete terms of reference and the scope of work for each discrete area of management need, irrespective of priority. The draft report will be reviewed by the SPCC, and changes will be made, as necessary, to the annexes.

For this latter phase of reporting, consultation, and report preparation, as many as two person-months will be allowed.

Services to be Provided by the State

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Conditions of Payment

Upon award of a contract, a partial advance payment of ______ percent will be made, prorated against successful completion of the field investigation and the final phase. Final payment will be made on acceptance of the final report. (The SPCC reserves the right to terminate the contract after the initial meeting with the contractor, if it so chooses.)

Proposal Evaluation Criteria

The technical proposals shall be evaluated according to the following criteria:

	Parameters	Weight
1.	Methodology Proposed for Needs Assessment	40%
2.	Relevant Experience of Consultants Proposed for this Work	40%
3.	Project Planning	20%
	Total	100%

Add: Background on Project Objectives
Case Study (Indicate Problems)
List of References

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Appendix B

BRIEF SCOPE OF WORK FOR CONSULTANT

Appendix B

BRIEF SCOPE OF WORK FOR CONSULTANT

The consultant is to be retained in early April or May, 1982. A brief description of the scope of work follows.

1. Preparation of the Scopes of Work (SOWs) on the Diagnostic Survey (DS) and Management Needs Assessment (MNA), in view of USAID's background paper on MNA.

2. Evaluation of GOI's MIS and IPP/World Bank MIS.

3. Preparation of a handbook on MNA/MSS which can serve as a user's guide to consultant management (a road map) in implementing the MNA/MSS support systems process.

SCOPE OF WORK

This will include defining and describing:

a. Desired state-level organization for management of MNA/MSS and its section.

b. Desired sequencing of MNA/MSS.

c. Priority allocation and necessary criteria.

d. Processes involved, from preparation of scopes of work to implementation.

e. Structure of "Scopes of Work" or "Terms of Reference."

f. Structure of "Proposals to be Submitted by Consultants."

g. Project management and control, i.e., monitoring of consultants.

h. Background material for consultants.

i. List of consultants and their specialities, and the procedure to shortlist for any given subsystem.

j. Management of implementation, etc.

4. Preparation of the scopes of work.

The above work involves no field visits and requires the preparation of documents that specify procedures, definitions, etc., for the guidance of project staff, as well as the outside consultants to be hired.

Approximate Time: 9 Working Days

Travel Time: Extra

75

Appendix C

CORRESPONDENCE ON NEEDS ASSESSMENT
AND DIAGNOSTIC SURVEY
(Exhibits C-1, C-2, and C-3)

May 5, 1982
Steve Fabricant, APHA Consultant

Summary of Activities April 30 - May 7

John Rogosch, HPN

1. A draft of Terms of Reference and Scope of Work for the Management Needs Assessment/Diagnostic Study is completed and should be useful in discussinns with the state project committees. Dan and I have reached agreement on what should and should not be included in this MNA/DS (why not drop the "DS"?), as well as the sequencing of events of which it forms a part.

2. I have prepared a memo to you on the evaluation of the GOI's MIS and the "World Bank MIS", including a strategy for resolving the conflicts which appear to arisen.

3. Dan and I have developed the outline of a manual on the use of consultants in IRHP. Much of the contents have already been written and I will try to put together at least part of a draft before I leave. I expect that most of the five days allotted to my work at home will be spent complete the draft. I would like to have Dan review and modify it. A decision should be made whether the final version will be prepared here or by APHA, and they should be informed whether they should expect a corrected draft from you or not.

4. A serious bout of management training for senior project officials would seem appropriate and necessary, since this is not likely to be undertaken by any consultants for quite some time. I have seen the management training course brochure from MSH. I urge you to have someone qualified to evaluate the course go through it before you start sending GOI project personnel.

May 5, 1982

Steve Fabricant, APHA Consultant

Evaluation of GOI's MIS and IPP/World Bank MIS

John Rogosch, HPN

If what is meant by "GOI's MIS" in the scope of work for my visit is meant the varied set of systems currently in use in the Model Plan, Family Planning, and ICDS schemes, I will not be able to add anything to the comments contained in my report of December 21, 1981, since I have not had the opportunity to visit the field or interview any GOI personnel.

I have been advised by your staff that a) The GOI has ordered the adoption of the "IPP/World Bank MIS", b) Some districts in Punjab have elected to use the CMC-Ludhiana Family Folder for their recording and reporting in the Model Plan Scheme, and c) the GOI is primarily concerned that aggregated data from the states on project activity be comparable and uniform in format, d) IIM/A has designed a new system for use in Gujarat. I have not seen the documentation for it yet.

In the light of this somewhat contradictory information I will make some observations and recommendations.

1) My evaluation of the "World Bank MIS" remains that it is primarily a collection of recording forms, poorly designed at that, and does not deserve the appellation of "management information system". As far as I can see, the only grounds on which it could have been acceptable to the GOI is that the set of data to be recorded is very similar to that presently being recorded. Without additional documentation it will be extremely difficult to implement and maintain, and even so will not be particularly useful for management control purposes. Furthermore, as Saramma has noted, it does not provide for community surveillance or individual case monitoring.

2) I suggest the following strategy for satisfying both the GOI's requirement for uniform data from the states as well as the IRHP's requirement for a useful management information system:

- After the completion of the Management Needs Assessment in several states, submit the sections on information system needs to a GOI committee formed to deal with statistics, monitoring, and information needs at this level, and these should be reviewed in turn with USAID and the consultants involved in the MNA.

- These information needs should be incorporated into the terms of reference for Management Support Systems Development: M.I.S. for the contract in each state undertaking M.I.S. development. Further recommendations for Scope of Work for this effort can be found in Section 3 of my previous report. The objective should be the development, definition of management training and implementation of a recording/reporting/MIS system which will fulfill the GOI's information requirements, focus management attention on the key FCMR problems, minimize time required by field and PHC staff in recording data, and also be useful in clinical case management.

As for the states which have initiated their own MIS development activities, these should be notified in writing as soon as the GOI's uniform information requirements are known.

HPN:SFabricant:va 5/5/82

May 7, 1982

Steve Fabricant, APHA Consultant

Sequence of Events proceeding towards management support systems improvement, IRHPP

John Kogosch, HPN

Dan and I have thought through the events needed to get something moving in a controllable manner in the states which have not yet initiated action. In the case of Punjab, I would say that things have gotten a bit out of hand and it may be too late to introduce any procedures for assuring the desired outputs. You may have to consider them a separate case with a unique set of problems and events.

1. Preparation of a guidebook for State Project Coordinating Committees on the use of consultants for management needs assessment and management support systems development. (Proposed Table of contents and outline is attached) (Draft to be in your hands by May 30)

2. Preparation of a directory of consultants, to be attached to above guidebook. (To be prepared by Dan)

3. Preparation of Terms of Reference and Scope of Work for MNA/DS. (Draft completed)

4. Briefing and orientation of State and District Officials on the guidebook contents. MNA/DS Scope of Work to be made final, formal and ready for inclusion into state RFP's. Additional contractual conditions to be decided on at this time.

5. Terms of Reference and Scopes of Work will be prepared for special studies and other consultant tasks which will "bypass" the MNA/DS.

6. A shortlist of consultants will be provided the SPCC's and RFP's sent with invitations for brief field visits if the consultants desire it.

7. The SPCC's will be oriented on evaluation of proposals and a set of criteria developed before considering the consultant's submissions. After selection of a syperior proposal, SPCC's will be guided in negotiations with the consultant by the guidebook.

8. The MNA/DS will be limited in duration and effort, and should be completed in a relatively short time. The output of this study should be a set of Terms of Reference and Scopes of Work dealing with all areas of management systems where needs for further analysis and development have been judged necessary. An additional output (see rough TOR/SOW SJF, May 5, 1982) will be a prioritization of these needs/tasks. An evaluation of the consultant's work should be made and recorded.

9. The SPCC's should select the MSSD activities on the basis of priority and a judgement of their feasibility. The consultants who did the MNA/DS should be invited to submit proposals on as many of the MSSD tasks as they wish to, provided their preceding work was satisfactory. Other proposals should also be invited when appropriate and necessary. The TOR/SOW's from the MNA/DS will form the basis for the invitations for proposals.

10. It will be advantageous for the SPCC's to build on the experience gained from the MNA/DS work so that they can organize themselves internally for managing the multiple parallel MSSD efforts which should ensue at this point. The Guidebook will provide a basis for the organization, and close USAID contact will also be needed.

HPN:SFabricant:va 5/7/82