

UPDATE ON THE STRUCTURAL AND MANAGEMENT CHANGE PROCESS

I. INTRODUCTION

1. The aim of the current Structural and Management Change Process is to improve UNHCR's responsiveness to the needs of its beneficiaries by putting more of its resources on the front line and more of its services where they are most effective. This has involved reviewing and realigning the organization's structures, processes and staffing to maximize flexibility, effectiveness and overall performance. Significant progress has been achieved in these key areas, as described in detail in the following sections of this progress report.

II. STRUCTURES AND FUNCTIONS

A. Objectives

2. The objectives set were to:

- Create a more streamlined Headquarters, capable of providing overall direction and maximum support to the Field from the smallest, most efficient platform through a process of: i) rationalizing and consolidating functions; ii) simplifying processes; iii) responsibly devolving decision-making and support services to the Field; and iv) locating administrative services where they yield the most benefit and are most cost-effective.
- Enhance overall performance and effectiveness of UNHCR's Field presence by: i) locating substantive support services closer to the point of delivery; ii) establishing structures and tools capable of supporting regional and situational planning; iii) finding the right balance between international staff, national staff and additional workforce arrangements; and iv) prioritizing implementation through partners.

B. Methodology

3. In a context of limited resources, UNHCR is determined to pursue ways of maximizing its operational effectiveness and impact while reducing its administrative and staffing costs. The reform process has therefore had a strong focus on creating a leaner Headquarters by consolidating and rationalizing functions (which in turn involves simplifying and streamlining

processes), as well as by transferring functions to locations where they are performed more efficiently and cost-effectively. At the Field level, the emphasis has been on enhancing flexibility and efficiencies by adapting the way UNHCR works. This has involved exploring ways to prioritize implementation through partners, and determining the appropriate balance between international and national staff as well as additional workforce arrangements (e.g. UNVs, secondees, etc.). The two main areas of focus have been on options for outposting some Headquarters functions and on a series of reviews of Headquarters divisions. In parallel, a Field Review has been undertaken through Working Groups.

C. Outposting

4. At its retreat in July 2006, UNHCR's Senior Management Committee decided that any outposting of administrative functions should occur in the form of a consolidated Administrative Support Centre outside of Headquarters. It was felt that co-location would minimize the potential for duplication that often occurs with a decentralized approach and would generate the necessary synergies between the outposted services. In respect of this decision, proposals for outposting of the following administrative and support functions were developed and consolidated in October with a view to optimizing both their quality and cost effectiveness:

- financial and accounting services;
- procurement and supply management;
- human resources administration and payroll; and
- information technology services required to support the above.

5. During a three-month consultative period, UNHCR staff were invited to review the consolidated proposals and provide feedback. Detailed comments were subsequently presented by the Staff Task Force on Reform to the High Commissioner on 15 December and afterwards shared by Management with PricewaterhouseCoopers (PwC) – the consultancy selected to analyse the feasibility of the consolidated outposting proposals. Commencing in January, PwC's study comprises: i) a review of the outposting proposals against international best practice; ii) a full cost/benefit analysis, including projections over a 10 year period; iii) benchmarking against the outposting experiences of other United Nations agencies and international organizations; iv) a review of the feedback gathered by UNHCR during its consultations with staff, including any alternative proposals put forward by staff; v) a testing of the proposals in relation to potential locations and a recommendation on the most viable location for UNHCR; vi) a risk assessment and evaluation of transition strategies; vii) a readiness assessment for outposting; and viii) formulation and costing of an overall implementation plan. After sharing initial results with UNHCR in early February, PwC will present its final report at the end of March 2007. This will allow UNHCR to take a decision in April 2007 on whether to proceed with the outposting proposals.

Summary of progress on outposting and next steps

6. Progress achieved:

- Consolidated outposting proposal issued 20 October 2006;
- Report of the Staff Task Force on Reform received 15 December 2006 (two additional annexes received 29 January 2007); and
- Feasibility study by PricewaterhouseCoopers (PwC) commenced January 2007.

Next steps:

- Final results of feasibility study to be presented by PwC at the end of March 2007;
- Decision on outposting in April 2007.

D. Headquarters and Field Reviews

7. In the early months of the Change Process, a Headquarters Review and a Field Review followed separate, but parallel tracks. The former has been conducted through a series of divisional reviews, which have been guided by a list of essential Headquarters functions developed in June 2006 and the results of client surveys. The Field Review, for its part, has been carried out through a number of working groups convened from July to December 2006. Comprising representatives from Headquarters bureaux and divisions, the working groups established links with the Field and developed a set of recommendations in relation to: i) the structures and tools required for the effective implementation of a situational approach; ii) reinforcing and expanding UNHCR's existing regional structures (e.g. regional representations, regional hubs and regional global posts); iii) prioritizing implementation of assistance and protection activities through partners; and iv) striking the right balance between national and international staff in UNHCR's field operations.

8. A High Level Task Force (HLTF) comprising Directors and senior Field Representatives was established in October 2006. It serves to review and integrate ideas and proposals emerging from the Change Process (working groups, focus groups, divisional reviews). In this capacity, the HLTF provides the necessary platform to merge the Headquarters and Field Reviews.

9. At its meeting on 11-12 December 2006, the HLTF recommended a policy of greater decentralization of decision-making and operational support within UNHCR, including through a reinforcement of regional structures. It was agreed that this must occur in a manner that would ensure satisfactory standards of global consistency and control. As a first step in defining the scope of decentralization, each division/bureau would examine the degree to which decision-making and support services could be devolved to the Field. Existing regional structures – which could be further expanded and reinforced – would serve as an important platform for decentralization. It was likewise acknowledged that, to be effective, decentralization would require adjustments to processes, working methods and organizational culture. In parallel, an

emphasis has been placed on the multifunctionality of staff, simplifying processes, acquiring expert advice and services through partners and maximizing the benefits of new systems platforms such as the Management Systems Renewal Project (MSRP) and the results-based management software “Focus”.

E. Regional Bureaux

10. A series of Regional Representatives’ meetings held in January and February offered Bureaux Directors the opportunity to gauge the Field’s reaction to the approach being proposed to decentralization and regionalization. As a result of these consultations, the Bureaux are preparing regional strategies, which include proposals for tools and timeframes required to reinforce and expand existing regional structures. From these discussions it has also emerged that UNHCR should not pursue a “one size fits all” approach, but should develop models of regional structures that could be adapted to the needs of each region.

F. Division of Operational Services (DOS) and Division of International Protection Services (DIPS)

11. After defining roles and mapping functions, both DIPS and DOS have prepared proposals in relation to decentralization/regionalization, rationalization/consolidation and partnerships. They have included a cross-divisional review for the purpose of rationalizing functions and identifying those that could be exercised jointly, e.g. training development, management of deployment and standby arrangements, information and knowledge management, and durable solutions.

12. In recent years, DOS has created a number of posts outside of Headquarters (i.e. global regional posts that maintain reporting lines with DOS), which provide regional and country-level support on database operations, field safety, HIV/AIDS, public health and registration. In addition to further investing in these posts, depending on the needs jointly identified with the bureaux, consideration is now being given to relocating functions such as training delivery and supply management outside Headquarters. There is likewise a proposal to acquire specialized technical expertise through partnerships, while maintaining a multifunctional (rather than individual specialist) management capacity at Headquarters.

13. Similar to DOS, DIPS is also considering the relocation of training delivery outside Headquarters, as well as the collection and preparation of country of origin information and certain elements of resettlement and refugee status determination. In addition, DIPS is looking into the feasibility of relying on partners for the production of certain protection-related publications and materials.

Summary of progress on Headquarters and Field Reviews and next steps

14. Progress achieved:

- Launched review of Bureaux, DER, DIPS, DOS;
- Field Review working groups convened from July to December 2006;
- High Level Task Force established in October 2006; and
- High Level Task Force agreed to pursue decentralization through the reinforcement of regional structures and the devolution of decision making and support services to the Field (full scope of which is to be defined) in December 2006.

Next steps:

- Agree on models for strengthening regional structures;
- Further elaborate and operationalize devolution of decision-making and decentralization of field support elements of substantive services; and
- Operationalize recommendations from Working Groups on implementing arrangements and workforce composition.

III. PROCESSES

15. The objectives set were to: streamline processes, simplify procedures and make decision-making more efficient so as to reduce regulation and bureaucracy, empower managers, and ensure effective and efficient control and accountability mechanisms.

A. Process design

16. A key component of the Change Process has been the review and redesign of the resource allocation process and budget structure, with particular attention to how these can support responsible devolution of decision-making to the Field. Equal attention has been given to process simplification: a necessary step in establishing a leaner Headquarters, and in enhancing UNHCR's overall responsiveness and effectiveness in meeting the needs of its beneficiaries.

B. Resource allocation framework

17. Key features of the revised resource allocation process being developed on the basis of a framework established in August 2006 include:

- maximum delegation of authority to Bureaux and Field;
- well-defined accountabilities at Headquarters;
- a clear separation of responsibilities for the content of operations and for their financing;
- the creation of a Budget Committee;
- simplified processes and procedures; and
- a simplified process for the allocation of funds for emergencies.

C. Redesigned budget structure

18. In parallel with work being undertaken to redesign its resource allocation process, UNHCR is proposing a revision of its programme and budget structure. The aim of this revision is threefold. First, to ensure better alignment with the way UNHCR plans its operations and with the needs of results-based management and budgeting. Second, to ensure the flexibility required to operate in a changing institutional context in which assessment, planning and implementation of IDP and reintegration operations are increasingly collaborative, field-based and centred in United Nations Country Teams. And third, to safeguard UNHCR's refugee activities from any impact stemming from increased involvement with IDPs within the framework of the Cluster approach.

19. The proposal under consideration is to structure the programme and budget into four distinct components:

- Global Refugee Programme (country of asylum: refugee operations, plus capacity building of States, advocacy and resource mobilization as well as resettlement, local integration, and repatriation of refugees to countries of origin);
- Global Stateless Programme (programmes addressing statelessness, including populations with undetermined nationality);
- Global Reintegration Programme (country of origin: returnee reintegration projects); and
- Global IDP Programme (country of origin: IDP projects).

20. It is further proposed that the Global Refugee and Stateless Programmes would be funded on the basis of "programme funding". To enhance UNHCR's flexibility within the framework of inter-agency collaboration and to deal with a higher degree of uncertainty in relation to budgetary requirements, the Global Reintegration and Global IDP Programmes would operate on the basis of "project" funding.

21. This increased flexibility would be counterbalanced by strengthened governance arrangements in the form of more regular scrutiny and adjustment of budgets by the Standing Committee, thereby ensuring that the budgetary requirements for IDP programmes remain under close review and within a level with which ExCom is comfortable.

Summary of progress on processes and next steps

22. Progress achieved:

- Detailed components of the revised resource allocation process developed in January 2007 (including a rationalization of budget and programme support functions in DOS and the Division of Financial and Administrative Management (DFAM); and
- Consultations with ExCom Members on the redesigned budget structure commenced in mid-January 2007.

Next steps

- Finalize revised resource allocation process; and
- Reach agreement on the revised budget structure.

IV. STAFFING

23. The objectives set were to: align workforce policies and strategies with organizational needs; develop a more rigorous approach to management assessment, and introduce an annual Global Staff Survey as a diagnostic and accountability tool.

A. Human resources

24. A number of initiatives have been taken within the framework of the reform process to improve UNHCR's human resources management. These have focused on: improving the appointments and posting procedures, strengthening management capacity and aligning staff competencies with organizational needs.

B. Appointments and posting procedures

25. The Division of Human Resources Management (DHRM) has introduced improvements to the Fast Track procedures for emergency deployments. The aim is to ensure a rapid and smooth relay from emergency deployment to appointment and reassignment. The improved procedures, which will come into effect in February 2007, will reduce the Fast Track vacancy management process from 4.5 months to approximately two months, including the actual reassignment of staff.

26. UNHCR's Rules of Procedure and Procedural Guidelines of the Appointments, Postings and Promotions Board (APPB) have also been revised to introduce increased flexibility, and are under discussion with the Joint Advisory Committee (JAC).

C. Management assessment programme

27. In December 2006, an external consultancy began working closely with DHRM to design and develop a management assessment programme. The project aims to help the organization create a pool of qualified candidates for management positions at the P5 level and above. The framework is based on a number of recent studies undertaken in UNHCR, which call for a robust and objective mechanism that will identify managerial talent and put in place long-term succession plans for future leaders. The proposed assessment process and a set of assessment tools are currently being reviewed, prior to a pilot phase which is planned for the first half of 2007. Once adopted, this process will require some major changes in how UNHCR identifies its senior managers in the future.

D. Strategic Leadership Learning Programme

28. The Strategic Leadership Learning Programme is addressed to senior managers at the P5 and D1 levels. In 2006, the programme was piloted with a group of Headquarters-based deputy directors. The report of the pilot programme noted that senior managers who took part have already reported impact on their work as leaders. The areas of impact for the first group are related to strategic time management and prioritization, management of teams, performance management and leadership confidence. To build on the momentum of the pilot, and to extend the opportunity (and the impact) to more UNHCR leaders, DHRM is planning to offer the programme to a group of field-based senior managers in 2007. The regions targeted are Asia and the Pacific and the Middle East and North Africa with an anticipated participation of 25 Representatives and Heads of Office.

E. Consultancy on workforce profiling

29. DHRM has launched a process of workforce profiling within the structural reform process. A consultancy has been retained under the Canadian Consultant Management Fund to prepare the methodology to be applied to this exercise. The consultants commenced their work on 22 January 2007 and a work plan will be completed in early February.

F. Global Staff Survey

30. With pro-bono assistance from the Manpower company "Right Management," UNHCR developed and successfully implemented a Global Staff Survey in November/December 2006. This will now become an annual exercise aimed at identifying and addressing vulnerabilities and weaknesses at the corporate level, as well as at the level of individual offices and departments. It will also be used to track performance improvements over time. The initial results of the survey were presented to the High Commissioner and the Senior Management Committee on 1 February 2007. Some of the main issues flagged and requiring rapid follow-up include: i) better organization-wide communications; ii) improved postings and promotions procedures; and iii) increased confidence in Senior Management. For the remaining weeks of February, internal deliberations and consultations with Right Management will focus on transforming these issues into a concrete action plan that can be evaluated through next year's survey.

Summary of progress on staffing and next steps

31. Progress achieved:

- Revised fast track posting procedures introduced in February 2007;
- Consultancy on Management Learning Programme commenced December 2006;
- Consultancy on workforce profiling commenced January 2007; and
- Global Staff Survey implemented in November/December 2006 and analysed in January 2007.

Next steps:

- Develop action plans on the basis of Global Staff Survey results;
- Launch pilot of the Management Assessment Programme;
- Extend participation in the Strategic Leadership Learning Programme; and
- Proceed with workforce profiling, once consultancy completed.

V. COMPLEMENTARY CONSULTATIVE MECHANISMS

32. As a complement to regular meetings held between Management and the Staff Council, a Staff Task Force on Reform was created by Staff in October 2006. The Task Force produced a report on outposting and other aspects of change in December 2006. This has been shared with PwC, to be incorporated in their feasibility study.

33. In January 2007, the High Commissioner decided to establish a Global Reference Group on Structural and Management Change to serve as a sounding board on the Change Process. The Group is composed of staff – working at different levels throughout the organization – who are able to bring to bear broad-ranging perspectives and expertise. It complements other consultative mechanisms such as a Field Reference Group and the High Level Task Force.