DECENTRALIZATION AND REGIONALIZATION:

TRENDS AND ANALYSIS

(i)

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SCOPE OF THE SURVEY

This survey is intended to provide a general analysis of trends and issues in order to facilitate discussion and decision-making.

In conducting the survey, an exhaustive review of the literature regarding organizational trends was carried out. In addition, discussions were held with several dozen current and former representatives and other key UNHCR staff. Much of the analysis is, however, based on observations made during visits to eleven of UNHCR=s fourteen regional offices in the course of past operational reviews.

The survey was prepared by Lowell Martin.

FUTURE DIRECTIONS

Organizations are decentralizing

(1)   The trend towards decentralizing large organizations has accelerated greatly in recent years. This development, which is more advanced in the private sector, is to some extent fostered by technological advances and the growing internationalization of activities. Organizations are also finding that changes are essential if they are to adapt themselves to a generally faster pace in activities and an increasingly competitive world environment.

(2)   Whatever the reasons driving the changes, the move toward decentralization is a widely acknowledged trend. Surveys of large private sector organizations have found that some 75 percent have made significant changes in their management structures during the past five years which, in most instances, has hastened the extent of their decentralization.

(3)   The pattern of change taking place has been given many labels, including decentralization, regionalization or deconcentration. Fundamentally, however, it is a tendency towards breaking organizations down into semi-autonomous structural units which leads to a diffusion of decision-making authority and a demassing of centralized power.

(4)   In the view of some organizational theorists, highly centralized structures are being replaced by what are described as mini-headquarters. Many regard the monolithic bureaucracies and structures that have been described as full-service Headquarters as out of fashion. Hence, the dismantling of large centralized hierarchies and the move toward having regional offices take on headquarters' functions.

Many factors support the trend

(5)   There are many considerations pushing organizations to rethink their structure, particularly in the private sector. First, organizations have recognised that political, social and economic issues in the countries in which they operate are too complex to manage from a central location. Thus, rather than trying to craft grand solutions at traditional hubs, they have found development of local strategies and resolving problems on the scene more important than central control.

(6)   Second, as the pace of events accelerates, a quicker response is required. Staff making day-to-day decisions find they no longer have the time

to wait for Headquarters' approval. Consequently, many organizations have come to the conclusion that a highly centralized structure often impedes their activities more than it supports them.

(7)   Third, it is also evident that changes have been facilitated by the development of new technology. Computers and telecommunications technology permit organizations to locate their facilities anywhere, while maintaining administrative control in their head office. Organizations have been able to disperse activities which do not require face-to-face interaction to less expensive locations, in many instances simply outside central commercial areas. As a result, one in four of major American companies reportedly now uses an "overseas back office".

(8)   The recent technological developments which have played a crucial role in the trend toward decentralization have been described as permissive rather than determinant in terms of the structures they permit. This means that technology allows organizations to choose either administrative centralization or decentralization. In actual practice, however, technology has more frequently been used as a way of decentralizing.

Reflection and analysis are required

(9)   A number of similar considerations now serve as an impetus for organizational change in UNHCR. Often mentioned are the cumbersome size of a growing Headquarters, the high cost of carrying out activities in a city such as Geneva, and more recently a shortage of office space.

(10)   Many factors are encouraging UNHCR to reassess how it organizes itself and operates. In the final analysis, however, the consideration that is likely to be given paramount importance is whether a particular approach leads to a more effective and responsive organization. Consequently, the organizational maxim that, "structure follows strategy", will undoubtedly have to be given more weight than many of the other reasons driving change. The rule essentially means that an organization=s structure should be determined by what it fundamentally seeks to achieve.

(11)   In considering the merits of moving more personnel or authority to the field, the organization needs to reflect on operational problems caused by the existing structure. During the preparation of this survey, several dozen current and former representatives were consulted about perceived operational difficulties between Headquarters and the field. The reasons most frequently cited as a justification for change were:

C Headquarters is an increasingly difficult and distant partner that is often unresponsive and over controlling;

C Field staff lack sufficient authority and independence. This in turn, leads to bickering, second guessing and an excessive amount of work being unnecessarily shuttled back and forth. There was a general sense that Headquarters staff are excessively involved in detail.

(12) While decentralization or deregulation could potentially address many of these often-cited problems, it can also be argued that various regional approaches or deconcentration could potentially aggravate some of the existing structural difficulties. It is evident that much would depend on how these approaches were introduced.

(13) Commenting on the various structural approaches under consideration, one representative pointed out that people are generally much more important than the structure. The representative noted that when he and his staff are frustrated with their headquarters' interlocutors, they do not Awish for a new structure". Their more likely reaction would be that they would like to work with different headquarters staff.

(14) In examining the problems cited by staff as a reason for change, it could be argued that most of the difficulties stem from conflicting perceptions of roles and responsibilities rather than from structure. This should lead to some questioning as to whether these problems would be better addressed through regionalization, deconcentration, or deregulation. Or, would these problems be better addressed through clearer and possibly redefined roles and responsibilities, simpler and better systems, more staff training, greater accountability, and new patterns of staff placement based on competence? Or, are all of these changes required? If so, how should the changes be carried out, in what ways do they inter-relate, and thus in what order should they be made?

(15) A summary of the history of delegation and decentralization in UNHCR prepared by the Senior Working Group which formulated the organization's current structure in 1990, provides some sobering observations on the history of delegation and decentralization in UNHCR that warrant some reflection. According to the *ad hoc* Review Group on the Role and Structure of UNHCR:
  ADelegation and Decentralization

  Every organizational review of UNHCR has tried to wrestle with the problem of relations with the field and has declared a greater devolution of authority as one of its principal aims. Staff rotation, a change in managerial

attitudes, more missions to the field have all been invoked, especially in the 1972 AMS Report. The 1982 AMS Report went further and recommended Aa transition to a decentralized organization within five years@ without saying precisely what form of organization it had in mind. This never happened and, as we make clear later, the decision to be cautious was probably a wise one. More prosaic but more immediately effective was a recommendation that certain routine personnel functions be transferred to the field and this was done. Indeed, the lesson of history seems to be that future progress in this area will depend, not on vague exhortations or on over-ambitious decentralization schemes, but on clear and precise identification of specific functions which can be delegated to the field, especially perhaps in the areas of administration and of programme planning and control.

The more general lesson of history is perhaps that structural reviews are not a panacea and should not be repeated so often as to constitute a perpetual disruption of normal work".

(16) The Working Group concluded the section with a quote from a classical writer which the Group felt characterized the history of reorganization within UNHCR:

AWe trained but it seemed that every time we were beginning to form into teams, we would be reorganised. I was to learn later in life that we tend to meet any new situation by reorganizing: and what a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency and demoralization".

Petronius 66 A.D.

The Working Group added that the quote might be spurious but the experience was uncomfortably familiar.

(17) Although the conclusions of the Working Group may appear a bit harsh, those who experienced the constant reorganization and disruption that characterized UNHCR during the decade 1980-1990 know only too well how accurately the Senior Working Group's comments describe the situation. Furthermore, those who remember the continual structural tinkering that took place during the period would probably agree with the conclusions of a major internal evaluation carried out in 1979 [the Goode Report] which observed that throughout its history UNHCR has always had a tendency to try to solve problems in management style through reorganization.

(18) A somewhat disconcerting aspect of many of the changes under consideration is the fact that despite good intentions, the proposals have been formulated and driven from the œntre. Rather than starting with a vision of how UNHCR can best support persons it serves and then work upward through the structure, changes could easily focus on operational efficiency from a Headquarters perspective. As a consequence, proposals may give undue priority to addressing a Headquarters= desire to reduce in size while retaining control, rather than emphasising the most effective manner in which assistance and protection can be provided to UNHCR=s beneficiaries.

There are many reasons to consider change

(19) These arguments and the questions they may give rise to will hopefully not discourage change, but should sound a note of caution. There are many reasons to consider adopting a more decentralized structure that makes greater use of regionalization.

(20) A sizeable Headquarters bureaucracy is invariably an operational handicap. Most staff would agree that centralization of decision-making in distant locations works to the detriment of field activities. In addition, an excessively large Headquarters inevitably begins to see itself at the centre rather than in a supporting role to the field. Furthermore, a large Headquarters body only aggravates the process of change by making it increasingly difficult to bring about complex and difficult transformations.

(21) Cost considerations alone make a compelling argument. UNHCR must maximize the resources channeled to those served, as well as remain credible to donors. With support costs edging upward, coupled with a large growth in staff, questions are increasingly raised as to whether there are less costly ways of delivering aid. A growing Headquarters provides an obvious target for criticism.

(22) It should also be noted that the trend among private sector organizations to decentralize activities can only be encouraged by a well known study of forty large American companies carried out by a management consulting firm, A.T. Kearney. The study found that the most successful firms had significantly fewer layers of management and fewer staff at Headquarters.

(23) There would seem to be little doubt that a general policy promoting regionalization or decentralization to the extent possible is a useful initiative, particularly when accompanied by a policy of no growth at Headquarters. However, before any attempt is made to answer questions such as, in what way, how far, and how fast, some reflection is warranted. UNHCR should

consider where the organization as well as its supporters and partners are headed in addressing issues related to refugees and mass displacement.

(24) A number of somewhat philosophical questions regarding managerial practices should also be addressed. Unfortunately, most of the questions involve issues which are not easily dealt with but if left neglected could seriously hinder the implementation of major initiatives aimed at decentralizing or regionalizing UNHCR. Some of the more fundamental questions that could be addressed included:

- C are senior managers willing to devolve authority in a way that would reduce their own authority and influence;
- C how much authority is the organization prepared to grant staff in field offices;
- C how far can any UN organization realistically proceed with regionalization or decentralization with limited levels of accountability;
- C what are the implications for regionalization in a UN structure where individual importance is inevitably measured by the amount of resources that can be assembled and controlled;
- C how far can decentralization and regionalization progress if managers are not willing to delegate? Moreover, will training change managerial patterns, and can sufficient incentives be introduced to change behavior?; and equally fundamental,
- C can UNHCR set global priorities among the regions?

(25) Ideally, any major initiative should be introduced during a period of relative stability in order for senior managers to provide the changes with the attention required. In addition, a decision to move forward with decentralization or regionalization will require a planning framework that includes: refinement and clarification of the concept; clear objectives; common agreement on principles; and commitment and guidance that ensure the team work needed.

Gains can be made in many ways

(26) Decentralization can take many forms including regionalization. Approaches can include, for example:

- C moving more responsibilities to existing field offices, an approach which UNHCR has labeled deregulation;
- C increasing the number of traditional regional offices that harmonize policies and /or provide technical guidance; and
- C deconcentrating headquarters activities by creating a network of regional service centres.

(27) The approaches adopted by other UN agencies such as WHO and UNICEF could also be considered. There is, however, generally little enthusiasm for existing models within the UN system.

(28) Deregulation is a praiseworthy initiative, but is often viewed as not going far enough and when actually implemented tends to maintain the status quo. Nevertheless, many initiatives could be combined with deregulation that would help make the changes more significant. Deregulation, for example, could be combined with measures intended to:

- C develop and better utilize local resources including governmental, private sector and NGOs;
- C simplify systems such as FMIS as well as reduce and eliminate cumbersome procedures;
- C develop mechanisms, including work load analysis, for making easier resource measurements and adjustments; and
- C increase accountability and performance measures, and at the same time shift control from the planning stage to ex-post reviews.

Regional Service Centres offer many advantages

(29) Regional Service Centres (RSC) have been proposed as an initial approach to decentralization. The initiative proposes establishing a number of centres in the field which would house regional specialists as well as components of various headquarters' divisions. Although the initiative has been described as decentralization it would be more accurate to categorise the effort as deconcentration in view of the control that would be maintained by Headquarters.

(30) The initial plans envisage that regional service centres would potentially operate in the same countries as existing UNHCR offices but they would

function separately from the regional offices. According to the initial proposal, RSCs would essentially move financial control and personnel administration activities to the field, and house regional support services.

(31) The proposed changes would appear sensible and modest. Unfortunately the initial proposal lacks clarity and supporting analysis while on the other hand tending to be somewhat over-whelming in its hyperbole, repetitiveness, and its promises of far-reaching improvements. Perhaps not surprisingly the proposal has generated a somewhat skeptical reaction from some Headquarters staff as well as regional offices which are particulary concerned about the establishment of RSCs that would function separately from regional offices. Furthermore, field staff are suspicious that the RSCs will merely extend Headquarters reach and lead to the kind of increased control and second-guessing that field staff believe they are already over-burdened with. Architects of the RSC concept argue that the approach will offer many benefits. Scattered throughout the proposal are suggestions that the RSCs will:

- C reduce costs as a consequence of carrying out the work at less expensive locations and reducing expenditures on travel;
- C strengthen the monitoring and review process making field staff more accountable and effective;
- C facilitate future decentralization and deregulation initiatives;
- C develop and implement immediate changes in systems and procedures as well as make policy recommendations, all of which will be more field orientated;
- C provide more timely financial information which will be more useful as a management tool as well as identify problems quicker;
- C provide a Acoherent@ approach to training that would both identify needs and develop training programmes;
- C coordinate sub-contracting and out-sourcing as well as professionalise the relationship with implementing partners and improve contractual agreements;
- C provide a uniform approach to staff recruitment, personnel Asystems@ and identification of staff problems; and,
- C Aenhance A financial and personal computer systems.

(32) One can only speculate as to the actual advantages and disadvantages of the RSCs should they be introduced. It is not, however, difficult to imagine that the centres could offer some advantages in nearly all of the ways promised thus improving control and effectiveness. The improvements in control and service would, however, probably come at a cost. At least initially,

the centres are likely to result in an overall increase in expenditures for staffing and RCS facilities.

(33) The centres would not necessary be a cumbersome and unnecessary layer. Moreover it is not difficult to envisage them as functioning effectively as a control and a service although they could easily be a more costly form of both.

(34) Specific measures that should be undertaken before RSCs or pilot projects are introduced include:

- C identifying functions that could be potentially more effectively decentralised;
- C identifying the most suitable regional or decentralized locations;
- C analysing the potential operational impact as well as the effect on work flows, systems, and procedures;
- C analysing and comparing costs at various locations including, for example, costs associated with moving, living, potential travel, home leave, and education, as well as any significant support costs; and
- C attempting to assess non-quantifiable aspects, such as the impact on recruitment and retention, comparative levels of productivity at various locations, as well as external considerations such as the availability of NGOs and suppliers.

(35) Regional Service Centres are not a panacea. They would, however, provide a step that could be built upon. Regardless of the approach adopted, it is evident that there is a need to continually analyse and reassess approaches and structures in search of better alternatives.

TRADITIONAL REGIONAL APPROACHES

Experience provides useful insights

(36) In considering decentralization and regionalization, it would be useful to consider the approaches that have been adopted by other UN agencies and NGOs, as well as UNHCR=s own experience. In many respects, UNHCR would appear to be one of the more progressive UN agencies in adopting innovative new structures that attempt to move responsibility toward the field, particularly in emergency and repatriation situations; the special envoy concept being one such measure.

(37) A series of 1992 Joint Inspection Unit reports regarding decentralization offer the best glimpse of the regional approaches adopted by other UN agencies.   Unfortunately, the reports are too general to provide an understanding of how far the agencies have progressed in delegating authority to their Regional Offices, or even what functions are carried out in the field.

(38) It is clear from the report that WHO=s unique regional structure is certainly not a model to be replicated, nor even a structure of WHO=s choosing. The structure was apparently dictated by WHO=s constitution when the agency was established in 1946 in order to accommodate the Pan American Health Organization (PAHO) which had been established nearly thirty years earlier. Although the constitution calls for the WHO regional offices to be an integral part of the organization, the regional offices, particularly PAHO, operate to a large extent as separate organizations in management and budgetary terms.

(39) Under its constitution, WHO=s Regional Directors are appointed by the Executive Board of WHO.   In practice, however, they are elected by the governments of their respective regions and subsequently endorsed by the WHO Executive Board. As might be expected there is great potential for management difficulties between the elected WHO Director General and the elected Regional Directors.   Furthermore, the pattern of budget allocation WHO is required to follow, links resources to countries and regions rather than programme priorities. As a consequence, WHO=s discretion in allocating resources and addressing new priorities is often limited.

(40) WHO encounters many problems as a result of excessive regionalization. For example, regional offices operate in isolation from one another and are more strongly identified with their respective regions than

with the organization as a whole. With few exceptions, offices are predominantly staffed by persons from within the region. This has limited mobility among the regions and between Headquarters and the field, thus weakening the organization=s international character. In addition, the regional offices are often inadequately represented at the country level.

(41) FAO and UNICEF would appear to have structures more similar to UNHCR. Although they have a number of regional offices, operational activities are primarily carried out through a large number of country offices.

(42) FAO=s regional offices are said to be primarily responsible for inter-country activities and promotion of regional policies. Regional offices are, however, excluded from the chain of command and routine communications between the country offices and FAO Headquarters. In recent years, FAO has curtailed regional office resources in order to strengthen its country offices.

(43) UNICEF=s approach to regionalization and decentralization was not included in the Joint Inspection Unit=s review. However, according to UNHCR staff familiar with UNICEF=s field structure, regional offices provide a degree of country office support, including some monitoring. In addition, regional offices coordinate some activities and share regional information with country offices. Country offices, however, refer directly to UNICEF Headquarters for operational policy decisions. Although UNICEF staff in its country offices are frequently dismissive of the regional office role, more information from a regional office and Headquarters perspective would need to be assembled before any judgements can be made.

Decentralization is difficult to assess and compare

(44) UNHCR managers are sometimes of the opinion that they are operating in a highly centralized organization in which they are constrained in many ways. Paradoxically, when staff attempt to describe which aspects of UNHCR work they find most satisfying, many, perhaps even the same managers, point to the central role and autonomy they have in creating massive programs or reaching important agreements which may affect the lives of thousands. Furthermore, when UNHCR operations are compared to those carried out by many other national and UN agencies, UNHCR=s activities often appear to be more decentralized or regionalized. However, actually assessing and comparing the relative regionalization or decentralization within an organization=s management systems is extremely difficult.

(45) Decentralization and regionalization are relative and multi-faceted concepts which makes any comparisons arduous and complex. In addition, the validity of comparisons is normally short-lived since they are dependent on the extent to which the managers who are actually in place are disposed to delegation. Even comparisons amongst UNHCR=s own regional operations are frequently difficult.

Many conditions facilitate regionalization

(46) UNHCR has tended to use regional offices as a means of covering small offices in which activities are limited in scope and scale. Smaller offices that lend themselves to regional coverage are often the result of UNHCR commencing operations in a country or an ebb in activities that calls for a scaling down.

(47) UNHCR=s experience with traditional regional structures has shown that regional approaches are also particularly well suited to operational conditions where the same population is served, there are common issues, and there is a need for a regional strategy. Other factors also play a role in making regionalization a success. For example, regionalization is well suited to a situation where the distance from HQ places a region outside the easy reach of HQ, but where communication and transport are good within the region.

(48) All of these very general facilitating conditions do not necessarily have to be met to make a regional approach a success. This is evident by the very positive experience with the Austrian Regional Office and Special Envoy to former Yugoslavia which are both a short distance from headquarters.

(49) Personalities and individual capabilities have played a predominant role in making regional or decentralized approaches a success. Other factors, such as the relative size of offices, tend to facilitate regional relationships. When there are large differences in size, working relations between offices are more likely to experience difficulties. Regional staff based in an office with a large country programme tend to concentrate on in-country activities, often to the neglect of the smaller offices which they are responsible for covering. The Regional office in Costa Rica and Austria have always provided a good example of an optimum size relative to the offices they cover.

(50) A combination of circumstances throughout the 1980s made Costa Rica one of the better examples of a successful Regional Office. On the other hand, Regional Offices in Mexico, Argentina, and Venezuela provide good examples of the problems that arise when a Regional Office attempts to cover an office or a substantial number of offices that are disproportionately small.

(51) The principle focus of activities can play an important role in determining an office's potential success in a regional role. A Regional office that is periodically consumed with emergencies or is responsible for a large dynamic operation in the country in which it is located, will inevitably be forced to neglect the countries it serves. It is also now evident that the tendency to place regional responsibilities where staff and material resources are currently located or where living conditions are most favourable can hinder the accomplishment of overall objectives. For example, when a special envoy with regional responsibilities is located in a refugee-hosting country rather than the country to which the refugee will return, repatriation is not normally carried out with the same degree of success and speed as in the case where the regional role is located in the receiving country.

(52) Assigning a regional role to countries where national animosities, historical or current, might lead to the appearances that one of the countries is being given predominance in refugee matters could potentially create problems. UNHCR has generally been able to avoid such difficulties, perhaps even erring on the side of caution.

(53) The greatest impediment to a regional approach often comes from UNHCR staff themselves. In many instances, the desire to retain substantial autonomy has blocked regionalization or prevented it from becoming a success.   This barrier is particularly pronounced when the incumbent representatives in a region are relative independent representatives who have sufficient influence to effectively oppose all measures which could lead to a degree of regionalization.

(54) A regional or a decentralized approach offers many advantages as well as disadvantages.   Decentralizing activities and structures can be cost-effective and can reduce the inefficiencies associated with a large Headquarters structure. At the same time, they can hinder the organization's ability to maintain consistent policies and control activities. Some of the more apparent advantages and disadvantages associated with traditional regional approaches are presented in the following analysis.