ORGANIZATIONAL DESIGN AND STRENGTHENING OF UNHCR
Independent Study on UNHCR's Senior Management Structure

14 February 2005

Contents

This annex has its origins in the interview and analytical work we did to fulfil the Terms of Reference for the Independent Study on UNHCR's Senior Management Structure. Many individuals we talked to made observations that were related to UNHCR's organizational design. Similarly, as we analyzed information we gathered or reviewed, we noted that many issues could be traced to UNHCR's organizational design and the need for a significant strengthening of the Organization.

The recurrence of the theme was sufficiently striking and its implications sufficiently important to UNHCR that we decided to submit our thoughts on these issues to UNHCR.

This annex therefore provides our analysis of UNHCR's current organizational design, describes the functioning of the Organization and suggests some measures designed to strengthen UNHCR.

There are five sections:

.   Section One takes a brief look at the current organizational design.

.   Section Two outlines the main operational and management principles that underpin UNHCR's organizational design.

.   In Section Three, we discuss the question: How well is the Organization functioning?

.   Section Four presents our ideas and conclusions on some broader organizational-strengthening measures.

.   In Section Five, we examine how to strengthen the senior management bodies.

Field

Over 80%[1] of UNHCR's budget is spent in the field. The basis of UNHCR's field presence is the country office, managed by the representative. Within the country, there may also be sub-offices, field offices and field units.

At the sub-regional level, there may be regional offices, headed by a regional representative, which cover several countries where there is no UNHCR representation. Occasionally, the regional representative will supervise country representatives in the sub-region. More recently, UNHCR appointed a Director for Operations for the Sudan Situation who has responsibility for the "Sudanese caseload" in nine countries.

UNHCR has a number of "regional global posts" that are situated either in regional support hubs or in regional/country offices. These posts are established either primarily to serve the global strategy of the organization or to undertake out-posted HQ functions. They are managed by HQ.

Headquarters

In Chapter Two of the UNHCR Manual, it is stated that the organizational structure is based on a mixture of geographical and functional responsibilities.

At present, there are five regional bureaux plus a special unit for *Operations for the Sudan Situation*. The bureaux are responsible for the management of operations within their regions, and they play the primary role in *integrating* all UNHCR's work relating to protection, durable solutions and assistance.

In organizational terms, the rest of Headquarters is made up of functional units, which have a more specialist perspective.

At the risk of some simplification, these functions can be grouped into six main areas:

. Mandate functions[2] of protection and durable solutions.

. Operational support functions[3].

. Advocacy and public information functions[4].

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[1] In addition, some of the headquarters and global programme budget is spent in the field.

[2] We have used this term partly to emphasize the strategic nature of these functions and partly to differentiate them from more purely support functions. *Mandate* functions are carried out in several parts of the organization: the DIP, the Convention Plus Unit in the Executive Office and the Division of Operational Support (DOS).

[3] Operational support functions are primarily within the Department of Operations (i.e., DOS and the Emergency and Security Service) with two exceptions—the Resettlement Section in DIP and the Logistics Support Section in the Division of Financial and Supply Management (DFSM).

. Executive management and governance functions[5].

. Oversight[6] functions.

. Organizational support functions[7].

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[4] Department for External Relations (DER) and DIP.

[5] Executive management and governance (the Secretariat) are carried out by the Executive Office and DER respectively.

[6] Oversight is carried out by three parts of the organization—the Inspector-General's Office, the Evaluation and Policy Analysis Unit (EPAU) and Internal Audit as well as by other functional areas.

[7] Organizational support services (including financial management, budget management, human resources management, information systems and telecommunications) are under the authority of the Deputy High Commissioner, with the exception of parts of the resource allocation functions.

In this section, we summarize our understanding of the main operational and management principles that underpin UNHCR's organizational design.

These are important because they provide a lens for analyzing the current functioning of the Organization and for determining whether the design is flawed and whether other organizational measures need to be undertaken.

An integrated approach
UNHCR's primary goal is 'to provide international protection and humanitarian assistance to refugees and persons of concern to UNHCR, while working for durable solutions to their situation'[8].

Since the mid-eighties, UNHCR has emphasized an integrated approach to its core mandate. In terms of design, this is manifested in an integrated platform for the delivery of programmes for refugees. UNHCR uses the term *operations* to capture the integrated approach.

Field orientation
UNHCR's core mandate is to work for individual refugees and groups of refugees. By definition, this work is done in the field, not in HQ. UNHCR is therefore a field-based organization, grounded in its work for refugees at the country or sub-regional levels. Its architecture, processes and culture should, therefore, be geared towards the field.

External context
External pressures

The external environment in which UNHCR works has become extremely complex in recent years, as recent experiences in Daufur and Chad have shown. UNHCR is facing greater competition for scarce resources. It seeks to form partnerships with a wide range of other actors, many of whom may also be competitors in terms of both funding and the "space" that UNHCR has traditionally occupied. UNHCR's perceived comparative advantage is often questioned by governments, donors, partners and even by its own staff. Today, UNHCR has to operate in areas of great insecurity, increased calls for cost-effectiveness and almost instant media attention.

'Tempo' of operations

To add to the complexity, UNHCR almost never operates in a 'steady state'. The "tempo" of UNHCR's activities varies considerably, from immediate response in emergencies to more long-term programmes such as capacity building.

Emergencies are a significant but not dominant part of UNHCR's programmes. Nevertheless, given the *imperative* of emergencies, the whole organization must be geared towards critical emergency requirements such as early warning, rapid decision-making, flexible deployment of staff and fast delivery of assistance.

Roles

UNHCR also needs to be able to carry out different roles:

. Direct implementer (in the early days of an emergency, for example).

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8 *Global Appeal 2005*. UNHCR, 2004.

. Manager of operations.

. Leaders and catalyst (strategic appreciation of needs, catalyzing the involvement of other actors, policy advice and capacity building).

This requires a wide range of competencies from UNHCR staff, as well as systems that facilitate the transition from one role to another, often over a short period of time. This can be particularly problematic in that the first two roles are much more hands-on than the third. As a result, it may be difficult for managers to move towards the more catalytic role of leadership.

Pressure from the global media for UNHCR to play a very visible role may compound the difficulty of transitioning to a role where partners are 'doing' more than UNHCR. And individual managers may have joined UNHCR for, and personally identify with, the more action-oriented roles.

Operational principles

Although not necessarily explicitly stated in the documents that we have reviewed, we believe that the following operational principles underlie UNHCR's design, particularly as it relates to the roles of the bureaux and the field:

. Focus on the field.

. Agility in the face of complexity and constantly changing tempo of activities.

. Strategic in its knowledge and thinking as well as in how it positions itself in countries and refugee situations[9].

. Emergency foundations.

. Catalytic leadership.

. Responsive to operational needs.

. Transparency.

. Commitment to quality performance, cost-effectiveness and continuous improvement.

Implications for the design

What are the implications of these principles for UNHCR's design?

The design must be such that:

. The organization is strategic throughout.

. It is easy to set up operations and offices and wind them down equally fast as either durable solutions are found or other actors take over UNHCR's responsibilities.

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[9] In 2001, as part of the High Commissioner's initial reform efforts, the report of Action 2 recommended that: 'UNHCR will need to change from being an organization that is thinly stretched, and which is often piece-meal in its approaches, to one that is sharply focused on doing things for which it alone is responsible and on achieving the maximum possible impact'.

. Organizational entities at HQ are sufficiently co-operative and agile that they can shift staff and share tasks to cope with new challenges.

. Financial resources can be moved easily as relative priorities evolve.

. The Organization is sensitive to the needs and expectations of different internal and external stakeholders.

. The Organization is conscious of the need to be cost-effective and continually improving and learning.

Management principles

UNHCR espouses an approach to management that seeks to empower managers while ensuring accountability. The following management principles are either stated in Chapter Two of the UNHCR Manual or have been inferred from UNHCR's design.

Empowerment

Managers assume responsibility and delegate decision-making authority. They think strategically, show initiative and take decisions on implementation and on the use of the resources allocated to them.

Strategic and policy frameworks

The Organization provides strategic and policy frameworks to guide managers' decision making. The Organization also defines, in consultation with line managers, the results to be achieved and the envelope of resources that will be allocated. All of this is captured in an annual contract between the manager and his/her supervisor.

Policy and management decision-making

One important distinction in this approach to management is between *policy* and *management decision making*. In operational terms, this means that line managers in the bureaux and the field should assume full responsibility for taking operational decisions as they implement their programmes. They take these decisions within the context of the strategic and policy frameworks approved by the High Commissioner.

In doing so, they interpret policy. If they are uncertain about the policy, they seek guidance from the relevant HQ units. Operational managers do not, therefore, set policy[10] that should be developed by the relevant HQ units and approved by the High Commissioner with the Senior Management Committee (SMC). Obviously line managers throughout the organization should be contributing to, and consulted on, proposed strategy and policy.

Accountability[11]

None of this works until there are adequate accountability mechanisms and frameworks. Accountability is based on monitoring and reporting on programmes' outputs, outcomes and impact. Accountability also means being held *accountable for* the management of resources, performance, the use of delegated authority and compliance with policy.

Results-based management

Results-based management underpins this entire approach to management and, as such, is receiving priority attention as part of the

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[10] The terms policy and strategy are used in many different ways. Clearly line managers establish strategy for their operations within the context of UNHCR's overall strategies. They do not, however, set organizational policies that, by their very nature, should transcend all UNHCR's operations.

[11] Oversight and accountability is one of the High Commissioner's global objectives: 'Enhance UNHCR's oversight and accountability framework in order to improve compliance with UNHCR's policy standards'. *Global Appeal 2005*.

HQ Process Review[12]. Results-based management is one of the High Commissioner's global objectives.

Control

Control is exercised primarily though strategic and policy frameworks and robust accountability mechanisms. Misuse of control processes can undermine the principle of *empowerment with accountability*. Traditional approaches to control are based on prior approval of any transaction or of any decisions during implementation. Overuse of control in this way prevents managers from exercising their authority.

This implies that the functions in HQ that have traditionally involved control and quality assurance need to be re-assessed to ensure that they do not inadvertently undermine the management principles described in this section.

Implications for the design

In summary, these management principles have important implications for the design of the organization, for example:

. The roles of the different entities in UNHCR.

. The importance of strategic, policy and accountability frameworks.

. The mechanisms for establishing and interpreting policy.

. The attitudes and mindsets of HQ towards the field.

Code of conduct

There are, of course, many other principles and assumptions that are important to UNHCR. Many of these are captured in the core values, guiding principles and commitments contained in UNHCR's *Code of Conduct*.

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[12] *Results-based management—Operations Management Requirements Definition*. RBM Steering Group, 17 December 2004.

From a design perspective, UNHCR is a field-based organization. The reality is otherwise.

Interface between the field and headquarters

There is a widespread perception among the field staff that HQ is not oriented towards the field and that it does not, in general, provide timely and effective support and guidance to the field.

HQ is not, therefore, seen as being responsive to the field but, instead, is perceived as bombarding the field with requests. For instance, demands for programme improvements and reporting, often triggered by donor demands, have led to a proliferation of uncoordinated policies, tools and guidelines—as well as a significant increase in demands for reporting[13].

From our conversations with field staff and our reading of oversight and other reports, we believe that there are serious issues of organizational culture relating to HQ/field interface and that the processes are very much geared to HQ as opposed to field realities. Many people in the field reported that they contact HQ only when they absolutely have to.

Many HQ staff would be amazed to be accused of being insensitive to field needs and concerns, especially as most professional staff and many support staff have served in the field. One of the ironies of UNHCR is that, despite the comprehensive rotation policy, there remains a significant divide between HQ and the field.

Processes

Many of these problems stem from UNHCR's processes. We studied in detail a number of resource-allocation and human-resource-management processes as part of our earlier involvement in the HQ Process Review. In so doing, we concluded that, despite much effort to analyze and improve processes in the late 1990s[14], UNHCR's key organizational processes are generally cumbersome and inefficient, if not sclerotic.

As a result, things tend to get done through personal contacts[15] and relationships. This informal approach is now deeply embedded in the culture and shapes many of the interactions within UNHCR. It also contributes to a further neglect of the processes themselves.

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[13] One field manager described it as an 'overwhelming stream of guidance that no one could be expected to cope with'.

[14] As part of the Delphi process. *Delphi: The Final Report of the Change Management Group*. 1996.

[15] We cannot remember many interviews during which a UNHCR staff member didn't say at least once that "everything is personal" or "it all depends on who you know" or words to this effect.

Territoriality
Relationships between organization "blocks" tend to be very territorial, based on protecting turf. This exacerbates the difficulty created by dysfunctional processes, as UNHCR's processes cross many different units. Thus the transaction costs (in terms of time involved) to get anything done can be significant.

Interface between the bureaux and HQ functions[16]
There is a strongly held feeling among support divisions that the bureaux have too much power. The bureaux have similar perceptions about the power of the support divisions.

The perspective of the bureaux is exacerbated by the fact that, since the most recent downsizing of HQ in 2001-2, HQ has been steadily increasing in size, with most of the new posts being created for the support divisions.

In these circumstances, it is not surprising that the differentiation of roles between the bureaux and support divisions is not clear. The bureaux have certain support functions inside the bureaux. However, there is considerable controversy over whether these posts are useful or whether, in fact, they contribute to the divide between the bureaux and the mandate/support divisions.

Maelstrom of HQ
The dominant style in HQ is often characterized as one of fire-fighting. People talk of high levels of anxiety, even fear, and low levels of trust.

HQ is viewed by many as a maelstrom of internally focussed, ultimately unproductive activity that depletes people's time and energy.

Having said this, we have frequently been told that things get done only because of the energy, commitment and enthusiasm of the staff.

Workforce management
In recent years, UNHCR has experienced greater and greater difficulties finding staff to go to emergency or post-emergency situations. The reasons for this are multiple, but stem from an inadequate workforce management strategy, low morale and mismanagement of the delicate balance between the individual's, the organization's and the line manager's interests when it comes to staff placement.

UNHCR is slow, therefore, to approve posts and slow to fill them. Deployment and posting of staff is a major problem. Much time is lost in performance rebuttals and minor personnel decisions that could be left to the line manager's discretion.

The continued existence of the "staff in between assignments" (SIBAs) phenomenon is a very graphic example of the rigidities of the human resources systems.

Planning and resource allocation
Planning and resource allocation remain centrally controlled. The Operations Review Board finds itself taking decisions on the transfer of a G2 driver post within a country and may give the issue the same amount of time as the approval of a $20 million programme.

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[16] See Part Three of the main report and Section Four of the Annex.

Empowerment with accountability
UNHCR is committed to the principle of delegating authority close to the point of implementation. The reality is very different. Representatives and line managers, as well as HQ managers, do not receive adequate authority. They are often subject to unnecessary micro-management and control. Performance is not adequately managed and accountability is, therefore, a major issue.

Paradoxically, it is also frequently said that managers, especially in the field, who are willing to take risks can largely set their own agendas.

Policy decision making
There are many issues relating to decision making which, judging from the following quotation, have not changed significantly in the past ten years:

> There appears to be a dispersion of sources of policy guidance, without the hierarchy and other links between those sources being necessarily clear.
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> The process of policy-making is far from clear or consistent. A reflection, undoubtedly, of the general lack of delegation and assumption of authority which the CMG [Change Management Group] has identified as one critical pervasive weakness of UNHCR. Decisions on relatively "petty" or menial issues are pushed to the top levels of management. On the other hand, many important policy decisions appear to be made at Bureau or field level in an ad hoc manner, without much regard for consistency.
>
> Field input into policy-making is insufficiently recognized, leading to problems of ownership, hence an apparent disregard for centrally issued guidelines.
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> The SMC serves essentially as a forum for the sharing of information, and lacks time and/or a methodology to produce a consensus around high-level policy issues.
>
> "Policy gaps" are frequently invoked to justify inconsistent decisions or failure to take action.
>
> With regard to dissemination, the IOM-FOM format is somewhat devalued, inter-alia because of its too wide application, from genuine (overall) policy guidance to administrative instructions or even sheer information-sharing[17].

Managing change
There is widespread scepticism about change. Yet we wonder how much real change has taken place during the past ten years. This scepticism and evident change fatigue can be traced back to the failure of the Delphi process in the late nineties.

This is not to say that there are not any change initiatives. On the contrary, there are too many initiatives that are not well coordinated, that take up too much staff time (interviews and working groups) for very little impact. Too often, a problem is identified, a new unit is set

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[17] *Delphi: The Final Report of the Change Management Group.* 1996.

up, policies and tools are prepared, and reports are demanded, thus creating a vicious cycle of demands on the field.

Our review of evaluation and other oversight reports from the past few years suggests that UNHCR continues to make the same mistakes and finds it difficult to learn from its experiences by establishing new ways of managing and working.

Conclusion

In considering these observations in the context of organizational design and the principles presented in Two, we asked ourselves the question: Are these caused by flaws in the design?

In general, we find a reasonably sound organizational design, and we do not see any reason for a fundamental overhauling of the design or for any major restructuring.

The problems stem from a variety of causes. The design itself is not functioning well because of problems in the interfaces between organizational entities, which in turn are partly caused by cumbersome and inefficient processes.

But the key challenge is the lack of integration of virtually all the design principles (see Section Two) into systems, mindsets and organizational culture.

Section Four—Broader Organizational-Strengthening Measures

In the course of analyzing the organizational design, with particular reference to the interface between the bureaux/field and DIP, we formulated some preliminary thoughts on a broader set of challenges facing UNHCR.

We present these simply as observations and ideas that we believe should be taken up by UNHCR and studied in more detail. We have not fully explored these areas in any depth.

Field

Does the organizational design for the field still make sense? In broad terms, we would argue "yes"[18].

In Part Four of the main report, we made some suggestions about protection and durable solutions at the field level.

We would also like to raise some related concerns that stem from our own reflections on the need for more strategic and more flexible approaches:

. We wonder whether UNHCR fully recognizes the importance of representatives[19]. In this context, we believe that more effort is needed to empower representatives and field managers.

. We would encourage the High Commissioner to place greater emphasis on designing field operations around refugee situations as opposed to a fairly rigid focus on country operations[20]. We encourage UNHCR to continue to experiment with different types of sub-regional, cluster and situation offices.

. We suspect that UNHCR needs greater agility in shrinking and closing down operations and offices.

. We believe that UNHCR should become more strategic in its approach to field operations, building the capacity of offices in this respect and placing greater emphasis on understanding the totality of potential and current refugee needs and catalyzing the energies of other actors to meet these needs.

Headquarters

In broad terms, we believe that the basic structure of HQ is reasonably sound.

However, there are a number of concerns about the respective roles of HQ with respect to the field and about the size of HQ.

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[18] We did not visit any field locations, although we did communicate with some current and recent field managers.

[19] Given that the primary role of representatives is to manage operations, we wonder whether the current title is still appropriate and whether it might encourage an unbalanced view of the role.

[20] This is not a new thought and was explored in some detail in the Delphi process.

Since HQ was reviewed in 2001 as parts of the *Actions 1, 2, 3* exercise, there has been a steady increase in the size of HQ.

We understand that the DHC is leading an effort to contain the growth of HQ, and we would encourage her in the efforts to focus HQ on roles that only HQ can do and to seek to move other functions to the field or to outsource them.

We note that several HQ functions carry out major projects in the field financed through the global operations budget. We would argue that there needs to be not only close cooperation between the field, bureaux and specialist units on these activities, but probably a more systematic joint programming exercise.

Bureaux

As mentioned above, the operational platform for the delivery of integrated programmes is the bureau.

Given that the interface between DIP and the bureaux is one of the primary issues of our study, we asked ourselves the question: Do the bureaux still play a useful role? If there were not any bureaux, would the field receive better support and guidance from HQ—in other words, does the existence of the bureaux disempower the other HQ divisions and distance them from operational realities?

From our analysis of the design principles and the role of UNHCR, we would argue strongly for the continuation of the bureaux as the primary platform for the delivery of programmes for the field. In Part Three of the main report, we argued that the bureaux should fulfil essential strategic, integrating, facilitating and managerial roles:

.   *Strategic* in the sense of thinking about the region, as well as potential and emerging needs; helping field offices to expand and contract as needed; and shifting resources across the region as required.

.   *Integrating* in the sense of ensuring a cohesive and integrated approach to protection, durable solutions and assistance.

.   *Facilitating* in the sense of the traditional role of the desks helping the whole of HQ to provide support to the field.

.   *Managerial* in the sense of overseeing the representatives and providing guidance and performance management.

We raise the following concerns:

.   We suspect that the bureaux today are not sufficiently strategic or agile.

.   We also suspect that most of their energies are taken up with satisfying the demands of other HQ divisions as opposed to focussing on the field.

.   Given the emergency nature of UNHCR, we believe that there are too many levels of hierarchy between the representative and the High Commissioner. As a general rule, we would argue that there should be a maximum of two levels between the representative and the High Commissioner.

.   The bureaux should be small enough for the Director to provide adequate management oversight of the representatives. This implies the need to revisit the number of regional bureaux.

We have noted the significant variation in the roles, functions and staffing of the desk, and we welcome the current review of the desks that is being carried out jointly by the Internal Audit Service and the Evaluation and Policy Analysis Unit (EPAU).

Decentralization

Another typical question relating to the design is the question of decentralization.

We note that there has been a recent attempt to decentralize the Africa bureau. This is considered to have been a failure, although we have not seen any evaluation of this experiment. We also note the existence of different types of regional offices and regional support hubs (that replace earlier concepts of regional service centres).

In general terms, we would argue that a field-based, emergency-driven organization should be as close to field operations as possible. We would encourage the High Commissioner to keep the possibility of decentralization of the bureaux as a strategic possibility.

At this point, however, we would argue that UNHCR lacks the organizational systems, managerial capacity and culture for any immediate move towards decentralization.

However, we would encourage the High Commissioner to:

.   Strengthen the capacity of the bureaux to be able to move the bureau leadership or a desk closer to key operations for the short or medium term. Further develop the concept of regional service hubs so that all relevant support services are provided from a regional hub where this is practical and cost-effective.

Interface between the bureaux and support divisions

In general, there are clearly major issues relating to the interface between organizational support functions and the rest of the Organization.

These have been discussed in Part Three of the main report.

Broadly speaking, we would argue that the same conclusions that were arrived at for DIP also apply to the support functions.

We believe that the solution is not more structural changes and the additional assignment of support functions within the bureaux, but the opposite.

In this respect, we note that there are considerable doubts about the roles and usefulness of the Senior Resource Managers (SRM). In general, we would argue that support functions should not be placed in the bureaux except in short-term situations or where there is a clear need for regional specialization. We would, however, argue that such staff should be placed in regional support hubs, where practical.

The bureaux need to be small, agile, strategic and focussed on the field. They must be able to count on the support functions to be equally field-focussed and geared to providing support to operations in a timely and effective fashion.

The line management authority of the bureaux and the field entities must be strengthened.

All of this requires a significant mindset shift for many staff in both the bureaux and in support functions. Both have to recognize that they play complementary but equally field-oriented roles.

Ws we argued for DIP in Part Three of the main report, there need to be functioning networks of specialists in such areas as public information, administration, security, community services and programme officers.

Intrinsic in this approach is the recognition that information and guidance must flow in many directions and should not be channelled hierarchically. At the same time, line management responsibility for decision making must be maintained.

Processes
The need to streamline and simplify all major organizational processes has been one of the underlying themes in this report. It is essential that the HQ Process Review continue and expand its efforts and, in so doing, change the dominant mindset so that everyone is geared towards making the processes work in a seamless and collegial fashion.

It is vitally important that the potential benefits of the Management Systems Renewal Project (MSRP) be realized and hence that the processes be simplified and made more relevant before new systems are designed.

Workforce management
One of the specific initiatives under the HQ Process Review concerns workforce management. We strongly encourage UNHCR to continue this project and, in particular, to focus on establishing a much more effective system for ensuring that UNHCR can obtain the right people, at the right place at the right time.

In this regard, we believe that the balance between the interests of the Organization, the manager and the individual staff has become distorted in favour of the individual. We would therefore argue that the line managers should have a greater say in the placement of staff, especially but not exclusively in emergency situations — obviously within the normal checks-and-balances that protect institutional and individual interests.

Empowerment with accountability
This leads to the need to make the principle of *empowerment with accountability* a reality rather than rhetoric. We believe that the results-based management approach, which is one of the High Commissioner's priorities, balanced with sound accountability frameworks, will provide the necessary tools. But there needs to be a shift in culture, especially in HQ.

Oversight
Empowerment with accountability implies a reduction of controls during implementation but a much greater emphasis on accountability. Oversight therefore becomes much more important under this model.

In recent years, UNHCR has increased the resources dedicated to oversight, but much remains to be done. At present, we do not believe that oversight is taken sufficiently seriously by managers and staff in UNHCR. Rather, we observe that there is not yet a robust monitoring system for follow-up to all oversight recommendations and that there is insufficient coordination among the various oversight mechanisms.

We would therefore argue for:

. Continued efforts to strengthen the Oversight Committee[21].

. The preparation of an overall oversight strategy that clearly defines the respective roles and competencies of the three oversight entities: the Inspector-General's Office (IGO), Internal Audit Service, and Evaluation and Policy Analysis Unit (EPAU)—as well as other functions that have an oversight role.

. A joint annual work plan for all three oversight entities.

. A robust system requiring management response to all oversight recommendations and a monitoring system to ensure compliance.

. Enhanced oversight capacity.

. The linking of empowerment, accountability and oversight at a managerial level[22].

Reporting
Reporting is an essential part of the accountability and oversight processes. However, as stated earlier, reporting requirements have got out of hand in UNHCR, and we applaud the Deputy High Commissioner's goal of reducing reporting in the field by 50%.

Leadership and management
UNHCR's management culture is often described as being insular, in-bred, living in the past and based on the principle of "gifted amateurs".

We would suggest that greater effort be made to:

. Bring in managers from sister agencies at the middle and senior levels.

. Review the policy of using generalists for specialist management functions (or at least ensuring that senior specialists support generalist managers in such positions).

. Build institutional commitment to the leadership and management programmes that have been successfully developed.

Strategic and policy development
In general, we believe that UNHCR needs to be much more strategic in its orientation at many levels in the Organization, especially the field.

There is a common debate on the need for a strategic planning unit, some organizations believing that this has to be a function exercised by all managers and led by the senior management committee, and other organizations arguing that a strategic planning unit is a useful engine.

We would argue that both positions are tenable. The engine should be senior management; hence a Strategy and Policy Committee is suggested in Section Five. However, a one-person or small unit to support the committee would be useful for coordination and harmonization.

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[21] This was recommended by the JIU. Since then, the Oversight Committee has been re-established with new TOR and membership.

[22] As recommended in the EPAU report *Enhancing UNHCR's capacity to monitor the protection, rights and well-being of refugees.* June 2004.

This approach has been suggested in a number of reports and reviews since the mid-1990s[23].

Resource allocation
In the JIU report, a recommendation was made that UNHCR merge the two units primarily engaged in resource allocation, i.e., the Budget Section and the Programme Coordination and Operational Support Section (PCOS). We note that resource allocation is one of the priorities of the HQ Process Review, and we understand that the High Commissioner is currently considering a number of options relating to programme management, results-based management (RBM) and resource-allocation functions.

We endorse the need to clarify roles and to eliminate redundancies between the bureaux, the Division for Operational Support and the Division of Financial and Supply Management as a matter of some urgency.

In doing so, we would encourage UNHCR to review all aspects of programme management, including the other sections in DOS. Such a review would look at the need to:

.   Reduce, coordinate and mainstream the development of policies, guidelines, reporting requirements and programme enhancements that emanate from DOS and other parts of HQ.

.   Ensure that the Operations Department has sufficient capacity to facilitate the transfer of resources within the Department and mutual support between bureaux.

.   Build the capacity of the Operations Department to identify and tackle issues that transcend the bureaux or cross regional boundaries.

.   Place technical support capacity closer to the field, for example, in regional support hubs.

Change management
We note that there is considerable disillusion in UNHCR about change. Since the widely perceived failure of the Delphi process[24], change management has become a term to be avoided.

At the same time, UNHCR had continued to develop an extraordinary large and complex body of documentation on all aspects of programme and organizational development. And the pipeline never seems empty.

One of the key messages in our report is that changes in the organizational design, improvements in the processes, and greater strategic focus will not work unless they are accompanied and reinforced by changes in the organizational culture and mindsets of staff.

Change therefore has to be managed and we would suggest that:

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[23] Including a paper for the SMC in 1995, the Delphi report and *Actions 1, 2 3.*

[24] We are greatly impressed by the quality of the work done during the Delphi process and believe that many of the ideas generated then are still valid today.

. Change management become an important aspect of the agenda of the Senior Management Committee or one of its sub-committees (see Section Five).

. The current Organization Development and Management Section be enhanced and renamed, so that it can focus on facilitating and coordinating roles in terms of change management.

. All change management and programme development initiatives be approved in advance by the appropriate body or senior manager.

. All tools and guidance be brought together in one place on the intranet and that they be written and compiled in a way that facilitates cross-references and avoids duplication—and that CD-ROMs be made available to the field if necessary.

. There should be a moratorium on new policies, tools and reporting requirements until this problem has been sorted out.

Organizational culture
We will not be the first study or evaluation report to say that attention to the issues and recommendations on organizational design provided here will not yield the full benefit if the issues in the organizational culture are not addressed at the same time. The poor relations between HQ and the field are primarily related to processes and culture, not to design.

In summary, we do not believe that the organizational design is fundamentally flawed. We argue that the main problems in the design stem from the interface between different organizational entities, and we argue that there needs to be significant change in the way these entities work together.

In terms of structure, we do not see any need for significant structural changes. We have however pointed to some issues whose solution would require some fine-tuning of the current structure.

Section Five—Strengthening Senior Management Bodies

Current senior management bodies

The purpose of the Senior Management Committee (SMC) is to 'achieve, as a collegiate body, coordination, participation in decision-making, and collective responsibility for the effective management and success of the Organization'[25]. The SMC meets weekly and comprises some twenty managers, including observers.

The High Commissioner, the Deputy High Commissioner (DHC) and the Assistant High Commissioner (AHC), together with the Chef-de-Cabinet, constitute an informal executive management group that meets more frequently. It is commonly known as the Troika.

Other committees or boards include:

.   Operational Policy Committee[26].

.   Committee on Contracts[27] and asset management boards.

.   Joint management/staff bodies such as the Joint Advisory Committee (JAC), the Rebuttal Board, and the Appointments, Postings and Promotions Board (APPB).

.   Operations Review Board.

.   Oversight Committee.

Assessment of the senior management bodies

Part of our TOR referred to the functioning of senior management bodies. As we pointed out in Part One of our report, this issue is closer to the HQ Process Review than to the Independent Study.

We will be providing the High Commissioner with a separate oral report on the current functioning of the Senior Management Committee and other bodies, as well as our suggestions for improving the meetings and other interactions between senior managers.

In this section, we summarize our thoughts on the organizational design aspects of the senior management bodies.

Inherent in the operational and management principles discussed in Section Two is the need for effective senior management teams that play essential roles in terms of policy, strategy, oversight and integration.

In assessing the SMC and other bodies, we identified issues relating to:

.   Roles of the various bodies.

.   Purpose and value of meetings.

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[25] UNHCR Manual Chapter Two. September 2004.

[26] We have been informed that this committee does not meet regularly.

[27] Includes regional and local committees.

. Decision-making processes.

. Quality of the dialogue.

. Nature and level of the issues discussed in meetings.

. Organization and management of meetings.

The configuration of the senior management bodies clearly depends to a large extent on the style and wishes of the Executive Head. We present the following ideas in this context.

If the High Commissioner wishes to retain the concept of the small executive management group and a relatively large SMC, we would suggest that he explore the following configuration:

. An Executive Management Group as the primary decision-making body of UNHCR with a small membership[28].

. The SMC as the high-level *consultative* body on strategic direction, policy statements and management decisions, meeting three to four times a year in a retreat setting[29].

. SMC committees in specific areas whose purpose would be to review developments, advise the High Commissioner and propose strategy and policy for decision making by the Executive Management Group.

Each of these committees would include a few SMC members (others could come when interested) and other relevant managers.

There could be five:

. Strategy and Policy Committee, chaired by the High Commissioner.

. Operations Committee (successor to the Operations Department management meeting) chaired by the AHC, which focuses on potential and current sensitive situations.

. Management Committee, chaired by the DHC, which would also assume responsibility for change management and joint staff-management bodies.

. Resource Allocation Committee (successor to Operations Review Board), chaired by the DHC.

. Oversight Committee[30], chaired by the DHC.

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[28] Current members of the Troika plus the AHC-P or Director of DIP with other members of SMC attending for issues under their responsibility. In this context, we welcome the High Commissioner's idea of enlarging the Troika. We believe that the inclusion of the protection and durable solutions perspective would be beneficial. However, we note that this could be done without recourse to the AHC-P post.

[29] Membership would be the same as today with the possible addition of some senior representatives from the field.

[30] This was recommended by the JIU. Since then, the Oversight Committee has been re-established with new TOR and membership.

Four out of five committees already exist in the same or slightly different form. As the weekly SMC agenda is currently heavily dominated by internal management issues, a management committee would seem to be logical and would allow a smaller group of managers to resolve the issues in a more efficient manner[31].

In general, we would counsel against the use of senior management bodies purely or heavily for information-sharing purposes. However, there would be some value in a more informal weekly half-hour session of the SMC during which important and sensitive intelligence is shared.

If the above configuration were to be adopted, we would suggest that:

. Clear terms of reference and working methods be defined for each committee.

. The decision-making process be formalized and made more transparent.

. Accountability frameworks be drawn up for each committee and for each senior manager so that decision-making authority and accountability are well defined.

. Robust follow-up mechanisms be established to ensure implementation of decisions.

. Greater effort be made to strengthen the management and organization of meetings, as well as the quality of dialogue.

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[31] This means that there would not be any increase in the number of management meetings.

As we said earlier in this annex, we find a reasonably sound organizational design, and we do not see any reason for a fundamental overhauling of the design or for any major restructuring.

The problems stem from a variety of causes. The design itself is not functioning well because of problems in the interfaces between organizational entities. We argue that there needs to be significant change in the way these entities work together.

While some of the problems are caused by cumbersome and inefficient processes, the key challenge is the lack of integration of virtually all the design principles (see Section Two) into systems, mindsets and organizational culture.

In 1996, the Delphi Change management Group ended its report with the following statement:

> *Change. The refugees deserve it. The staff want it. The organization needs it. And, together, we are challenged to deliver it[32].*

This report has shown that UNHCR has not yet responded to the Delphi challenge.

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[32] *Delphi: The Final Report of the Change Management Group*. 1996.