Sustaining the Momentum of Change—Innovation and Integration

Briefing for the AdCom
9-10 June 2009

Aims

- To provide a progress report on organisational development (OD)
- To explore the typical problems faced by organisations at this stage in a change process
- To outline future directions for continuing to strengthen the capacity of the Agency to provide effective services to Palestine refugees
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Part Two:  Typical challenges faced by organisations
Part Three: Five key approaches for the future
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Part One

Progress Report on OD
Introduction

- **OD Plan (August 2006)**
  - The title captures the essential dynamic of OD:
  - UNRWA exists to provide services to Palestine refugees... in order to be able to do this ...
  - We must have an effective and efficient organisation that ...
  - Is capable of providing relevant and quality services
- **Focus of OD is consciously internal—we are building capacity in key areas of management:**
  - Creating a change in the organisational culture ...
  - Building on a spirit of continuous improvement, innovation and client service ...
  - Leading to new approaches in service delivery
- **Aim of this section is to highlight recent achievements and outstanding activities**
  - Note: Background paper circulated separately to AdCom

A Conceptual Overview
Some Key Developments - 2009

- Programme innovations in the fields
- Programme reviews: education, health, RSS
- Recruitment
- New contracting modality (LDC)
- International staffing review
- Process re-engineering in fields and Agency
- ERP team
- Procurement reform
- Review of regulatory framework

What Remains To Be Done

- Classification, compensation and performance management
- ERP design and funding
- Programme reviews (Education and RSS)
- Staffing implications of the FIPs/HIPs and budget constraints (including Area staffing reviews)
- Delegation of authority over budget expenditures to managers with accountability
- Internal communication improvements
- Reformed regulatory frameworks
- Emergency management
- Risk management
Part Two

Typical Challenges Faced by Organisations

Common Assessments of Progress on Change

- Typical “glass half-full, half-empty” syndrome
- Focus so far: management, internal capacity, systems, HQ and FO level

Glass Half Full (perceptions)
- Foundations have been built during past 2+ years

Glass Half Empty (perceptions)
- Few visible results for direct-service-delivery staff and refugees
- Little impact on organisational culture
Specificities of UNRWA’s Context

- Political context
- Global financial crisis: impact on budget and provident fund etc.
- Nature of the Agency
  - Size
  - Age
  - History and culture
  - Purpose and roles
  - Area and international staffing
  - Pay policy, etc.

Vulnerabilities in a Typical Change Process

- Challenges in strategic choices and priorities
- New organisational design, SPARE and decentralisation: new roles insufficiently well-defined and/or not accepted
- Empowerment, controls, accountability not in balance
- Overload of OD activities (or perception of overload), leading to change fatigue
- Activities not grounded in culture and systems
- Revenge of the old guard: old paradigms resurface
- Weaknesses in dialogue and communication
Typical Vulnerabilities during Transition Periods

- New initiatives slow down, managers become more cautious, less willing to take risks
- Internal tensions on change, management and personality issues come to the surface, more overt challenges and conflicts
- Turnover of key managers and senior staff
- General sense of instability, insecurity

Moving Forward

- Many organisations would be tempted to:
  - Go slow at this point
  - Complete current activities, except perhaps those that are difficult or contentious
  - Evaluate
  - Wait for the incoming CG
- There are many serious risks for the Agency in adopting such an approach
  - There could be a “lull” lasting 12 months or more
  - If the momentum of change is not maintained, there is a high likelihood that the gains made so far will quickly evaporate
  - Change is and must be a continuous process
Part Three

Five Key Approaches for the Future

Five Approaches

- Empowerment with Accountability
- Integration of Change
- Programme Delivery
- Management
- Assessment and Learning

Building on successes
Maintaining momentum
Grounding results in systems and processes (ERP)
Keeping the focus on change in the organisational culture
Shift of Focus to Programme Delivery

- Place greater emphasis on the point of delivery of programmes and services
  - Refugees
  - Direct-service-delivery (DSD) staff

- Identify broad themes such as: “innovation”, “continuous improvement”, “quality” and “excellence”

- Engage the beneficiaries much more in a dialogue on programme delivery
  - Which often leads to reflection (and tension) around programme priorities

Empowerment and Accountability

- Further emphasize delegation of decision-making authority down to the Area and DSD managers (e.g. school principals) levels

- Implement the accountability frameworks

- Enforce accountability through performance management

- This in itself will facilitate and require much better systems of internal communication
Integration of Change

- Integrate organisational strengthening initiatives into the current work of the organisation so that delivery and capacity-building becomes one integrated approach
- Decentralise responsibility and budgets for organisational strengthening initiatives to the responsible field or HQ director
- Later on, integrate capacity-building initiatives into the FIPs/HIPs
- Vitally important to maintain leadership role of EO
- But reduce the central OD “engine” in the Executive Office
- ERP will be a vitally important integrating mechanism

Management

- The heart of the OD approach is to strengthen management in all aspects of the Agency
- This is a long-term process and UNRWA needs to redouble its efforts to:
  - Empower managers at all levels (the DSD managers are often neglected in the early stages)
  - Build management information and decision-making systems
  - Clarify decision-making authority and hold managers accountable
  - Develop leadership and management competencies
  - Ensure that managers are the key agents for internal communication etc.
Assessment and Learning

• One of the underlying purposes of OD is to transform the organisational culture with a focus on continuous learning and improvement, adaptive change and service orientation

• UNRWA must regularly assess progress, effectiveness and impact on a regular basis and incorporate the learnings into strategies, plans, operations and systems

• All key OD initiatives should be assessed internally
  ▪ Internal assessments should be led by the responsible manager and involve a cross-section of staff and different sources of feedback
  ▪ Many can—and should—be done this year

Assessment and Learning (cont.)

• In parallel, targeted external reviews should be planned for all significant initiatives
  ▪ Especially those that required large investments
  ▪ At a point when an assessment of effectiveness and impact would be feasible

• Perception surveys and indicators are already built-in
  ▪ Hard OD indicators (separate report)
  ▪ Staff perception survey: to be done a second time in December 2009
  ▪ Consider a refugee perception survey and possibly obtain feedback from other stakeholders

• A comprehensive organisational review, including an assessment of the OD Plan as a whole, should be planned for the biennium 2010-11
Part Four

The Way Forward

Maintaining Momentum

- We are convinced that we must maintain our efforts and ensure that the momentum of change is maintained
- We reiterate the importance of our commitment to develop an organisation that has the capacity to renew itself and constantly improve
- We will complete the planned OD activities
  - May need to continue into 2010
  - Will use the existing OD budget
  - Will ensure assessments of key OD initiatives which will help us to integrate the initiatives into systems and culture of the Agency
Our Focus for 2010-2011

- **Overall theme:** Sustaining the momentum of change: integration and innovation
- **Underlying principles:** performance, results and accountability
- **Focus:** DSD managers and staff and on refugees
- **A key foundation:** Management based on empowerment with accountability
- **ERP:** will be an essential system/tool that will allow us to integrate most of our systems, embed the empowerment of managers, ensure accountability, and facilitate culture change (see overleaf)
- **Assessment and learning:** We are committed to assessing progress, effectiveness and impact on a regular basis (see overleaf)
How an ERP Supports our Strategy

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<th>What</th>
<th>Resulting In</th>
<th>Impact</th>
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<td>Integrate OD reforms</td>
<td>Simplified and automated Agency processes</td>
<td>Effective programmes for refugees</td>
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<td>Integrated management system</td>
<td>Transformed HR, Finance, Proc Systems</td>
<td>innovation, simplification automation</td>
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<td>Updated polices, rules, regulations</td>
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<td>Effective MTS and FIP process</td>
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Assessment and Learning

**Internal Assessments (by end 2010)**
- Selected Field Offices
- Main programmes (Edu, Health, RSS)
- HR, leading to a new HR strategy
- Finance and budget
- Oversight
- Procurement
- ICT
- Internal Communication

**External Assessments will be considered for the following:**
- Programme management: process for developing MTS/FIPs/HiPs and the PCM
- Procurement management
- ICT
- External Relations and resource mobilisation
- Optimisation of international staffing posts
- Internal Communication
Action Steps

- **Assessment**
  - Internal assessments, external reviews and perception surveys/indicators

- **Strategizing**
  - Organisational strengthening framework (as a companion piece to the MTS)
  - Followed by extensive consultations with Fields and HQ
  - Circulated to AdCom for November session

- **Planning**
  - Development of project plans and budgets in last quarter of 2009
  - Overview shared with the AdCom in November

- **Approval**
  - Finalisation in 2010

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Part Five

Financial Implications
OD Budget

**OD Budget Status:**
- Budget: $ 27.3 million
- Received: $ 24 million
- Needs: $ 3.3 million

*We will continue the current OD activities until around mid 2010, funded by the current OD budget*

Funding Innovation and Integration

**ERP**
- Budget: $ 18.75 million
- Received: $2.5 million
  (Switzerland and US)
- Needs: $16.25 million

**Central Reform**
- Funds required for Agency-wide strengthening:
  - Accountability
  - Management
  - Agency-wide programme reforms

**Field Reform**
- Field based innovation projects:
  - Improve quality of service
  - Individual innovation-based field projects
  - Create culture of results-driven project and programme delivery based on innovation

**International Posts**
- 20 posts introduced through OD
  - 6 posts added
  - 14 unfunded
- Key reforms sustainable due to posts
- Donor support required to maintain posts while efforts continue to include in SG’s budget

*Figures to be provided at November AdCom*