

I. Overview

The Strategic Plan (SP) calls for UNDP to become a more forward-looking organisation, capable of seizing opportunities as they arise, being optimally positioned for continued growth and relevance, and improving efficiencies in delivering support to Country Offices. In 2014, UNDP undertook an ambitious institutional transformational process, increasing its ability to be 'fit for purpose' and ensuring it is better positioned to play a key role in advancing the international development agenda in years to come.

Within headquarters and regional levels, structural changes have been implemented to align the organisational structures with the directions set out in the Strategic Plan and to improve programme support to Country Offices by making it more relevant and tailored to their needs. Results have been achieved through the strengthening of regional presence with more programme advisory and support resources shifting to the regional level while ensuring that the presence is reflective of the region's development needs, programme size, and crisis context.

This Annex outlines the key benefits of the Structural Changes that have been realized, and as a result, related lessons we have learned.

II. Key Benefits Realised

The overall objective of the Structural Changes was to implement structures and processes at HQ and regional levels to better enable Country Offices to deliver effectively on the ground.

Specific objectives were to: 1) shift functions requiring a more regional/country-level context to the Regional Hubs, 2) reduce duplication of functions and create a unified bureau (Bureau of Policy & Programme Services) consolidating all policy & programme support across HQ and Regional Hubs, 3) create a separate unit (Crisis Response Unit) to coordinate corporate response to new crises, 4) improve management ratios to be less top heavy, and 5) improve enabling functions through business process reengineering.

As of September 2015, there was a staff reduction of around 12%¹ at HQ and regional levels compared to pre-Structural Change numbers. There is now a leaner HQ with more staff in the Regional Hubs; specifically, the HQ to regional footprint ratio has shifted from 60 / 40 (HQ/Regional) to 45 / 55². At the same time, management ratios – percentage staff at P4 level and above- have reduced from 44% to 41%³. The transition of staff into new structures and new roles has been achieved with minimal impact on the delivery of results promised to programme countries and the Executive Board.

Compared to pre-Structural Changes, we now have management structures that are more balanced, with fewer senior-level positions (P4 and above) and relatively more mid-career and junior-level positions (P3 and below). Second, we have stronger, more integrated regional presence. Country Office Support functions have shifted from New York to the Regional Hubs, dedicated partnership support has been out-posted to the Hubs, and new positions have been created to focus on results-based management. In order to reduce costs of operations transactions, we have also consolidated transaction services under an integrated Global Shared Services Unit (Kuala Lumpur & Copenhagen). So far, structural changes have resulted in cost savings of US\$ 33+ million per year from staff costs and office space consolidation. The new Bureau for Management Services has implemented simplified and streamlined service delivery models with strengthened client focus and client orientation, but increasing management services efficiencies is an ongoing issue.

In parallel to Structural Changes, we have also reinforced our development effectiveness capacity through the creation of a dedicated team within BPPS with an explicit focus on all aspects of development impact. Regional Bureaux have increased capacities in Results Based Management and Results Reporting. The process for quality assurance of CPD's has been strengthened. New funding windows have been designed to support more streamlined, transparent, and efficient use of funds, with robust governance and reporting structures. Tools that enable more rigorous analytics of demand vs. supply of programme advisory support services have been put into place.

¹ Staff reduction is based on Sept 2015 organogram. In terms of filled positions (positions currently occupied by staff incumbent), the reduction is around 20% - gap due to vacant/unfilled positions.

² HQ to regional footprint is based on Sept 2015 organogram. In terms of vacant positions, HQ has 41% of vacant positions and regional levels have 59% of vacant positions.

³ Percentage is comparing percentage of staff at >= P4 to staff at <= P3 as of Sept 2015 organogram.

ANNEX 5: UNDP'S Structural Change – Benefits Realised and Lessons Learned

III. Lessons Learned

Analysis Prior to and During Action

Considerable analytical work was undertaken on current structures, disposition of staff and costs *before* commencement of design work, taking into consideration good practice in peer institutions. This was essential to grasp the scope of the exercise, understand the baseline, set appropriate targets in different areas and map out a pathway for implementation. It was also important to treat technical/analytical work as less of a one-off and much more as an on-going effort, needed throughout the exercise to backstop detailed planning and respond to new or unforeseen issues as they arose. Moreover, it is crucial in both cases to combine both internal and external knowledge and expertise. Taking this approach puts potentially difficult debates on an evidence-based footing, thus, reducing the scope for confusion or conflict driven by opinion rather than the facts, whilst contributing to enhanced rigour and speed of execution.

Another important observation, highlighted by the change process, was the lack of accessible management information, particularly in relation to human resources, available at the beginning of the process. Going forward, therefore, keeping internal data and analytics up-to-date, building on what the process has improved as well as developing systems that deliver information and insights that are useful for management purposes, will be vital.

Dealing with Direct and Indirect Costs

All change processes have direct and indirect costs that need to be planned for explicitly and realistically – but there will inevitably be some aspects that are either not fully understood or preventable from the outset. Starting a change process without fully assessing these factors invites needless disruption and undermines chances of success. In the case of indirect costs associated with the Structural Change, these related primarily to issues of morale and staff transitions to new structures, practices and processes. Direct costs dealt primarily with separation of staff, staff movement to new locations and externally-sourced expertise. The Structural Change process took these costs into account early-on, enabling relatively rapid rollout of an exercise with many different moving parts that was also global in scope. Nevertheless, staff morale, in particular, can be challenging to manage as planned, requiring careful monitoring during and beyond the change process, and determined as well as visible action by managers. Much the same applies to the introduction and adoption of new ways of working within and across teams.

Bureau Engagement and Change Management

As a means of oversight, a dedicated governance and change management structure was put in place. The Structural Change Governance Group (SCGG) was chaired by the Associate Administrator, with three Central Bureaux, two Regional Bureaux, and the Director OHR. While leadership commitment was present and Bureaux focal points fed into working discussions, this engagement, at times, needed to be more visible to individual staff. Bureau focal points found themselves in the situation of having to elaborate and explain complex situations. Each Bureau nominated one primary focal point and one back-up. While this provided consistency and helped the Implementation Team maintain clear Bureau accountability and ownership, at the same time, this created a very small circle of colleagues who fully understood how components were linked to the overall objectives. The need for confidentiality as policy issues were being decided, while ensuring focal points could have open discussions within their Bureau was a difficult balancing act. A related lesson learned is the need to communicate policy decisions quickly and allow for staff to ask clarification questions on the interpretation of the policy- and potentially, how it could impact them. Active engagement from OHR with individual staff, offering staff a neutral forum to ask questions, is an important aspect of ensuring staff engagement.

Management Buy-In

The complexity of changes that entails several aspects being implemented in parallel, creates a necessity to have strong management buy-in, evidenced by regular communication by each Bureau's leadership to their staff. For example, each Bureau was encouraged to conduct regular information sessions on the changes, with specific aspects for their Bureau. As a lesson learned, more Bureau leadership could have ensured they had staff focal point(s), who would raise questions on behalf of the staff to Bureau leadership. More structured Q&A could be held between the leadership and the focal points, making sure that there is always sufficient access to decisions and a forum to raise questions.

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Communications & Culture Change

Throughout the implementation, there were corporate mechanisms put in place to answer questions raised by staff. These included a dedicated website that was regularly updated with policy decisions, FAQ's, and updates to the overall process. While such corporate mechanisms existed, Bureaux were encouraged to personalize and contextualize the changes for their staff, particularly areas where process improvements were being considered. For example, within a Bureau, staff from key functional areas could be nominated "change agents" for the Bureau, and such tasks should be positively acknowledged in the staff's performance review. Another suggestion could be the mandatory inclusion of some form of "change receptiveness" in each Manager's performance review, along with a mandatory "change adaptability" in each staff review. While change management is considered a technical competency for certain roles, it could perhaps be mainstreamed into all staff's professional objectives.

Speed of Movement

While the Structural Change process recognised that clarity of purpose and scope are vital, it was also based on the assumption that success depends as well on 'getting things done' as quickly as feasible and without major mid-stream slowdowns, adaptations or diversions. This required considerable management discipline, especially when faced with pockets of resistance and at certain stages of the process when the scale and complexity of what needs to get done can seem overwhelming.

Strategic Management

There are a couple of lessons learned at the broadest, strategic, level from the Strategic Change process, which reinforce insights gained not just from public or international organisations but also the private sector. These are: first, change should not be seen as a periodic phenomenon, only required every five or 10 years, but rather as a process of continuous improvement informed by careful monitoring of operating context and institutional performance; and, second, injecting and maintaining this dynamism in an institution's culture, in UNDP as elsewhere, demands information on performance that is useful to managers and the tools, through planning and budgeting, to adapt and adjust over time. These are, in fact, the two areas where UNDP is already investing significantly, based on better results-based management (RBM) and a corporate planning system which connects priorities, actions and resources at all levels so that the organisation can work effectively as 'One UNDP' across the globe to deliver results for programme countries.

Conclusion

The first half of the Strategic Plan's implementation has had a strong focus of aligning UNDP's organisational structures to best deliver on SP priorities. In order to remain relevant for programme countries and in order to be financially sustainable, UNDP will need to continue to refine its business models and related structures and processes.