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MANAGEMENT SURVEY OF UNICEF

The strengthening of the best traditions of UNICEF:

Report to the Executive Director prepared by the
Scandinavian Institutes for Administrative Research (SIAR)*

* This report was prepared in accordance with a decision of the Executive Board at its 1973 session (E/ICEF/629, para. 142). A note by the Executive Director giving his views and recommendations for UNICEF action is contained in E/ICEF/AB/L.148.

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Mr. H. Labouisse, Executive Director
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February 25, 1975

Enclosed you will find the final text of our report. We hope that you agree that the title chosen "The Strengthening of the Best Traditions in UNICEF" summarizes the leading idea.

We are also convinced that the implementation will be greatly facilitated by the joint problem solving approach which has pervaded the project and the report writing, although as your consultants we take final responsibility for both the content and formulation.

Let us also assure you that to the extent needed the Institute is prepared to share with you responsibility for a successful implementation.

Yours sincerely,


Jan Lundeberg


David Palin


Eric Rhenman

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CHAPTER 1: INTRODUCTION

The Purpose of the Report:

1. During the last twelve months we have carried out a management survey jointly with staff groups from UNICEF. The purpose was defined by yourself in the terms of reference (attached as Appendix I) as "laying down lines for the development of UNICEF's organization structure for the next five to ten years." As you will remember, we presented a first report in May of last year, mainly to inform the Executive Board about the progress and orientation of the project.
2. The purpose of this report is broader and can be summarized in four points:
 - a) to give a further explanation of our approach described in the first report as "joint problem-solving";
 - b) to report some observations about problems in UNICEF and our theoretical interpretation of these problems;
 - c) to summarize the decisions that have "grown out" of our joint problem-solving discussions and which now seem to be "mature" enough to implement; and
 - d) to suggest next steps in your work in improving and developing UNICEF's organization and management.

The Style of the Report:

3. When reading this report you may get the impression that we are only critical of UNICEF. But this is not the case. We therefore wish to make a general comment -- which we hope you will remember all through the text -- about the style we are using.
4. The purpose of a management survey is to deliver improvements. The stronger and healthier an organization is the more open it can be about its problems and shortcomings. Therefore,

since UNICEF is one of the most impressive organizations we have ever met and has a very difficult task, we have not hesitated to be frank in this public document. Only when we have felt that the purpose of the project -- that is, change for the better -- make it desirable, have we reminded the reader of the well-known strengths of UNICEF: its ability to combine a down-to-earth practicality with far-reaching analysis, its flexibility without losing sight of the ultimate goal and its highly motivated and very able staff led by a non-bureaucratic management.

The Outline of the Report:

5. In our progress report we briefly described how, as a result of the first fact-finding phase, which included a very valuable pilot group exercise about management in the Americas region, we decided to concentrate our work on four "attention areas" with the help of groups of staff members selected in conjunction with yourself:

- a) a group of eight UNICEF representatives who have concentrated on the question of "how to strengthen the field organization" -- the "field group";
- b) a group from headquarters working on how to improve personnel administration -- the "personnel group";
- c) a group (also from headquarters) analyzing "how to strengthen the logistics function" -- the "logistics group"; and
- d) a group led by yourself covering a broad spectrum of questions, including those introduced by the other groups, but concentrating on the question "how to improve the basic structure of policy making and coordination?"

6. All these groups have done a very careful job, and each has come to more or less unanimous conclusions. Since we know that you are anxious to act relatively soon on some of the recommendations of these groups, it could seem logical to concentrate our report on a summary of those findings together with our own final evaluation. However, we think that successful implementation depends upon a thorough understanding of the reasoning behind the conclusions.

7. We will therefore devote Chapters 2-5 to a theoretical interpretation of some of our observations in the hope that our report will be of value to you in your continuing discussions with groups that have not yet been involved in the project. Our suggestions are then presented under ten subheadings in Chapter 6. In Chapter 7 you will find a check list of proposed actions.

CHAPTER 2: OUR METHODOLOGY

Why Joint Problem-Solving?

8. When first discussing the outline of this project with the UNICEF Secretariat, we emphasized that we did not believe in a methodology by which the consultant's assignment was to review and recommend, and which left the client to decide and to implement. There are three major reasons which have led us to a basically different approach.

- a) There are in most large organizations experiences and ideas which are not properly used and it should be the first job of the consultant to help the organization to use its own resources.
- b) For the difficult organizational problems, the best solutions are often developed if the client's understanding of the needs of the situation is combined with the consultant's theoretical understanding and technical experience.
- c) Real change in an organization requires not only changes in the formal organization but also, and often much more important, that key personnel develop new behavioral skills and attain a deeper understanding of psychological and sociological aspects of the situation in which they live and act. The interaction with a consultant can, if properly used, be an opportunity to start to experiment with new behaviors, and to get a deeper personal understanding of organizational problems and possibilities. Traditional "expert surveys" are on the other hand often used by the key people to avoid a confrontation with problems caused by their own way of functioning.

The Need to Understand the Wider Context and the History of the Organization:

9. It is our practice in this kind of project to begin our work with a fact-finding and diagnostic phase, which in this case started almost immediately after the signing of the contract with our participation in regional preview meetings in Guatemala and then included visits to about fifteen regional and area offices, interviews at headquarters and a massive

study of documents. During this phase, some of your staff expressed surprise at our keen interest in the history of UNICEF and our tendency to ask questions about the interaction with governments responsible for assisted projects rather than about administrative procedures. This may warrant some explanation.

10. One of the great risks of inviting a management consultant to make a survey of the management of UNICEF is that he might apply standards of what constitutes good management which are too superficial. Experience has shown that the old belief in a universal set of management principles applicable to all military, industrial or government organizations is not valid.

11. Instead, research has proved that high efficiency and effectiveness are achieved when the organizational structure and the management systems are well adapted to the basic values that the organization is promoting (or the task of the organization) and the technology (or the work methods) that the organization is using. In UNICEF this experience is particularly valid, not only because UNICEF is a unique organization, but also because the task of UNICEF varies both between one part of the world and another and at different times.

12. When working with this kind of complex organization, we have also discovered that in many areas there is no single best method to suggest, but rather that it is very important that tasks, technology, structure and management methods form a coherent whole which is well understood. In an organization like UNICEF it is therefore important to understand not only the present structure but also the learning process that has created it. Any changes should, as far as possible, build on or at least be a conscious reaction to, this development process. This theoretical approach makes the task of a consultant very difficult because he cannot evaluate the parts or pieces until he

has understood the historical background, the present task and and the ambitions of the organization for its future.

13. The methods we have used in the first diagnostic phase have been to read documents and to interview people who have been familiar with the historical development. We have also had extensive discussions with present key "actors" in the organization both at headquarters and in selected regions, areas and local field units. It was also possible for us to speak to some Board representatives and to some government officials in countries having projects assisted by UNICEF. Finally, we have used all available opportunities for observation of individuals or teams in action, particularly to try to understand the "interpersonal climate" which generally also reflects the history of the organization.

How to Improve the Self-Correcting and Learning Processes of the Organization:

14. One of the outcomes of this diagnostic phase was the identification of four areas for examination reported earlier and the establishment of joint problem-solving groups for these priority problems. But as you know, this attempt at directly solving problems in your organization has only been one of our strategies. We have also been trying to achieve a more intangible but, maybe, more long-lasting effect.

15. During many years of work we have learned that there are some basic risks involved if the consultant is "too helpful": namely, that more basic problems are not resolved. Thus, one could ask in respect of almost any problem in the "attention areas" why UNICEF has not already solved the problem; we have therefore asked the more basic question of how the self-correcting mechanisms of the organization could be strengthened.

16. In a rapidly changing world, there is also a risk that investigations by an outsider are obsolete before they are imple-

mented. According to this line of reasoning the consultant should have the ambition to do more than simply help the organization to resolve problems of efficiency. If he simply adopts the task of identifying such shortcomings and of making recommendations about improvements, he can perhaps be of some short-run help, but may be at the same time reducing the organization's own ability to learn, change and improve.

17. One of our basic theoretical assumptions in this context is that an organization's ability to learn, change and resolve its own problems is largely dependent on whether power and knowledge are available at the same spot. If this is not the case, either vicious circles or stalemates will develop. Our consultation strategy is therefore to try to identify in our diagnosis such basic shortcomings and then to try to stage a self-reinforcing repairing process which brings knowledge and power together.

18. Since the concept of organizational learning and self-adaptation is rather abstract but also very important for our whole methodology, we would like to share with you some concrete examples from other organizations which we think have a bearing on UNICEF.

CHAPTER 3: SOME EXAMPLES OF HOW ORGANIZATIONS CAN LOSE THE ABILITY TO LEARN AND ADAPT: HEADQUARTERS IN INTERNATIONAL ORGANIZATIONS

19. UNICEF is a remarkable example of an organization that has been able to learn and adapt. We will therefore prefer, when explaining the importance of looking for more basic problems and "vicious circles", to use some of our general experience from consultation with other international organizations.* We have selected the problems of headquarters, since these do to some extent exist -- even if in a milder form -- in UNICEF, but mainly because it is the most common set of problems in all international organizations* that we have studied.

The Mixture of Service and Supervision:

20. The most obvious and maybe also the most important reason why so many headquarters in international organizations* have difficulties in performing well, is that they have different functions which require quite different attitudes in relation to the field; while this is not reflected in the structure or in the management methods developed. It is thus very common that headquarters have both a supervisory role and a service role, and too often neither headquarters nor the field can make the distinction. The result is that all people from headquarters are regarded (and regard themselves) as superiors of a kind, with a supervisory function. An easy way of seeing if an organization is suffering from this misunderstanding is to discover who determines which visits from headquarters are desirable and when they should take place.

* We use the term "international organization" to cover both intergovernmental organizations (public law bodies) and multinational firms (private law bodies).

21. The risk involved in this mixture of two functions and two quite different attitudes and relationships is that headquarters' service deteriorates. An equally dangerous risk is that the myth is maintained that the field is adequately supervised while actually it is only separate functions of the field offices which are subject to some kind of supervision, and too few visitors do the most important supervision, namely that of overall performance.

The Ambiguous Status of Headquarters:

22. The efficient performance of either supervisory or service functions is severely hampered by the ambiguous status of headquarters that we have observed in almost all international companies or organizations. In its simplest version our observation is that people from headquarters are generally regarded in the field as more powerful than would be justified by their knowledge of the requirements of each field situation. This gives them in one sense high status but in another sense low status. This is sometimes interpreted as some kind of personal or even moral deficiency among senior staff in headquarters, but a more careful analysis will show that the reasons are found in the structure and are indeed very simple.

23. By being in headquarters, the staff member naturally gains a good understanding of the internal functioning including the internal politics of the organization. This makes him look powerful to the people in the field who are often feeling very isolated from the rest of the organization (for reasons that we will amplify below). If at the same time the key tasks of the organization (whether they are production, marketing or services to children) are performed in the field, it means that the staff member in headquarters is isolated from "the real thing". In concrete terms we have thus found in many such organizations that the staff member at headquarters is often more able than

the staff member in the field to take care of his short-term interests relating to promotions, postings, allowances, etc., while the staff member out in the field, particularly if he is given an opportunity to rotate, in the longer run makes the more successful career.

The Vicious Circle of One-Way Communication:

24. All organizations have unique problems to solve. These problems appear as decision issues often recurring repeatedly but also changing over time in relation to changes both in task and environment. The process of successfully resolving the decision issue is largely a function of the development of adequate concepts and frames of reference; the development of an adequate language for expressing the issue. In the healthy organization this language will be unique to the extent that the problems are unique and will change in relation to task and environment changes. Also the language will be most useful when influence over its development can be exercised by those people nearest to the decision issues, as well as those with the responsibility to make the decisions. An illuminating example of the importance of this was provided some years ago when we had an interesting opportunity to study an international company which had been the world's leader in its industry but failed to identify early enough the technological revolution which changed some of the basic processes on which its products were based. Interestingly enough, one of the subsidiaries had for many years been very well aware of what was going on but been unable to communicate this to its headquarters simply because there was not a language or a frame of reference within top management that made it possible for the subsidiary to describe the technological revolution taking place.

25. The process of language development requires organizational support. One way of testing whether such support exists is via questions such as "who determines the agenda of the meeting?", "who makes the first outline?", and "who is then asked to use these outlines as the basis for comments?"

26. The problem we have seen in many international companies and organizations is that the answer to these questions is that headquarters has the dominating control over both language and communication channels. Headquarters sets the agenda, determines what is important and, most importantly, makes the drafts and asks the field to comment, and it is the problems perceived by headquarters that are problems common to the organization and for which a specialized jargon is developed.

27. Even if this control over language and communication channels is convenient to headquarters, a high price must be paid for it. If there is not enough sensitivity in the language to make a faithful description of the problems of the field available to headquarters and the field has not enough control over the agendas to make it possible to see that these are brought up, headquarters may gradually come to know less and less about what is actually happening in the field. This will mean that the messages it sends to the field will seem more and more irrelevant and when drafts are submitted to the field, too few comments are made.

28. Of course, this isolation will increase the tendency to use the internal language to describe headquarters' needs and problems and to discuss these in the internal communications systems. This vicious circle is particularly dangerous if the key task is performed in the field and if it is important to be able to understand in depth the particular situation in each country, since the quality of the organization's services is dependent on a genuine understanding of each situation. One reason why so many international conglomerates have been in severe problems during the last years is no doubt exactly this failure to understand the differences between their many subsidiaries. (See Diagram 3:1.) Another consequence of this vicious circle and in particular the concentration on headquarter's perceived problems combined with field criticism of headquarters, is that there is often a tendency for headquarters functional services to swell.

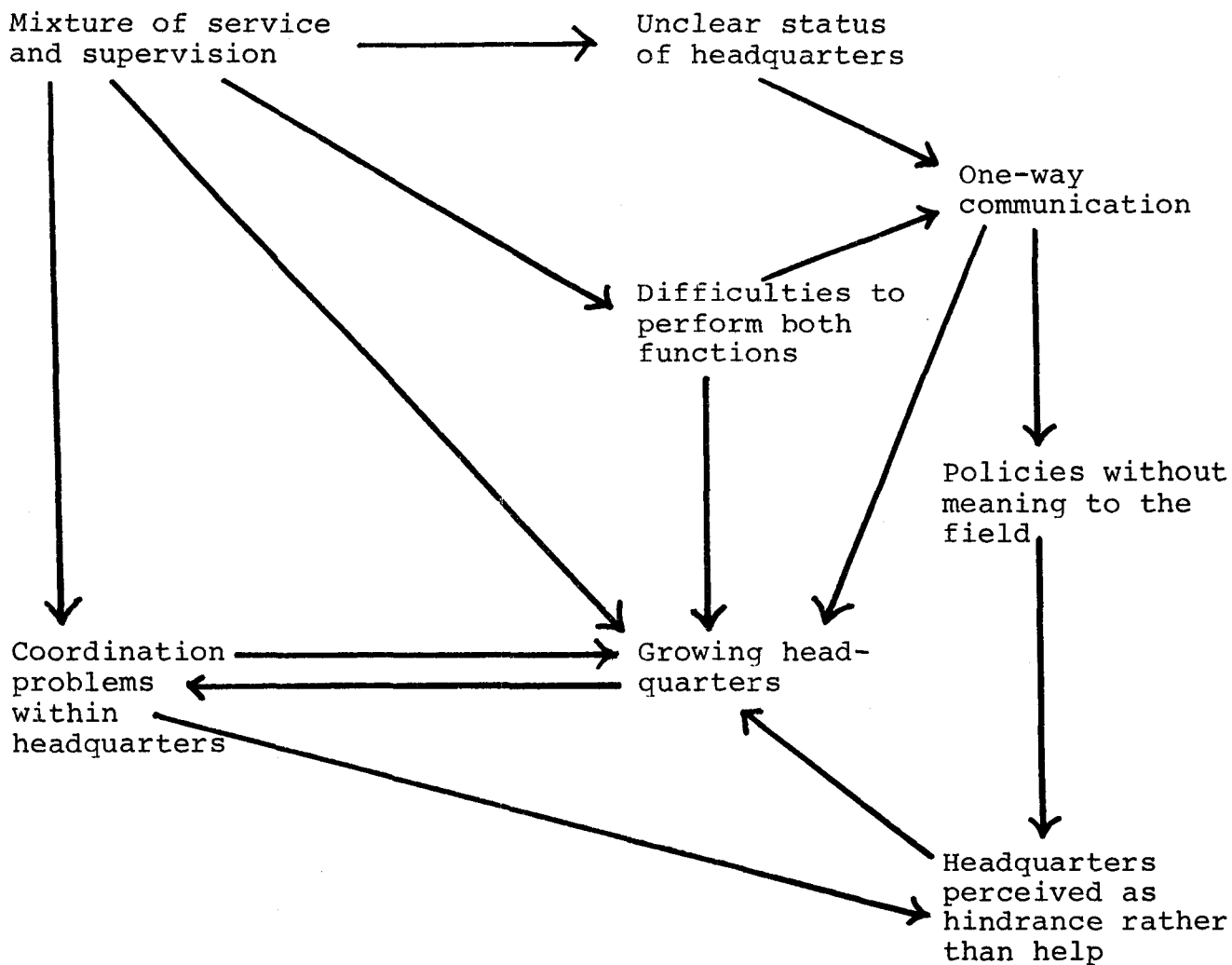


Diagram 3:1 Some vicious circles often found in complex international organizations.*

* See footnote on Page 8.

Policies Without Meaning

29. A special case of this vicious circle of one-way communication is found in the field of policy-making. Policies are expressions of values and norms in terms that can guide actions. This means that they not only reflect the basic values of organizations but also the experience and knowledge that the organization has about how these values can best be promoted. They should also reflect the priorities set between competing goals.

30. One of the consequences of too much one-way communication from the top to the bottom -- at the cost of communication in the other direction -- is that experience in the field cannot be adequately used in policy-making. Instead, policies are developed by abstract deduction or by imitation of other organizations. This can lead to all kinds of problems. It is not uncommon for the policies of the organization to be regarded as abstract or irrelevant, and even to represent one of the most serious constraints for efficiency in a "local" market.

Un-coordinated Coordination

31. Another consequence of these communication problems and the emphasis on one-way communication is a growing need for communications in written form. Headquarters cannot avoid discovering that its policies and messages are not regarded as particularly important, and that in a very genuine sense it is losing control over the field. This is interpreted as a need for more detailed instructions, and it is often decided that special training courses must be arranged in order to better indoctrinate key field representatives. In multi-national companies it is usual at this stage of the organization's development to place special, reliable inspectors from headquarters in each subsidiary. The system of internal auditing is extended. The growing feeling of the impotence of headquarters leads to the conclusion that new specialist departments must be established; experts and consultants are brought in; etc.

32. We are not denying that sometimes there are good reasons for creating specialist departments at headquarters, but from the point of view of the field, the development is seen as a growing number of instructions which seem to be less and less coordinated. In one international company that we studied the table of contents of what in UNICEF would be called the Field Manual was alone as thick as the telephone book of a large city. At headquarters, the development is first seen simply as growth, but after some time worry about internal coordination develops. People start to feel that no one really understands "the whole", and instead of problem-solving, internal politicising becomes the most important method of getting decisions made.

CHAPTER 4: THREE REASONS WHY ORGANIZATIONAL LEARNING
IS VERY IMPORTANT IN UNICEF

33. We have wanted to share with you these experiences from other organizations because they elucidate the need for continuous adaptation and learning in an international organization. In the case of UNICEF this is such an important aspect of your situation that we want to discuss it in a special chapter of this report. As we see it, there are three major reasons why the need for learning and adaptation throughout the organization is so extremely high in the case of UNICEF. These are:

- a) the country orientation;
- b) the nature of the task; and
- c) some major unknowns about the future demands on the organization.

The Country Orientation

34. Historically, one of the major differences between UNICEF and almost all other U.N. organizations is that, whereas the latter have tended to embrace the principle of field orientation in recent years, UNICEF, from its inception, has been a field oriented organization where the basic task of the organization has been performed by field units and the role of headquarters has been to support, coordinate, develop policies and raise funds. This was very much the case during the first years of operations in Europe, and when attention was turned to the developing countries, one of the first acts was to set up a field office in Bangkok. It is in this context important to note that, historically, the regional structure in UNICEF is not a layer that has been added as a link between the field and headquarters but rather the residuum of the first network of field units.

35. UNICEF also introduced the concept of the country approach, thereby also adapting itself to the strengthening of national in-

dependence, in the sense that each country would be helped to adopt a strategy for social development concerning children. Since the mid-60's UNICEF has also adopted a policy of differentiating its support with the degree of development and with the purpose of directing its material assistance more particularly to disadvantaged areas and the least developed countries. Recent events regarding the prices of oil, staple foods and manufactured goods have added another dimension to the growing complexity of UNICEF's tasks and the need for flexibility and country orientation.

36. As seen from this summary, the country orientation does not mean simply a differentiation of material assistance according to the needs of the individual country, but has a much deeper significance. The most essential aspect of the concept is the recognition that projects are designed at the country level and in discussion with the ministries implementing the project as the most influential party (the other party or parties being UNICEF and, where appropriate, one or more of the specialized agencies or bilateral agencies).

37. The country orientation leads to a number of consequences for UNICEF and its staff:

- learning and the development of human resources is best made at the country level;
- communication channels that facilitate lateral interaction between countries and areas are important;
- the empirical experience at country level should be a prime resource in policy development.

The Nature of the Task

38. The need for learning and adaptation is also a consequence of the nature of the task of UNICEF. The organization's conception of its task has evolved remarkably over the years. UNICEF, for example, has become aware that assistance to children, in order to be effective, must be supported by a strengthening of the social systems within the country which have a direct bear-

ing on children; that this action, again, tends to alter the position of children (and mothers) within society and the state, thereby necessitating a long-term adaption to these changing relationships; that evolving administrative structures in some countries -- for example, such as those in zonal "development areas" -- demand new types of action at different points of impact in order to be of longer-term benefit to children. There are also more general and possibly more important factors requiring constant adaptation such as the country's general policy of development and its general relations with the outside world regarding aid.

39. With this increased understanding of how to promote the welfare of children and mothers has followed a growing importance of the advisory role and the catalytic effects of participation in country programming. This again has made the intangible aspects of the task even more important and raised new questions. It has not only increased the demands on the quality of the UNICEF staff, but also it has made it necessary to develop working methods and knowledge in a number of new areas. The development of new functions (e.g., for planning) has been one method of adding new competence to the organization. On the whole, this seems to be only the beginning of a continuing upgrading of the whole organization to fit new tasks.

The Unknown Future

40. A third factor in UNICEF's strategic situation which emphasizes the need for an organization with a maximum ability to learn and adapt is the existence of some major unknowns of the future. The size of future resources available to UNICEF is one such uncertain factor. As we see it, management of UNICEF must aim at a substantial increase of resources available to the organization, but must also be prepared for this not being realized.

This uncertainty applies particularly to the planning of UNICEF's long-term assistance.

41. Related to this uncertainty is the question of the degree of involvement in emergencies. Here the uncertainty is not only the one inherent in this task but also the whole question of how various governments and the U.N. family will organize themselves for the substantial assistance that will be necessary to avoid the present world crisis developing into a disaster for the children of a number of countries.

42. A third important unknown factor relates to the extent to which resources other than contributions for general resources, coming from funds-in-trust, cost-sharing and multi-bilateral arrangements will be channeled to the Third World through UNICEF.

43. A fourth important unknown, which we have already touched upon, comes from the shift in world economic resources owing to commodity price changes. To what extent will UNICEF develop an advisory role in the countries where material resources are newly available, but where major problems still need to be resolved in the organization and utilization of these resources? What effect does this have on the direction of thrust and the organization of fund-raising activities?

44. Whatever the outcome will be of these and other questions which will ultimately determine UNICEF's task for the years to come, the organization will in many cases have to resolve problems of a size and nature of which it has only limited experience. This will again add to the need for an ability to develop and use its human resources, to transfer knowledge from one area to another and for co-operation and co-ordination between functions and units.

CHAPTER 5: UNICEF AT ITS BEST

Leadership as an Emancipatory Process

45. Interestingly enough, there is "a UNICEF" which is extremely well adapted to these needs to learn, to adapt and to be flexible. The purpose of this chapter is to try to describe those aspects of organization management within UNICEF upon which we think you should build.

46. Our description in an earlier chapter of the vicious circles we have seen in many international organizations* was not, let us emphasize, a caricature of UNICEF, although (as you are well aware) some of these problems are found in your organization. Rather it describes traps into which UNICEF, like so many other growing organizations, could fall unless you take some very conscious counter-measures. Leadership in an institution like yours has sometimes, and we think rightly, been described as a continuous emancipatory process. The following chapter is meant to suggest guidelines for the struggle of your organization to free itself from self-imposed constraint and realize its potential.

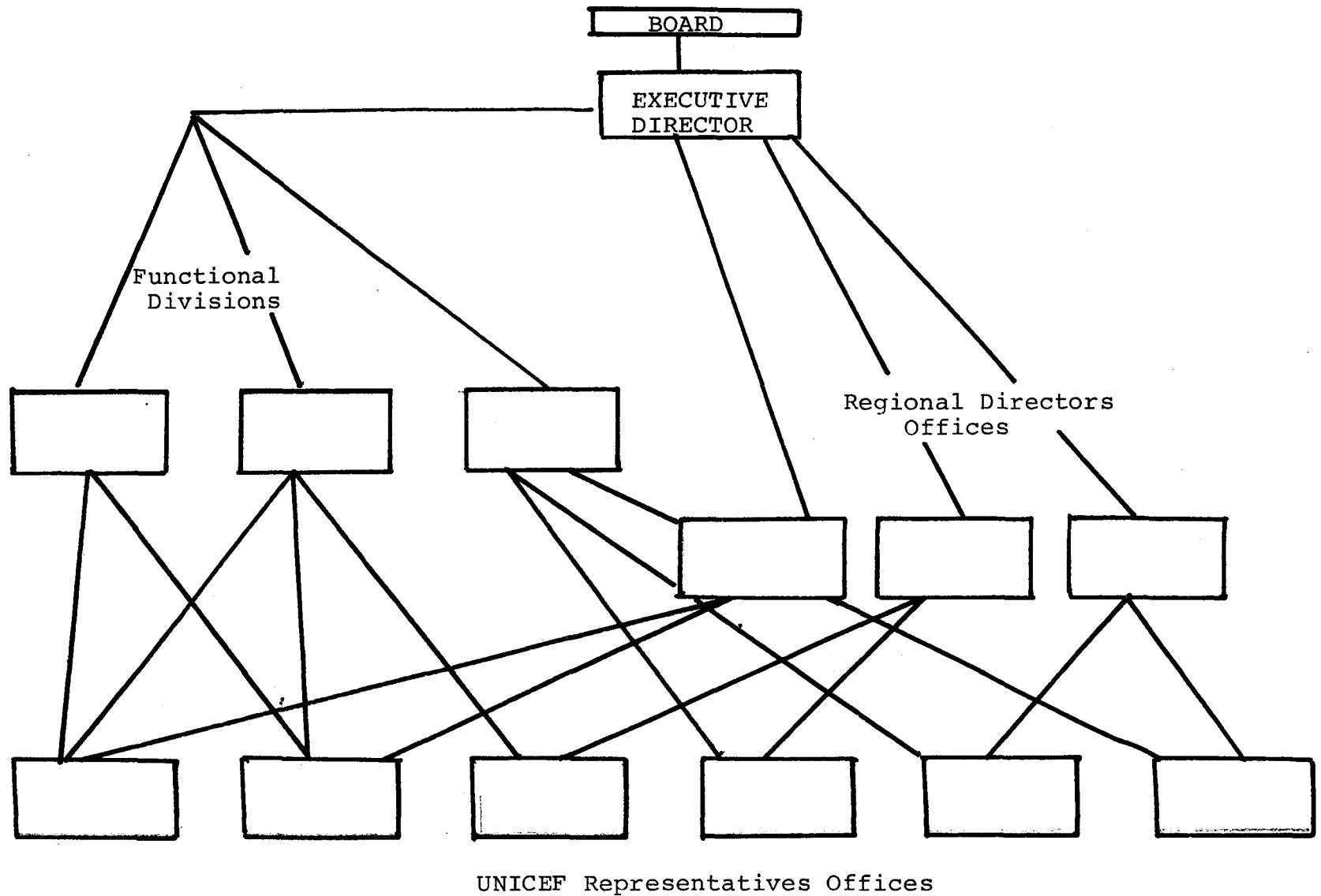
The Basic Structure

47. The formal organizational structure in UNICEF to some extent corresponds to the classical three-tier structure with step-by-step delegation from the top via regional directors and with functional supervision as illustrated in Model I (Diagram 5:1). Headquarters divisions regard themselves, partially, not as service units but as functional superiors with the responsibility to give instructions and to supervise their function in the field operation; and the regional director and his staff sometimes

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See footnote on Page 8.

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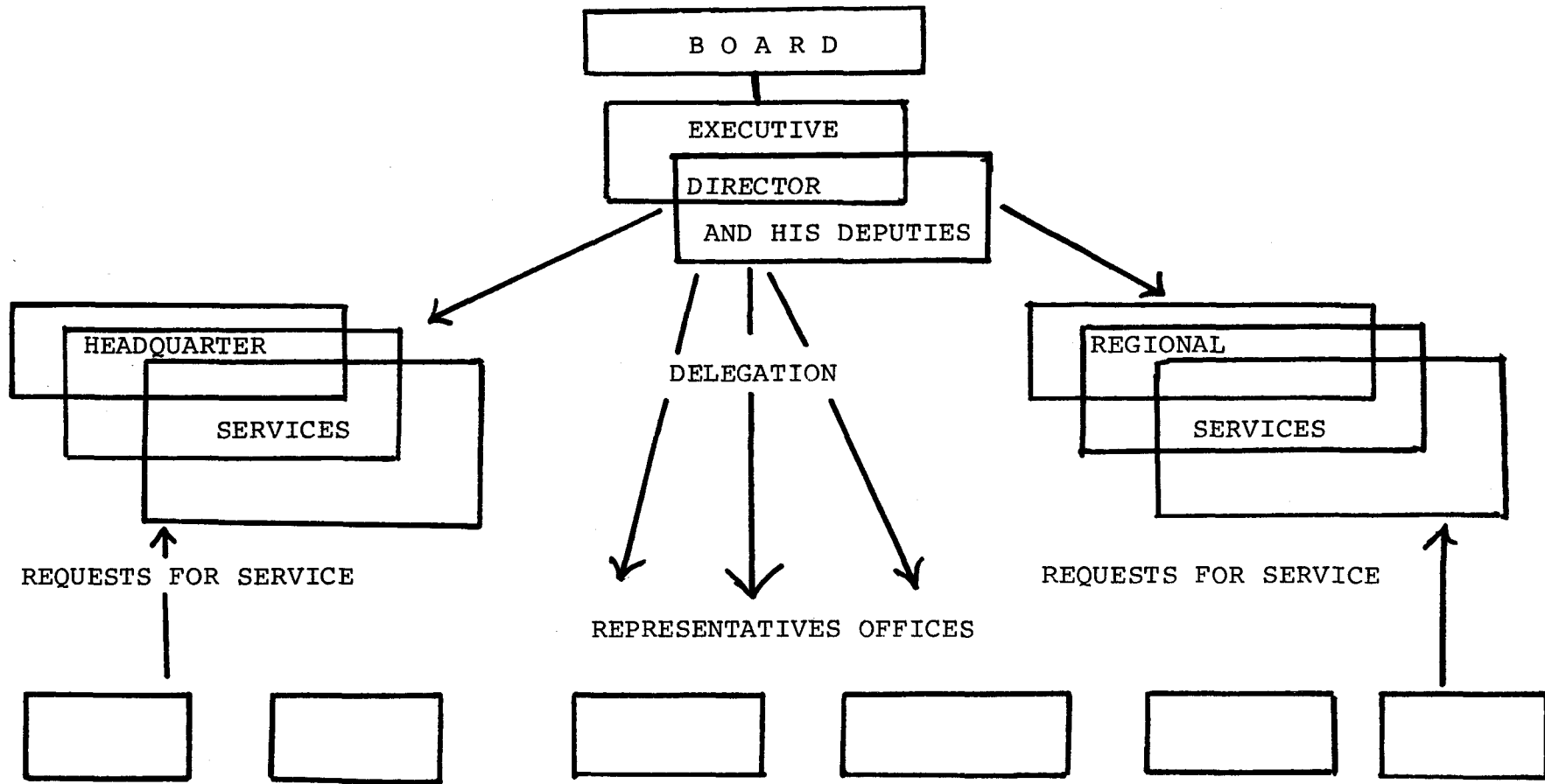
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Diagram 5:1 UNICEF as a traditional three-tier organization (Model I)

take on similar supervisory attitudes and roles. When functioning according to this model, the result is described by the field in very negative terms. They seem to receive many and sometimes divergent functional instructions. Too many visitors from headquarters seem to be qualified in their own specialities rather than the general workings of the office, and to be more interested in instructing the field office than in listening to their problems. The regional office may be perceived as a constraint rather than as a helpful service unit.

48. This is only one part of the story. There is another way of functioning within UNICEF which is better described by Model II (Diagram 5:2), and this means that heavy emphasis is put on the whole range of the responsibilities of the UNICEF representatives and their staff in the country or area offices. These responsibilities are perceived as delegated direct from the Executive Director as a formal confirmation of the fact that it is in the country, in discussion with the government, that the most important decisions take place, and the most valuable learning is possible. When UNICEF is functioning according to this model, headquarters divisions and the regional offices accept the judgment of the field based upon knowledge with the same sincerity as in a market-oriented company where the customer is the king.

49. This does not mean that experience or expertise is withdrawn but that it is given at the request of the field and with the attitude "this is our experience, but you know the local situation and must make the ultimate decision." It also means that the regional director is not acting as a formal boss in a hierarchical structure but as a professional senior who is respected because he can be helpful. When this model is functioning, and we have seen it work in many instances, the communications channel is



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Diagram 5:2 UNICEF as a Field-Oriented Organization (Model II)

being used for information both going from the field to regional offices and headquarters because management wants to learn and going from regional offices and headquarters to the field.

Team Work in the Field

50. In parallel with the distinction between the alternatives for the basic structure that we have just discussed, one can see in the field offices two management concepts more or less purely applied. One is a traditional hierarchical structure with functional or regional division of responsibilities. Each programme officer and the staff working with him are responsible for a type of project, for example, assistance to child health, or for assistance to projects in one or two of the countries served by the office. For both the professional and general staff this can sometimes mean that tasks are limited and a feeling of lack of understanding both of UNICEF as an organization and of the larger task context.

51. The second management concept can be described as an interactive or team structure. Here the dominant management theme is of participation and learning by all members of the staff so as to create a highly capable and skilled team. The concrete way of overcoming the static hierarchical structure and moving towards the team structure must be different in each field unit, dependent on the resources available and the structure of the tasks but a specific example can be illustrative. In one field unit where the morale was particularly high the area representative described his management principles along the following lines:

52. "We all try to understand the whole task of the office and to participate in it to the full. This applies to the general service staff as it does to the professional staff. Each of us is better at one sort of job than another and we like to contribute our skills so that they complement each other. Although we each have one or two countries for which we have special programming responsibility, we can contribute our specialized

knowledge to the programs of other countries. We learn faster this way. . . It's the same with the general service staff; we are trying to break down the partitions between different functions so that everyone knows what the others are doing and can see and understand the whole task of the office, so that they can then use their initiative in seeing how their own skills can make the best contribution. We try to give them the opportunity to visit the projects, although we don't do nearly enough of this. . . ."

Resources for Policy and Technical Guidance

53. The traditional structure for policy making in both governmental organizations and international firms can be described as center-periphery and symbolized as in Diagram 5:3; it is to some extent applied in UNICEF. It is related to the hierarchical nature of most organizations and also to the world map of the past with one capital-center and dependent regions and territories. In practical terms it has meant that research units, planning departments and other resources for developing policy and technical guidelines have been concentrated in one center, the headquarters. The periphery has been the receiver -- either directly or indirectly -- of these plans, products or policies and may be given the opportunity to modify them to fit local circumstances.

54. In some of the most advanced international organizations* -- and UNICEF is undoubtedly one of these -- one can observe an emerging new structure based on the assumption that new ideas for products or policies and techniques can develop anywhere in the international network of the organization, with the result that different centres emerge in different places for different purposes and it becomes less and less meaningful to speak of one center. The role of a headquarters, whose functions are changed is, therefore, to be very sensitive to such new emerging ideas and, instead of always trying to develop resources within head-

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See footnote on Page 8.

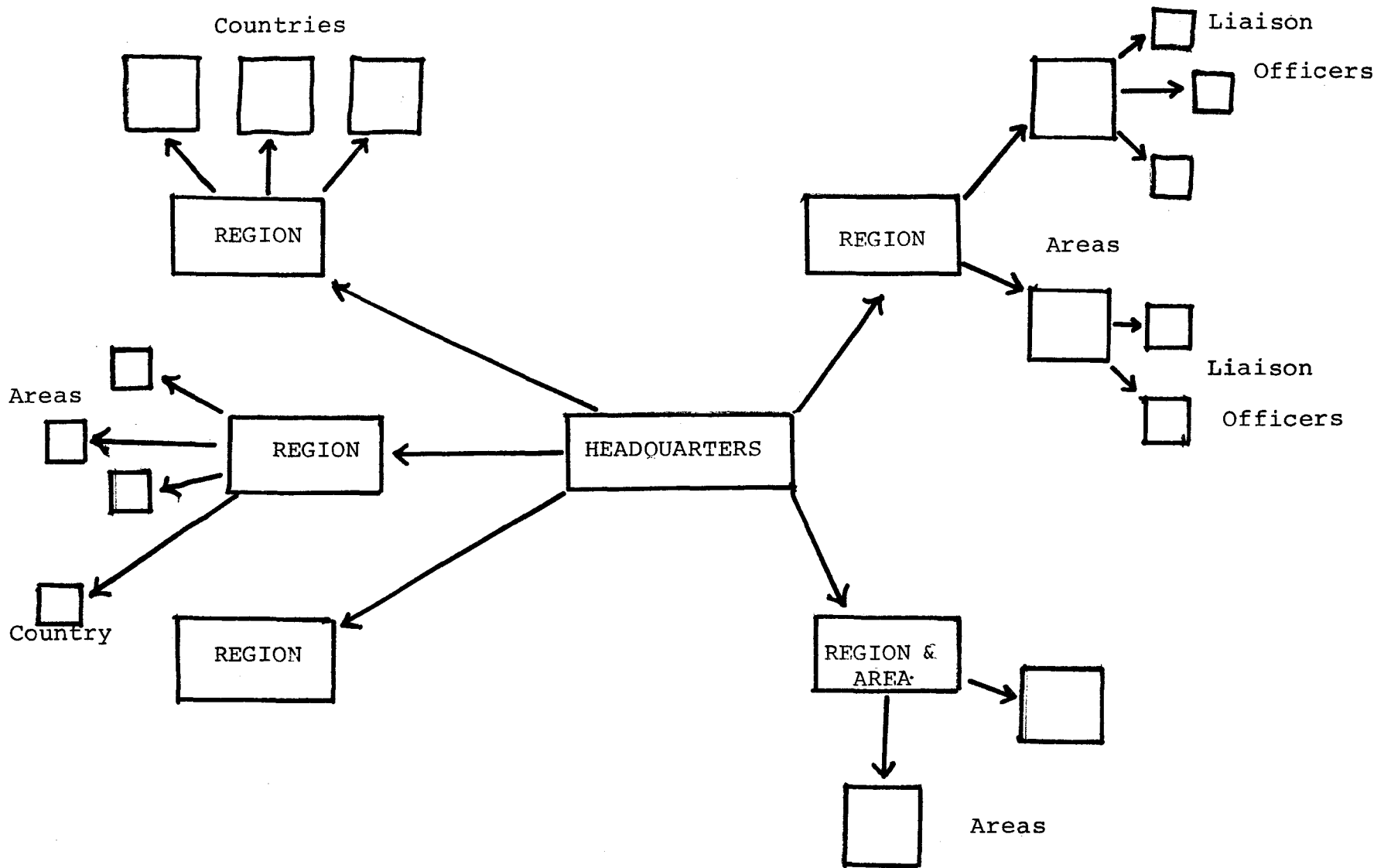


Diagram 5:3 The center-periphery model assumes that resources for policy making should be concentrated in headquarters. In UNICEF regions can have different structures.

quarters, to allocate them to the local unit that takes the initiative or otherwise seems best fitted. Since this may mean that new ideas or policies to be applied within the whole organization can be developed in many local centers, this structure is best described as the multi-center organization. For obvious reasons, most exchange of experience, technical knowledge and staff support is among neighboring offices (within or between regions). These links are illustrated in Diagram 5:4A. In addition, however, staff who are working in a particular field of assistance throughout the whole organization may be in touch, and one or more centers may be given resources to take the lead in development and exchange of information in this field. This is illustrated in Diagram 5:4B.

55. In Diagram 5:4B the Center (Nairobi) may have shown some initiative or expertise in a given field which has sparked off interest in other places, including headquarters. Nairobi takes the leadership in a knowledge network of programme officers specialized in a particular field. More is said about this in Chapter 6:5 and a graphic representation of the office/knowledge matrix is shown in Diagram 5:5.

56. The important things to note here are:

- that what we have in our discussions called "knowledge networks" will form on the knowledge dimension, provided as stated below in Chapter 6:5, that the geographical dimension is characterized by a high degree of interaction between centers;
- that these knowledge networks may be composed of individuals, small groups or whole office groups;
- that the very dispersion of the members will tend to generate variety within the group and will ensure that it has a wider experience to draw upon;
- that formulation of policy recommendations through a selection of the various possibilities put forward will tend to be carried out where the most knowledge is present;

The Multi-Center Organization

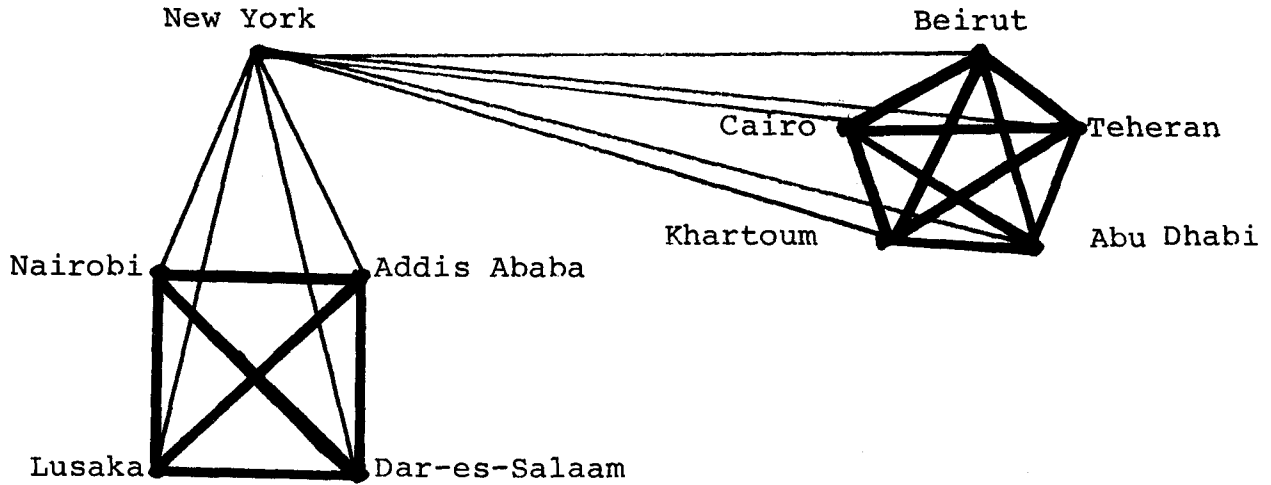


Diagram 5:4A Geographical dimension. Staff in neighboring offices exchange information and support.

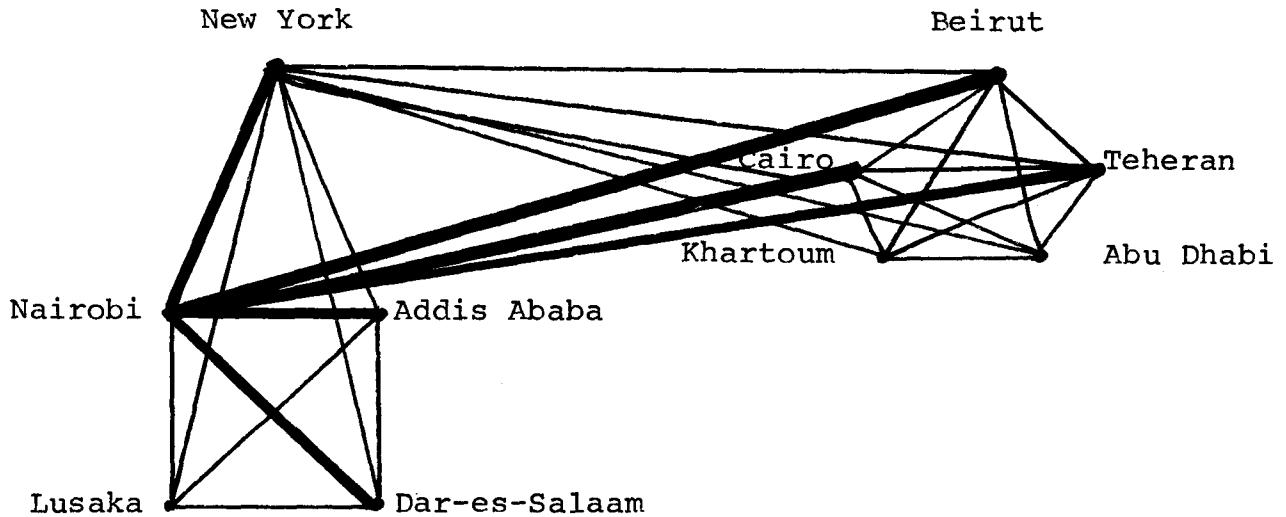


Diagram 5:4B Knowledge network. Example of how staff members specializing in a particular programme area, with Nairobi taking the lead, may work together.

Offices (Ex- amples of) Knowledge Groups Assis- tance to	1	2	3	4	5	6	7	8	9	Etc.	...	...
CHILD HEALTH PROGRAMMING	X	X	X	X	X	X	C					
VILLAGE-LEVEL WATER SUPPLY				X		C		X				
NUTRITION POLICY FOR CHILDREN	X	C	X		X			X				
SERVICE DELIVERY SYSTEMS FOR CHILDREN					X		X	C				
MONITORING EVALUATION	X	X	C	X	X	X	X	X	X			
HIGHER-INCOME COUNTRIES			X		C		X	X				
POPULAR PARTICIPATION			X	C			X	X				
CHILDREN IN NATIONAL PLANNING	C	X	X	X		X	X	X				
CHILDREN IN POORER URBAN AREAS	X		X	X	C		X	X				
ETC.												

X: Where programme officers dealing with this type of project are exchanging professional information with C and each other.

C: "Center" taking the lead in developing a particular type of project.

Diagram 5:5 A matrix organization shows what resources are used and developed and where. A matrix is often the best way to describe a multi-center structure.

- that the results of policy decisions will be seen immediately by those who have participated in them, thereby providing immediate "feedback" for a continuous policy-reformulation process.

57. The role of headquarters in the knowledge dimension is mainly to encourage the formation of knowledge networks; to allocate financial and human resources to those knowledge networks (groups or individuals) which take initiatives and develop real knowledge; to encourage inter-office communication, and to prepare or review and approve any recommendations for policy change.

Interpersonal Relations

58. The area where today the most radical changes are taking place within successful organizations is probably that which is vaguely described as "interpersonal relations". For some years it has been clear from research in the field that traditional norms like "subordination", "one man - one boss", suppression of emotions and an unwillingness to accept the inevitability of some tension and conflict, or of its constructive value in some circumstances, represent values which still may work in a hierarchical organization implementing well-known and well-defined tasks. However, these values hinder success in an organization heavily dependent on learning in the field, often involved in a task no one has performed before and where mistakes must be accepted rather often as necessary for progress. Again, we are impressed by the fact that there is in UNICEF an almost intuitive understanding of what it has taken several decades for the social sciences to discover.

Interest in Both Tasks and People

59. In the administrative literature much attention has been devoted to the question of how important it may be for efficient management to take an interest in people. Research findings were for a long time not conclusive, and it was sometimes

reported that a strict authoritarian and task-oriented leadership style seemed to give better results than a more democratic and people-oriented one. The conflict between these two schools of management is now resolved since it has been shown that neither task orientation nor an interest in people alone makes management efficient. It is the combination of both hard-driving task orientation and genuine interest in the people of an organizational unit that makes the successful leader.

60. This is exactly the kind of leadership style that is relatively often found in UNICEF, and it could in many respects be said to be the UNICEF management style. It is important for us to emphasize this since we will later have many suggestions to make about the personnel administration in UNICEF, but it would be a complete mistake to interpret the shortcomings of the organization in this field as a lack of interest in its people. As we shall show, the reasons are quite different.

Knowledge Gives Authority

61. In another way also, UNICEF is one of those organizations which have intuitively known what is now becoming more and more accepted: that too much emphasis on formal structure, procedural rules and regulations is very dangerous for efficiency. Instead, there is a genuine tradition that formal status is relatively unimportant in comparison with the real status that knowledge gives.

62. Particularly in cases of emergencies, it is not unusual in UNICEF to find people out in the front line giving commands, quite without consideration of formal relationships, to people "above them" both in regional offices and headquarters. As one staff member put it: "It is in such situations, when the organization is really working and only the task is of importance, that you are proud of your organization." The consequence of this emphasis on knowledge as a source of authority is that the formal

organization is often informally adapted and rules are "interpreted" rather freely in order to increase its efficiency and effectiveness. This also means that the organization has a good ability to function in different ways in different situations or in different parts of the world.

63. It is typical that relatively little importance is given to formal organization charts and job descriptions and that those which are found are, in most cases, obsolete. Of course, for such a way of functioning to be really efficient, considerable emphasis must be given to the introduction of new staff members, the development of new leaders, efficient communications and the ability to identify the critical needs of the formal structure.

64. There is in all organizations subject to critical review from the outside, a tendency to report successes rather than failures. In UNICEF the importance of the task and the fact that the funds are all voluntary contributions can sometimes create a feeling that one simply cannot afford to make mistakes and least of all to make them known.

65. Despite these pressures, we have seen in UNICEF a very constructive attitude towards risk-taking and joint learning from problems, mistakes and failures, particularly in lateral contacts between peers. We have seen this in the working groups and also in some of the less structured sessions in regional meetings and other gatherings. This is a major explanation of the innovativeness that UNICEF has shown over the years.

CHAPTER 6: SOME CONCLUSIONS FROM THE JOINT PROBLEM-SOLVING GROUPS

Work Cycle Centered Around the Country's Development Programme

66. During the meetings in the different working groups, we have freely and constructively talked about problems and weaknesses of UNICEF, and also about ways of overcoming them. As we have tried to describe in the previous chapter, many of these critical evaluations, and also our recommendations for improvements, can be summarized by contrasting one efficient and one inefficient structure and management philosophy which, as is the case with most organizations, are both present within UNICEF.

67. This means that what we are handing over to you is not a set of independent recommendations, but rather a blueprint for what we think would be a beneficial overall approach to organization and management in UNICEF. This comprehensive approach has some important consequences.

68. As is well known, many so-called reorganizations remain on paper, or lead to quite other consequences than those planned, owing to what is then described as "resistance to change." The real meaning of such problems is, of course, that the change process initiated has been based on unrealistic assumptions, and most probably on insufficient understanding of the stabilizing forces in the social organization. The stability of an organization is not only the result of the conservatism of individuals or of the formation of more or less open political groupings to defend the status quo, but also a consequence of the interdependences between parts of a social system which render change difficult or inefficient unless it covers all aspects of the organization.

69. In the case of UNICEF there is, for instance, a close interdependence between the Board's working methods and the whole series of activities in the field described as "preparations for the Board session." The rhythmic work cycle that follows from this has a strong influence on methods of communications between the field and headquarters, and also (to some extent unconsciously) on methods of evaluation. Similarly the administrative services and program support budgets are all closely related to internal control systems and will thus have considerable impact on the control of resources, which in turn will affect, for example, the relationship between field units and service units.

70. We have, therefore, generally supported a strategy of change based on a careful selection of strategic decisions by which change can be initiated, and where partial changes will create an imbalance which, because a return to the status-quo is difficult, will initiate the next steps in the change process.

71. There are ten such high priority areas to which we wish to draw your attention with suggestions for the direction of change, some of which have already been initiated:

- 1) the work cycle for field offices centered to the extent possible on the country's development program;
- 2) a two-tier structure with central and local service units oriented to serve the field instead of a three-tier structure;
- 3) a headquarters structure to achieve strengthened team work for coordination;
- 4) supervision of the field through extended field visits by senior staff exercising broad rather than just functional responsibilities;
- 5) emphasis on the multi-center principle for the development of staff, and the preparation of operational guidelines and policy recommendations;
- 6) emphasis on "professional" attitude, type of work, and career;

- 7) regional directors working more as professional seniors and less as administrative supervisors;
- 8) personnel management as a key function separated from budget control and office administration;
- 9) internal communications systems emphasizing dialogue, problem-solving and learning rather than reporting, controlling and explaining; and
- 10) budgets and other control systems based on the principle of the cost responsibility of the user units within UNICEF.

These sub-systems are discussed in turn below.

6:1 Work Cycle Centered Around Country Programming

72. There is no system of greater importance to the functioning of UNICEF than the annual programming work cycle. Historically, the concept of a cyclic programming calendar was developed to provide stability and coordination within a complex system. It also provided a practical solution to the complex task of supervising programming in a great number of countries and it made it possible in the Board sessions to link concrete decision-making with policy development.

73. With the introduction of country programming and particularly with the development of the 3-5 year projects in many countries, the system has step by step been modified, and it no longer imposes a rigid timetable all through the year for many countries.

74. But even if the rhythmic work cycle has been modified, the field often perceives a conflict between the concept of country programming and a work cycle centered on the annual Board session. The dialogue between the UNICEF field officer and the government representatives within the framework of the government plan may be interrupted pending the preview discussions, then resumed for the preparation of a proposal for headquarters, who review it and sometimes modify it for presentation to the Executive Board. Fixed preview dates can also hamper prompt responses to urgent or rapidly changing needs.

75. This has led to the conclusion and recommendation that the present interdependence between preparations for the Board session and country programming should be reduced as far as possible. Project recommendations should be prepared in the country concerned by means of meetings with the partners involved; ministry representatives, UNICEF representatives and, where appropriate, the representatives of other U.N. agencies or bilateral agencies. However, we also support the position maintained by many in UNICEF, regarding the need for discussion of project proposals with the participation of persons not connected with the UNICEF representative's office. Finally, when it comes to the implementation phase (delivery of approved project assistance), there should be an almost complete delegation of responsibility to the UNICEF representative.

76. Project preparation requires direct participation in discussions in the UNICEF representative's office, rather than in regional meetings. This discussion should, as far as possible, be at the time requested by the field. The people who can really make an additional contribution will depend on the nature of the project. They may include some of the following: the representatives of UNDP specialized agencies; senior staff member(s) from headquarters or the regional office; a senior neighboring UNICEF representative; or a senior Programme Officer specializing in a particular field of assistance.

77. The Executive Board has agreed to a substantial reduction in documentation in recent years, as shown in Table 6:1. This has been brought about by two changes. Firstly, what were presented in 1969 and 1970 as separate assistance projects for child health, child nutrition, etc. in the same country, are now usually presented as a single country project. Further, projects are being presented to cover them for three to five years.

These changes reduced the number of project recommendations by one third, from approximately 100 to approximately 65.

TABLE 6:1

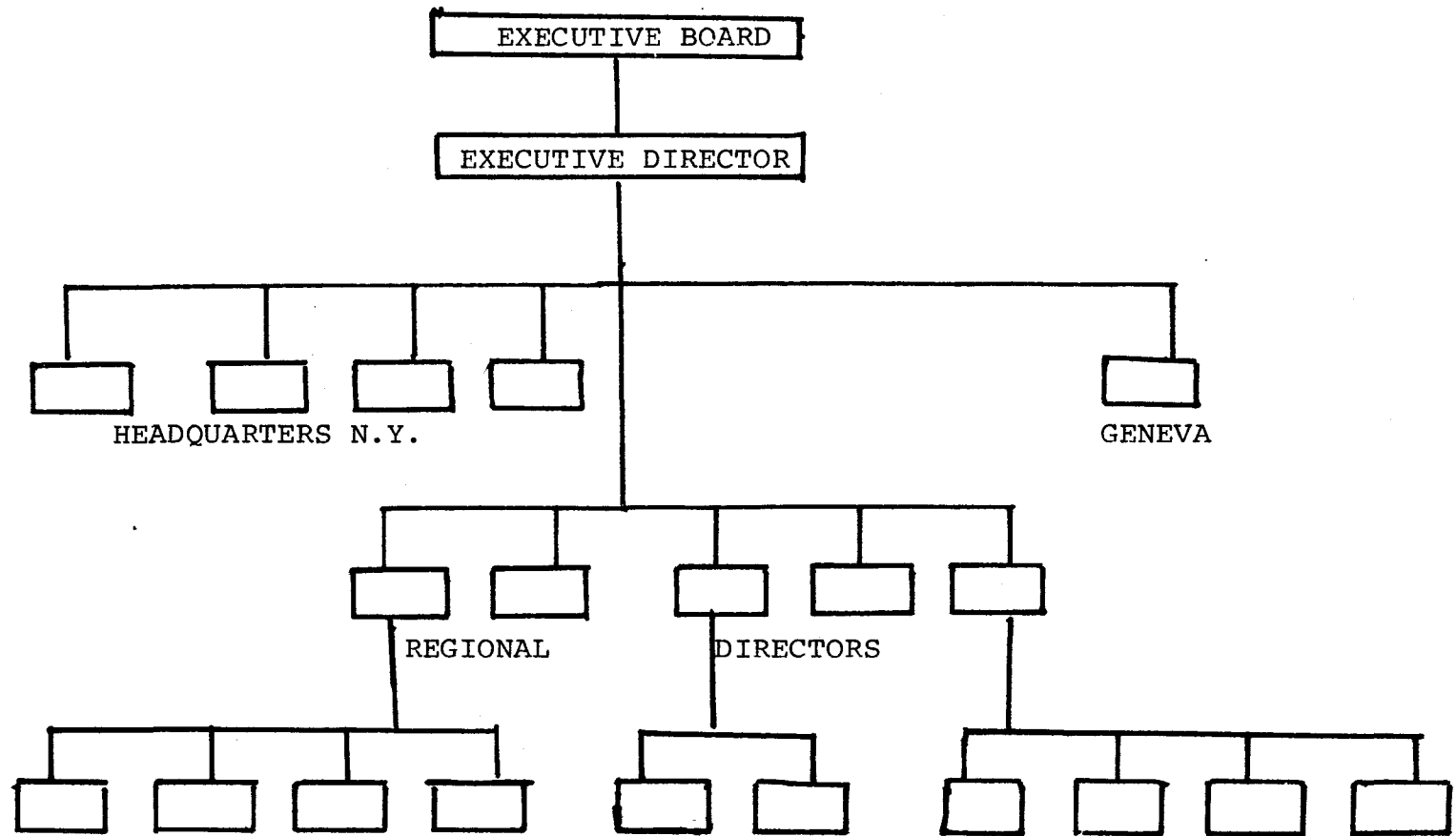
Number of Project Recommendations
To Annual Board Sessions

	<u>1975</u> (Prelim)	<u>1974</u>	<u>1973</u>	X X X X X X	<u>1970</u>	<u>1969</u>
Long presentation	10	8	11			
Short-form presentations	<u>54</u>	<u>60</u>	<u>49</u>	X		
	64	68	60		111	97

78. Secondly, only about 10 of these are now presented in "long-form." The remainder are presented in one or two paragraphs in the "Summary of Programme Assistance Recommended by the Executive Director to the _____ session of the Executive Board" and the accompanying "short-form presentation." Some adaptation of working methods along the lines we have suggested, will enable the full advantage of these developments to be realized in a reduced paper work-load in the field. Adjustment of timing to Board sessions can be made by use of existing authorities for limited over-expenditure of commitments, or advance procurement. New procedures will be tested out during 1975.

6:2 A Two-Tier Structure with Central and Field Service Units

79. The choice between the present three-tier structure (with regional offices in between headquarters and the UNICEF representatives' offices for a number of functions as illustrated in Diagram 6:2) or a two-tier structure (with the UNICEF representatives' offices directly reporting to headquarters) is the issue that has evoked most discussions and also most feelings in this project. It was also the key question raised in the last management survey (the Michelmore study) at the beginning of the sixties.



UNICEF REPRESENTATIVES OFFICES

Diagram 6:2 Principle sketch of UNICEF's present three-tier organization structure.

80. As you know, the group of 8 UNICEF field representatives have argued very strongly for the complete abolition of the regional organization. The arguments in support of this view have been very clear, namely that the regional offices are at present a hindrance for efficient communication between headquarters and the field and that they do not provide any services that could not be better organized (through, for example, decentralizing them directly to the UNICEF representatives' offices) even if this would mean that UNICEF representatives' offices were sometimes sharing an expert or in some other way helping each other.

81. The main counter-arguments have been that the abolition of the regional layer would add to centralizing tendencies, that some UNICEF representatives at present need more support than could be given from headquarters, and that significant regional duties have to be carried out. You have yourself in the context pointed out that it would be extremely difficult for the Executive Director (even if he organized the executive team as described in a later section) to supervise directly the field organization which soon may have forty units, and that the regional director performs a very important function of policy interpretation, guidance and supervision, particularly where there are rapidly changing needs and problems and where common approaches are needed in zones served by different UNICEF representatives.

82. As we see it, this intense discussion is largely a pseudo-conflict caused by the language used to describe the alternatives. This is best illustrated by listing what there is general agreement on:

- a) The most important problem-solving and decision-making is in the dialogue with the ministries concerned. This means that the UNICEF representative's office is the key field unit and should be given as much authority and responsibility as possible, but also support.
- b) For the majority of UNICEF representatives it is very useful to have access to a senior professional colleague as a listener, adviser, and sometimes also for support in critical negotiations concerning the regional services in his office.
- c) It is desirable to have a senior official responsible for dealing with regional matters, including regional organizations and to act for the Executive Director in special situations.
- d) The experience of regional offices as "middle men" in direct operational command is generally very negative and there is no difficulty in designing control systems that do not require a three-tier structure. See Section 6:7.

83. The conflict around the regional structure is the kind of organizational problem that indicates some kind of "vicious circle." One possible cause of such a situation is the basic inconsistency between a professional structure and a traditional administrative hierarchy. A professional senior is completely dependent on superior knowledge and understanding as the basis of his authority. In a bureaucratic hierarchy the source of authority is delegated power to make decisions. At present, the regional director has some such delegated powers, and it is only natural that this leads to defensive reactions, at least in certain situations, which make it more difficult for the regional director to function as a professional adviser (see Diagram 6:3).

84. Our conclusion is therefore that the arguments against a two-tier structure are very weak and that it is actually only within such a basic structure that the regional directors can function well as professional seniors and as managers of the advisory services located in regional officers. We, there-

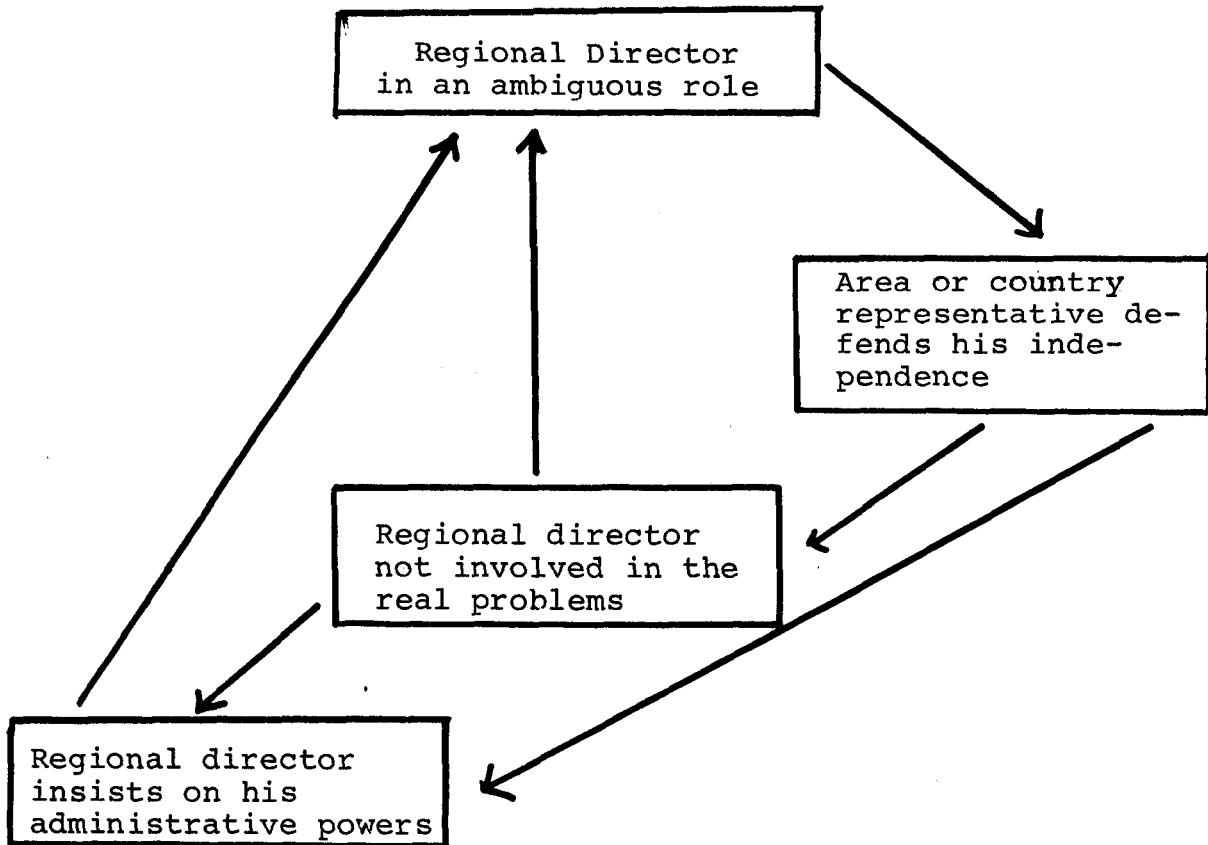


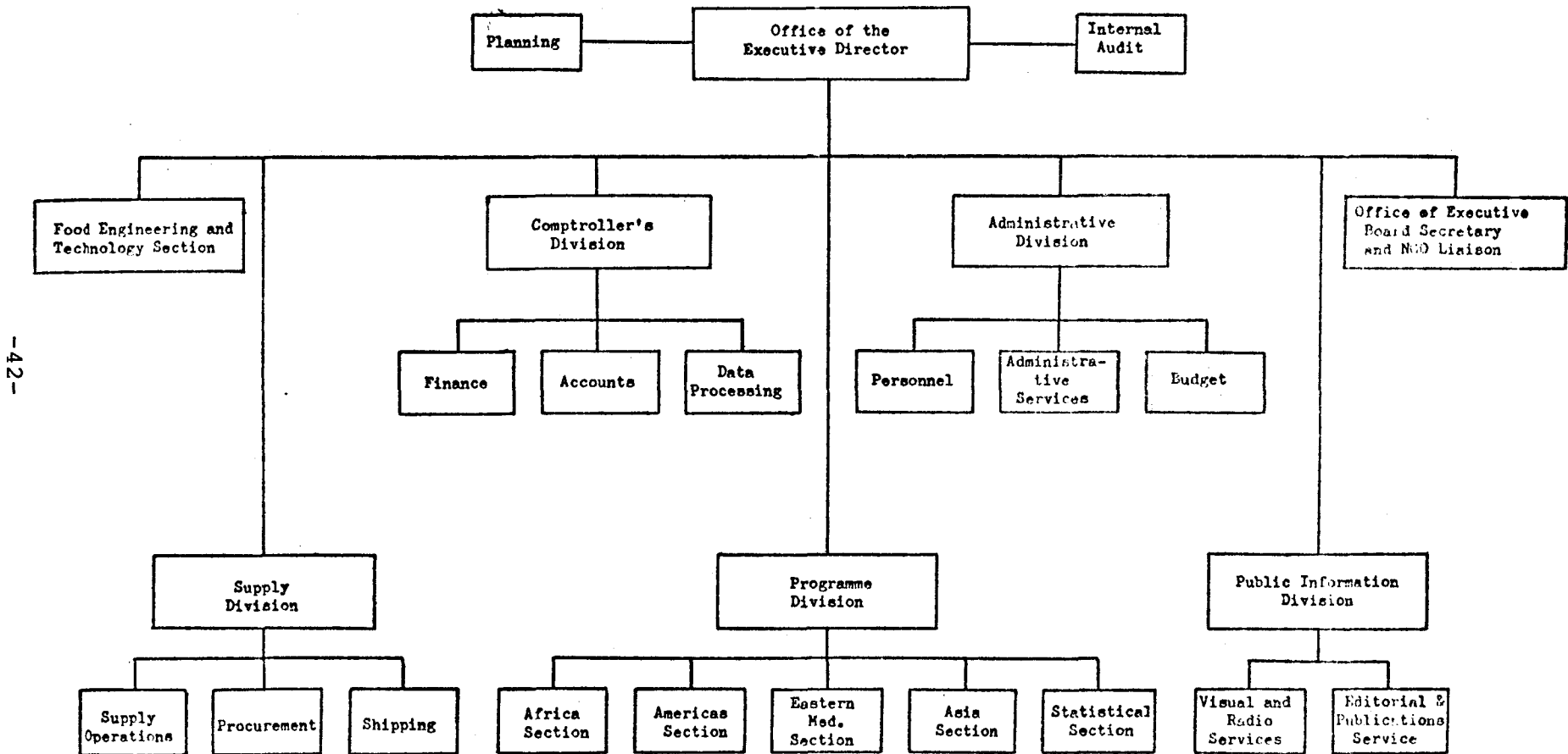
Diagram 6:3 A vicious circle that may develop in a three-tier structure.

fore, recommend essentially a two-tier structure so far as line authority is concerned, which is also the only concept which is consistent with our other recommendations about the functioning of headquarters, work cycle, policy-making, communications and the budget. An organization is presented in Diagrams 5.2 and 6.5. Further discussion of regional directors is presented in Chapter 6:7. The important things to emphasize here are that the two-tier structure is the one that fits the way in which UNICEF carries out its task by working with governments and that, under the guidance of the Executive Director, it is the UNICEF representative in a country who carries the responsibility.

6:3 The Structure of Headquarters

85. The official organization chart of the N. Y. headquarters (as described in the 1975 budget estimates) is reproduced in Diagram 6:4. As a description of the functions performed by headquarters, it is however, a simplification, since it does not include the Geneva Office, which is largely an extension of headquarters, while the advisors from the specialized agencies attached to headquarters and a number of units such as fund-raising, the emergency coordinator and some specialized resources such as advisors on water, family planning, transport are not separately indicated.

86. An organization which, like UNICEF, emphasizes flexibility and informality, will always look very complex in an organization chart, and no other conclusion can be drawn from this observation save that coordination in headquarters must be a difficult task. This task is now largely performed by yourself and your senior deputy Executive Director. To some extent meetings with the directors in headquarters serve a coordinating function, but compared to many other organizations that we have seen these groups play a less significant role.



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Diagram 6:4 Organization of UNICEF Secretariat - New York Headquarters

87. These observations are made without criticism and we understand that, at least earlier, these methods for coordination have served relatively well. It is, however, our impression that with the growing complexity and size of the organization, methods of coordination within headquarters need to be reconsidered. We have shared with you the impression that both in headquarters and in the field there are indications of a need for new methods of coordination.

88. For various reasons it has been difficult for us to go as deeply as we should have liked into these problems. First of all two headquarters directors were due to retire when we started our work. You have also suggested that we should not devote our limited time to the fund-raising function.

89. As you know from these discussions, we recommend a number of changes within headquarters, basically aiming at establishing a clearer division of responsibilities, and introducing more teamwork at all levels.

90. For historical and other reasons, the planning function and the programming function are now in two separate units -- outside the program division there is also a food technology division with program responsibilities. This is not satisfactory either for the efficient use of resources in headquarters or for the interplay with the field. We thus suggest that one of your deputies should have the responsibility for the whole planning-programming function.

91. This recommendation should be combined with two concepts introduced in other contexts, namely the multi-center principle (see Section 6:5), which means that the director for planning-programming should not necessarily develop resources within headquarters, but have a functional responsibility wherever such re-

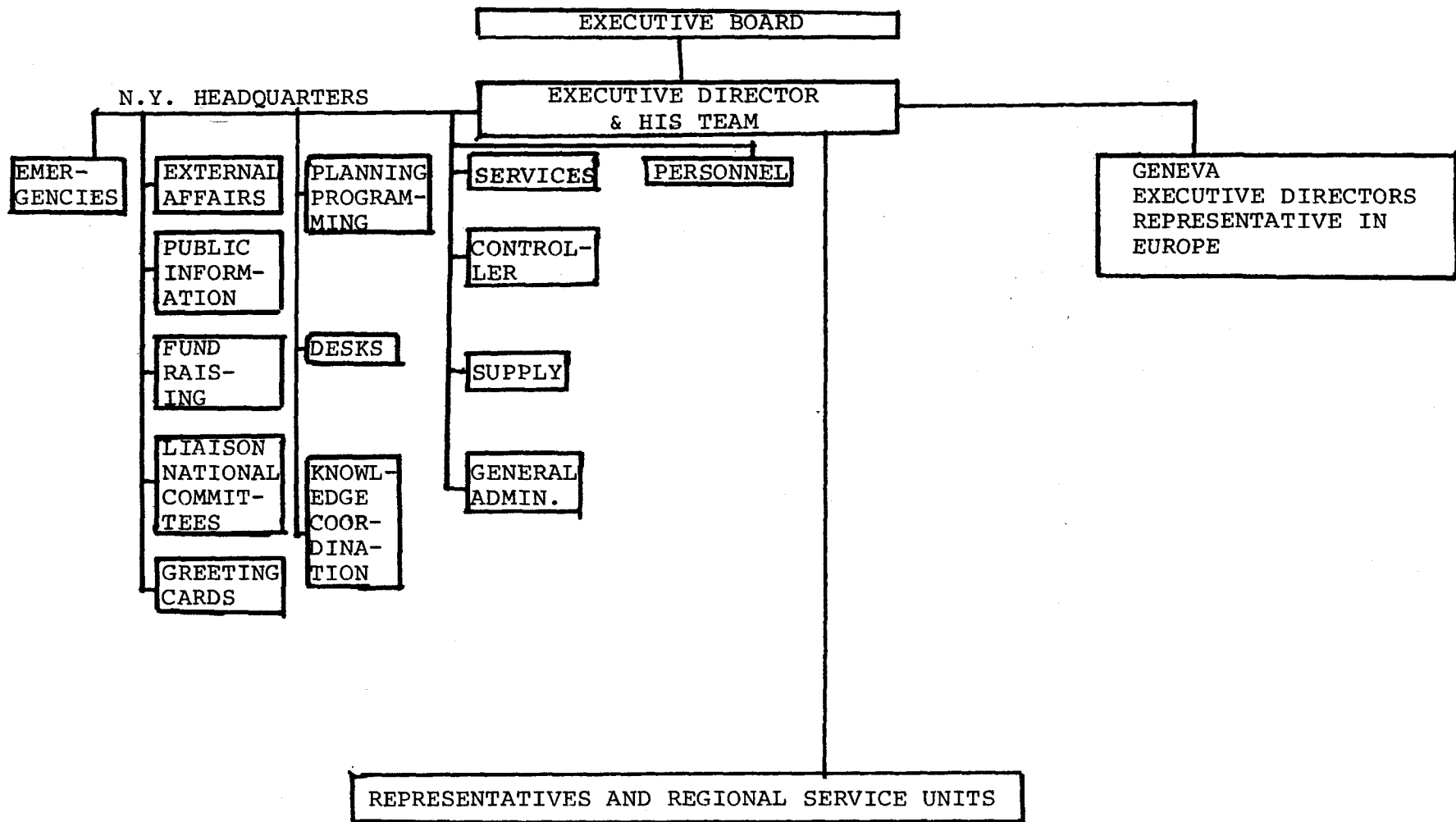


Diagram 6:5 Suggested basic structure for UNICEF and UNICEF Headquarters

sources are developed for the networks of knowledge groups. The other is the principle that geographic sections should be regarded as outposted from the UNICEF representatives' offices which they serve. This would confirm the present situation of some of them where they serve the field not only in programming matters but in relations with all headquarters divisions as required. This should also give the planning-programming function a clearer policy orientation.

92. One of the greatest needs for coordination is between the services supplied by the comptroller's division, the supply division, the program function and the regional desks. It is, however, important that this be introduced in a way that really will facilitate the development of good teamwork between the service units and their heads and the desk people. Since one of the major problems here is to streamline procedures and introduce simplified control systems in the field, the change should include grouping responsibility for internal budgeting, now presented in the Administrative Services and Program Support Budget, and the financial plan in one unit (financial services division) and having that division, the supply division and a section concerned with general administration together under one director for services.

93. To achieve fast results an interdivisional task force could immediately be set up to work on the considerable material which different units have furnished for the Logistics Group and to follow up the work which has been started. There is also need either to add an organization and methods (O&M) expert internally or to hire a consultant for at least two years to serve such a task force.

94. A third coordination need is in the external relations and fund-raising functions so that they serve one strategy. Again, we think that this can best be achieved by giving one headquarters

director the full responsibility, including greeting cards, National Committees, public information and coordination of relations with other agencies. The greatest need we see is for joint planning for these functions with the purpose of developing a more coordinated strategy, and we think this is another area that merits deeper study than we have been able to devote to it.

95. As described in Chapter 6:8, we also recommend that the personnel function be considerably strengthened, which also means that the director with this responsibility would have no other functional task and report directly to you.

96. A matter of serious concern to many within the organization is the distraction of staff resources from regular programming work in order to cope with emergency relief. We have observed that the present coordinating office in the Program Division is performing a valuable function, but that this alone does not make it possible to build up quickly enough the resources necessary to deal with emergencies. A useful contribution to the solution of this problem has been made by one of the groups and a more detailed study of it should be made. The basic idea that we find valuable is that without building up a separate fully-staffed unit for the purpose, there should be "shadow teams" of people with experience of emergency operations available at the shortest notice, to help on the spot, and to assist the UNICEF representative in building up what resources are necessary to cope with the situation so that regular programming work will be disturbed as little as possible.

97. There was general agreement in our discussions that the field view should have continuing and regular representation at the central decision-taking level. We, therefore, recommend that there should be two or three field representatives in your policy-making group (the "executive team") and that one of them

should be drawn from among those with regional responsibilities. As to its functioning, discussions showed that the full group would need to meet three to four times a year. This would require that the field representatives serving this function visited headquarters at least that number of times a year, and that the group organized its discussion of longer-term issues mainly around these visits.

98. Integration should be supported by having at its disposal a small unit, headed by an experienced professional to ensure good communication between members, and adequate secretarial support for people who are frequently travelling. The functional responsibilities of members would, however, fall on their functional units rather than on the team secretariat.

99. We feel that it is only through such a team approach that the very complex problems that UNICEF has to face can be solved. There is a need for sharing the burden, for joint problem-solving and, as we have emphasized, for functional coordination. The team concept serves these different needs and also provides low-risk learning opportunities for younger members of the team.

100. To make this concept function, you will most probably find it worthwhile to use the services of a part-time consultant for "team building" and "leadership development." This method is nowadays used in many organizations with high ambition to resolve difficult coordination problems, and we have, as you know, tested out its usefulness as part of this project. In the following section we will describe the functioning of your "executive team" in relation to field supervision.

6:4 Field Supervision

101. One of the key problems in a large international organization is the difficulty of supervising a large number of independent units. The traditional solutions generally include three components, namely:

- a) a hierarchy with, for example, countries grouped into areas, grouped into regions, etc., giving each level a reasonable "span of control";
- b) specialized travelling inspectors (auditors, quality control, etc.); and
- c) formal control instruments (field manuals, budgets, report systems, etc.)

102. In a reasonably stable situation with well-established working methods (e.g., an international company with a well-known product and a stable technology) these control methods work relatively well. They also have had firm support from the cultural norms in most countries and have been applied in most military organizations. However, your problem as Executive Director of UNICEF is that these methods are not well suited to an organization with rapidly changing tasks and with services and working methods which are extremely difficult to control or evaluate unless the evaluation is put into the proper context of the overriding goals and where the need for rapid and reliable feed-back of information from the field to headquarters is of the utmost importance. As we have pointed out in our discussions, we recommend, as the best method of ensuring overall supervision in a situation like yours, that there be a system of extended field visits by yourself and members of your team for the purposes as discussed below.

103. This system would require an "executive team", defined as a group of 6-8 executives forming a team led by you, working as a group in headquarters and as individuals out in the field. This would make it possible for each member of the team to represent you in the field, making overall evaluations of office and individual performance, giving and taking information in all areas, helping in joint problem-solving, during their field visits and following up with the required action.

104. It was agreed in our discussions that each UNICEF representative's office should be visited by a member of the management team at least once a year, with an average of two weeks for

each visit, and that in many cases this visit should be made jointly with the regional director (whose role is described in Chapter 6:7). Of course, this does not reduce the value of the internal auditor's work, but rather provides a direct link between their specialized inspections and the management team's overall evaluation of each field unit.

6:5 The Multi-Center Principle

105. Discussions both within the programming division and in meetings with field staff have convinced us that the "multi-center" principle as described in Chapter 5 is particularly applicable to the programming-planning function of UNICEF.

106. This would mean that the director in headquarters heading the programming-planning division had a functional responsibility for all such resources in UNICEF, independent of where they were located. To the people involved, it would mean that they had responsibility in more than one direction, since they will usually belong both to a field office and to a knowledge network. This is generally described as a matrix organization and is now becoming very common in large international organizations.*

107. In connection with a discussion of resources for policy guidance in Chapter 5, we introduced the essential characteristics of the knowledge dimension of the matrix (see Diagram 5:5). To take an example from that diagram, a program officer in the number 7 office whose specialism is the problems of children in poorer urban areas will be responsible to the 7 office group and the UNICEF representative there and to the leader of the knowledge network dealing with that subject -- or he may himself be the leader of it.

108. Another aspect of the multi-center organization is its geographical dimension. It is along this dimension alone that UNICEF is at present organized. As has been agreed in our group

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See footnote on Page 8.

discussions, the application of the multi-center principle suggests, in addition to the change that all UNICEF representatives' offices should be directly responsible to yourself and your executive team, that much more lateral communication should take place between the different offices (or centers) with a view to providing mutual help in solving programming or organizational problems.

109. Some guiding principles from the Executive Director would, therefore, most probably lead to a number of initiatives from the field and at headquarters. Concrete examples of decisions or initiatives that could be taken by the field relatively soon are: the identification of people who are particularly interested in certain special areas of knowledge and who would form the nuclei of the knowledge area groups; meetings of neighboring office representatives to compare their overall personnel needs in the light of their program problems; determining areas where mutual help can be given, and to formulate the way in which services they require can best be obtained.

110. We also know that to make a matrix organization function well it is very important to work out its meaning in detail with all parties involved. This should be the natural responsibility of the director of the consolidated programming-planning function as we have suggested earlier. Decisions should thus be taken in consultation with the field about which knowledge networks should be activated first. There is also need to work out ideas about how network members should communicate with each other and how staff assignments and training can be planned with the participation of knowledge networks.

111. Because of the relative novelty of this concept, it may be a useful input to further discussion and thinking within UNICEF if we gather together at this point in our report some points, figuring in different chapters, which relate to certain roles that the concept gives rise to.

112. Each knowledge network would work on a particular specialism relating to the art of programming within UNICEF. Such specialisms could cover not only program content subjects, examples of which we have given in our matrix diagram (5:5), but programming "know-how" subjects, such as project management. The group will normally have an acknowledged "leader" and some kind of center, although all the resources of the group need not be concentrated at that center. The center may in certain cases be at headquarters, but that would be the exception rather than the rule because of the need for an experience base. For this reason, some of the specialist resources at present at headquarters could probably be more usefully deployed in the field.

113. The role of the network and its leader is to develop knowledge, for which they will make use of all reasonably accessible sources within the organization and outside it (project experience, university staff, particularly in the developing countries) by means of papers, seminars, in-the-country project reviews, etc. Sometimes, an unofficial "faculty" could be of help, of the most knowledgeable people in the world on the subject, drawn from U.N. agencies, from within UNICEF and from country sources (government, institutions, universities).

114. Another role is to develop resources within the organization as required and here the knowledge network would work closely with the personnel division on the recruitment training and assignment of staff, on helping individuals in their own orientation and development. In these different ways the network is making a substantive input to program content, ensuring that there are resources available, at the right places and at the right time, in or at the disposal of, offices engaged in programs relevant to their specialism, ensuring also that

offices know of the availability of these resources and that demands for them are made when they can be useful.

115. A third and very important function of the knowledge network is both development of systems for evaluation and the interpretations of project evaluations. It is only in such a professional context that project evaluation will lead to real efficient learning and influence on subsequent programs.

116. The role of the Programming-Planning Director is that of providing leadership for the formation, nurture and guidance of the networks, coordinating them, and developing, with them, program policies. He would, of course, be assisted at headquarters by a small staff of people who were prepared to spend a limited time away from the field.

6:6 Emphasizing Professionalism

117. UNICEF is not only a decentralized and field oriented organization where the individual staff member is often left very alone, his task is also of a nature that makes it extremely difficult to prescribe in advance what should be done or to measure the real results afterwards. It is thus largely the integrity and character of the staff member that will determine standards that will be set for the services provided by UNICEF. Most organizations, both in industry and government, are using the concepts, originating in the military, of line and staff to describe the roles of the people with direct operating responsibilities (the line) and those serving as advisors or performing central planning and policy developing functions (the staff). According to this doctrine, the relationship should be that of the line implementing plans and policies prescribed from above and developed by specialized staff units. This division of functions only succeeds where the nature of the task does not require other models. Where the task requires constant

interaction between knowledge, judgment and implementation, or where each situation is unique or where sophisticated social skills are required, it has been found that a professional role model has developed. Two central features of this role model are that knowledge and authority to decide and implement are located together, and the occupant of the role is committed to solution of the client's problem, by whatever means he can provide or secure. We believe that this professional model is suited to UNICEF's task.

118. Management in UNICEF is confronted with the problem typical of a professional organization, namely that it is almost impossible to rely on formal control systems of the kind that play such an important role in industry. Instead, selection and training of personnel is of paramount importance, and supervision must largely aim at providing help, facilitating learning and when necessary taking steps to transfer or remove unsuitable staff members.

119. From its very inception UNICEF has also been characterized by another quality typical of professional organizations, namely a wholistic attitude. Even if assistance to sectorial programs has dominated UNICEF's activities, they have always been regarded as means which have been critically evaluated against the overall goal of promoting the welfare of children and mothers.

120. As a result, training in social science, economics, sociology, management, public administration, engineering, etc. have all been valuable backgrounds for a UNICEF professional, but it is only through an internal career preferably with experience in several of the fields of programming-planning, logistics and management that an understanding of "what it is all about" comes; and just as in the training of a doctor, lawyer, teacher or any other professional, UNICEF pays considerable

attention to a process of indoctrination to make sure that its staff has a deep understanding of the goals and values of the organization.

121. In a later chapter we will discuss how systematic planning of rotation and increased resources for introductory programs and training activities, can strengthen the professionalism of your organization. There is, however, one aspect of the internal management system which is directly accessible both to you and to the Board which is even more important, namely the career system.

122. In a professional organization, promotion is not related to the climbing of an administrative ladder but to professional progress, or the ability to handle more and more complex professional problems. In UNICEF this means a strong emphasis on the advocacy-programming-planning-logistics job in the field organization as the key professional job where the best resources should always be deployed. A number of concrete measures should be taken as soon as possible to support an even stronger development in this direction. To support this administratively, the composition of the appointment and promotion committee should be changed as to include a fair representation of people active in the field.

123. A promotion policy should be applied which makes clear to all people in UNICEF the importance of gaining breadth of field experience. Of course, this should not mean that the value of specialist training should be down-graded, but the importance within UNICEF of always relating such expertise to an understanding of the core tasks could be pointed out by giving some of your best "generalists" the opportunity to broaden themselves, e.g., by university studies during sabbatical periods. The issue to be faced in managing a professional organization

is that of combining in the same person the requirement for a generalist orientation due to the multi-disciplinary dimensions of the client's needs, and the requirement for a high level of specialist knowledge, due to the complexity of the client's needs. We believe in UNICEF's case that this can be achieved by a combination of the promotion policy outlined above and the operation of knowledge networks, as outlined in Chapter 6:5. Policy should also reflect the fact that posting to headquarters is not the necessary completion of a successful career. Senior posts should be in the field and rotation from headquarters to such posts should be developed. It would be of great value to have one assistant secretary-general post reserved for an area or country representative.

6:7 Regional Directors as Professional Seniors

124. The regional director will in the two-tier structure described in Chapter 6:2 have a very important but also a very difficult role. He will, first of all, be a senior professional colleague, ready to give guidance to neighboring representatives, facilitating inter-office communications and assisting the knowledge networks. He will himself have a country or area responsibility and he should be ready in exceptional cases to take a line responsibility for any office in the region. He is also responsible for the development and efficient use of service resources located in the region and should contribute to the development of human resources. He would naturally be a person who would represent the organization vis-a-vis other U.N. regional organizations or regional political organizations, or arrange for representation by another.

125. The fact that the regional director normally has not a line responsibility for UNICEF Representatives' offices does not mean that he is relegated to a passive role, where he is supposed only to respond to requests for help. The annual supervision by members from the executive team should make

clear where there are problems and weaknesses in the organization, it should then be up to the regional director to take the initiative to provide the necessary support. However, unless the executive director had particularly appointed him to take a direct line responsibility, his function should continue to be one of advice and support.

126. The regional directors could, as previously, be recruited either from within or from the outside, and they should have an experience, training and personality that leaves no doubt as to their professional capacity and status. This means that if they are recruited from the outside, they should be given an opportunity to acquire field experience. It is also very important that they have a work situation that continues to provide them with professional development opportunities. It is, therefore, highly desirable that the regional directors are actively involved (maybe, but not necessarily, as leaders) in knowledge networks. This is also a reason why they should not be involved in internal administration as intermediates between the field and headquarters, but rather combine their advisory role with direct responsibility for one office (as is now the case with the regional directors in New Delhi, Abidjan and Nairobi) or with important special projects.

127. Since the regional directors should have only limited administrative responsibilities, and their authority should be based on their personal professional capacities, there should be no deputy regional directors. In the absence of the regional director, an area or country representative should take his place if necessary. Those at present holding positions as deputy regional directors should be given other tasks in the regional office or be transferred to positions in area or country offices that need to be strengthened.

128. Since the relationship between area or country offices and the regional director (or regional representative) should be based on needs in the particular case, the serving of one country or area office by one or other regional representative should be very flexible. The responsibility for serving a given field unit could thus be wholly or partially transferred from one regional director to another whenever this seemed suitable. The parties involved should also feel free to make arrangements for exchange of services between regions.

6:8 Personnel Management as a Key Function

129. UNICEF management has always been well aware of the fact that the quality of the services of the organization has been mainly dependent on the competence and integrity of its staff. The personal interest of top management in personnel matters has also been expressed in the flexible way in which personnel decisions have been taken, while the sound ambition to reduce head-quarter's overheads is reflected in a very small personnel service unit, despite the complexity caused by U.N. regulations, the very varying needs of people who are transferred, the growing need for retraining caused by the changing functions of UNICEF, the continuous need for improvisations caused by emergencies and other factors. We are also on the whole very impressed with the quality and commitment of UNICEF staff and have observed that UNICEF management has made innovations in the field of personnel administration (the introduction of national officers and internal training seminars may be the two most important).

130. With the growing size of UNICEF these resources and methods are no longer satisfactory. One of the first decisions taken jointly with you was, therefore, to set up a joint problem-solving group to develop a program for a modernization of staff

management methods. This group started its work in April, 1974, with an impressive interview program covering fourteen offices outside New York and including over one hundred staff members. During the Autumn, the group has been trying to interpret this almost overwhelming material. Its conclusions cover five areas, namely:

- a) personnel policy;
- b) personnel planning;
- c) training programs;
- d) administrative procedures; and
- e) headquarter's resources for personnel services.

We will here briefly summarize these conclusions and give our own recommendations.

Personnel Policy

131. The group has identified a number of issues where UNICEF's personnel policy needs to be clarified and sometimes changed.

The most important areas for such development are:

- a) Policies for active recruitment and planned rotation and promotion. The key question here is to define the educational background, personal characteristics and planned rotation that is most appropriate for the development of successful UNICEF professionals. The present age pyramid in the international professional category and the need to increase the number of women in professional posts add to the complexity of the problem. An important question in this context is also the need of increasing the proportion of the professional staff recruited from developing countries for senior positions (Table 6:6). In all these respects, goals should be set and strategies for the implementation developed.

TABLE 6:6

PROPORTION OF FEMALE PROFESSIONAL STAFF (BOTH INTERNATIONAL AND NATIONAL) BY AGE GROUP*
(September, 1974)

AGE GROUP (years)	MALE	FEMALE	TOTAL	PERCENTAGE OF FEMALE STAFF TO TOTAL IN AGE GROUP
60 and over	14	1	15	0
55 - 59	41	5	46	10.8
50 - 54	46	6	52	11.5
45 - 49	59	9	68	13.2
40 - 44	52	6	58	10.3
35 - 39	46	4	50	8.0
30 - 34	30	5	35	14.2
25 - 29	8	1	9	11.1
TOTAL	<u>296</u>	<u>37</u>	<u>333</u>	<u>11.1</u>

DISTRIBUTION OF PROFESSIONAL STAFF FROM DEVELOPING COUNTRIES BY GRADE*

GRADE	TOTAL PROFESSIONAL STAFF	THEREOF, FROM DEVELOPING COUNTRIES	
		NUMBER	& OF TOTAL STAFF IN GRADE
USG	1	0	0
D-2	11	2	18.1
D-1	21	1	4.7
P-5	52	18	34.6
P-4	80	28	35.0
P-3	51	13	25.4
P-2	30	5	16.6
P-1	3	2	66.6
NO-D	11	10	90.9
NO-C	27	24	88.8
NO-B	33	32	96.9
NO-A	<u>13</u>	<u>11</u>	<u>84.6</u>
TOTAL	<u>333</u>	<u>146</u>	<u>43.8</u>

*
Including Copenhagen

b) The first purpose of such policies is, of course, to improve the resource development, but another is to aim at reducing barriers that now exist between various categories of staff. Increased rotation between headquarters and the field is one such need. It has, increasingly, been practiced to promote general service staff to professional posts, but the rules for such promotions need to be spelled out and the system for its application needs to be improved, particularly in the field. The national officers represent a very valuable resource for UNICEF, but the development of this resource should be considerably improved if some system for at least temporary assignments to other countries could be developed. Finally, planned rotation between specialist groups (administration, public information, etc.) and the programming-planning-supply group is an important problem. It should be combined with increased interchange of specialist staff with other agencies.

c) A third policy area that needs revision is the conditions of service, particularly in relation to transfers, benefits in the field, etc. UNICEF should here collaborate with U.N.D.P. to achieve the necessary changes in the U.N. staff rules which are not adapted to the needs of a field oriented organization.

132. In all these areas the group has not only identified the problems but also taken the first steps towards the development of a policy. It is now important that the work be finished and the Board informed of progress in May, 1976. This could be done by a slightly modified task force to include participation from the field.

Personnel Planning

133. The personnel group has outlined the principles for, and to some extent initiated, a five to ten year personnel plan. Of course, such a system is heavily dependent on clear policy decisions regarding recruitment, promotion and rotations.

134. A personnel plan has a demand and a supply aspect. As regards the demand aspect, the group has compared different approaches and found it necessary to recommend a country by country and more detailed task analysis as the baseline from which to draw conclusions about staffing needs. This should include an analysis of type of work now being done and main indicators for program work over the next five years, characterization of UNICEF assistance, e.g., in terms of ratio of cash grant assistance to supply assistance, and involvement in advisory services.

135. Similarly the group has initiated a study of the characteristics of presently available resources (age, sex, nationality, professional background, UNICEF career and career expectations). One of the immediate concerns in such planning is that a full 42% of UNICEF's present international professional staff will have reached or passed beyond retirement age during the next decade (more than half of them in turn, before or during 1978). On the other hand, both the interviews that the group performed and our field visits indicate that there are younger staff groups reserves that could make accelerated promotions possible.

136. Since a personnel plan for the next years will be very much a resource development plan, it is necessary to combine it with the tentative career plans for individuals.

Training Programs

137. A very important part of an accelerated personnel development program is systematic and extensive training activities. The more important needs include introduction and orientation of new staff, training of specific skills for support staff, planned study leaves for the professional staff, language training, etc. However, the most important training in an organization like UNICEF takes place on the job, and the system of knowledge groups discussed in earlier chapters should be the main means of developing the professional staff. For other categories the efficiency of the on-the-job training is largely dependent on the management skills of those in supervisory roles. We, therefore, recommend that, in addition to the team building activities we have recommended for headquarters, management training seminars plus team building exercises be immediately initiated at selected field offices.

Administrative Procedures

138. A revised and clearly expressed personnel policy and a centralized system for personnel planning should be combined with new procedures that decentralize as much as possible of the routine decision making, particularly concerning national staff in the general service category and project service staff. The personnel division at headquarters should be prepared to serve as a level of appeal and to supervise the enforcement of policy guidelines. It should also establish more satisfactory personnel evaluation and information procedures to support such local decision making and also to provide the central personnel planning system with adequate data.

Headquarter's Resources for Personnel Services

139. As already mentioned in our chapter about headquarters structure, we find it important that personnel management services is organized as an independent division reporting directly to the Executive Director. According to the present manning table, the equivalent to four professional posts are reserved for this function. We suggest that this is increased to six or seven posts, and that the division is organized into two sections, namely one for personnel planning and development and one for personnel services. The head of the division should have extensive field experience. The head of the unit for planning and development should be recruited from outside UNICEF.

6:9 Internal Communication Systems Emphasizing Dialogue

140. One of the rewarding experiences of this project with you and your staff is the way in which both you and many others have expressed appreciation for our attempts to improve the dialogue between the field and headquarters. We know that it has sometimes been emotionally rather demanding, partly because the time available has always been very short.

141. It is also obvious that a genuinely international organization like UNICEF has extra difficult problems to overcome as a consequence of the many cultures that have to live side by side in the organization, often with quite different attitudes toward authority and risk-taking in inter-personal relations. We have, also, during our work learned a lot about the importance of not believing that words mean the same in different cultures and of being extremely cautious to make sure the openness is not misinterpreted. We are, however, convinced that the process we have started will continue, and we will here only give a couple of suggestions regarding suitable next steps.

142. Even within a more decentralized organization, one of the most important requirements for efficiency is the communication of instructions on procedures, roles and policy from headquarters to the field. But in order to function, it is extremely important that the flow of instructions is limited and carefully coordinated. We suggest that a procedure should be set up within headquarters for clearance of all instructions that are issued to make sure that unnecessary instructions are stopped and that instructions are consistent and easy to understand. We also recommend that a procedure is set up that facilitates feedback from the field on difficulties in applying procedures, rules or policies issued from headquarters.

143. The second important communication need is the more general flow of information particularly from headquarters and also between field units. The recommendations we have given elsewhere about a multi-center structure and increased emphasis on lateral interaction and support should be the most important step in improving this aspect of internal communication. However, we support the suggestion expressed by many individuals and groups in the organization, namely that headquarters revive the practice of issuing a regular news publication for the staff. This should be edited not only to express the "official" view on various subjects, but also to provide room for internal discussion, critique and questioning.

144. The third extremely important communication need is the feedback from the field about problems, needs of support, adequacies of policies and other experiences. As indicated elsewhere, one of the major problems here is the variety of needs and the difficulty of programming such feedback. In addition to other recommendations, e.g., about field participation in the Executive Director's management team, we recommend that

annual meetings be held between representatives of the field and of headquarters with the greater part of the agenda determined by the field on their initiative. This could be seen as a continuation of the work of the field group in this survey. The point here is not to underline the difference of outlook but to encourage communication between field offices and to set the scene for a true dialogue and joint problem-solving.

6:10 Economic Planning and Cost Control

Present Systems

145. Economic planning and control within UNICEF is presently organized in three systems: a) the program costs system, b) the administrative services and program support budgets, and c) the financial plan.

146. The program costs amount to about 80% of the total expenditures. Three parts of this represents supplies and one part cash grants, mainly to finance training courses and experts. The administrative services and program support budget have represented about 8% and 12% respectively of total expenditure, mainly for UNICEF's personnel costs (4/5) and other operational costs, many of which are directly related to personnel costs (such as travel). The financial plan covers estimated resources and their use, and is presented as a three-year projection.

Purpose of Review

147. In the terms of reference for the management survey we have been particularly asked to evaluate the appropriateness of the present distinction between program support and administrative services. Another purpose of reviewing the economic planning and cost control systems has been to make sure that systems and procedures are consistent with the field orientation and other management principles developed in the survey.

Definition of Administrative Services and Program Support Costs

148. The distinction in the UNICEF budget between a program support and an administrative services budget was formally introduced in the budget for 1954 to resolve a problem that had developed as the nature of UNICEF's programs had changed and the UNICEF staff had become more and more involved not only in the administration of a flow of goods, but also in other services to countries. The distinction is thus one of purpose, and according to accepted management principles, such an attempt to relate costs to purposes is a step in the right direction.

149. In particular we have found the distinction between administrative services and program support costs to be a valid distinction because it should be important to evaluate costs for staff engaged in direct services to countries separately from the cost of staff engaged in internal administration. Also from the point of view of comparing UNICEF costs with costs in other organizations this is an important distinction. In fact, some costs which are now reported as program support costs, e.g., for staff helping with the sinking of wells and the installation of pumps or the costs for procurement services would in other organizations be regarded as program expenses.

150. The general principle proposed to guide a classification of costs is:

Program support - all that is of direct service to a country or a regional or global project.

Administrative - all the supporting costs behind these direct services.

151. Administrative services are also useful to projects, but indirectly. For example, fund-raising is essential for project assistance, but the staff are not engaged in the support of particular projects. The general direction and control

of the Executive Board is a condition for the continuation of UNICEF, but it cannot, in most cases, be said to benefit particular projects. Such expenses are part of the general "overhead". This general principle is also followed by other U.N. organizations.

152. It is not difficult to classify the different types of UNICEF work into programme support or administration, according to this principle. We think that there would be general agreement to an outline such as that provided in Table 6:7 (first two columns). However, a practical problem arises from the fact that the work of some organizational units is partly administrative, and partly programme support. For example, the main cost of the regional director's office is for the supply of advisory services to projects, appropriately charged to project support. However, the regional director himself and his secretary are mainly engaged in supporting functions, which should be classified as administrative in the wide definition given above. In fact, as this example shows, the work of some individuals is partly project support and partly administrative. UNICEF representatives are in this category.

153. In many private organizations, it is common to divide the time spent by individuals, i.e., to make a classification by hour, day or week. This would require staff members to keep a record of time spent. For example, a UNICEF representative or a program officer would have to classify his time according to whether it was spent in the direct service of projects, or in the administration of his office.

154. We have seriously been considering suggesting to you the introduction of a simple system of such time recording. It could, for example, be very valuable to have more reliable data about how much time is devoted to each program in the field or used for various kinds of administration. It could equally be

Table 6.7

CLASSIFICATION OF UNICEF FUNCTIONS

<u>Function</u>	<u>Work Should Be Defined As:</u>		<u>Now Included in the UNICEF Budget Under the Unit Defined As: */</u>
	<u>Administrative</u>	<u>Program Support</u>	
General Direction	X		Executive Director's Office, A
Service to Executive Board, including reporting	X		Executive Director's Office, A Secretary to the Board, A Part of time of Regional Directors and UNICEF Representatives, P.S.
Liaison with Government mis- sions in New York and Geneva, other U.N. bodies, national committees and NGO's.	X		Executive Director's Office, A Director, European Office, A Headquarters Divisions, A
Fund Raising	X		Executive Director's Office, A Director, European Office, A
Internal Audit	X		Internal Audit Section, A
Public Information	X		P.I. Division, Headquarters and Geneva, A P.I. officers in the field, P.S.
Personnel Services	X		Administrative Divisions, Headquarters and Geneva, A Admin. officers in the field. P.S.
Administrative Services	X		Administrative Divisions, Headquarters and Geneva, A Some field staff, P.S.

*/ A = Administrative

P.S. = Program support

<u>Function</u>	<u>Work Should Be Defined As:</u>		<u>Now Included in the UNICEF Budget under the Unit Defined As:</u>
	<u>Administrative</u>	<u>Program Support</u>	
Financial Services:			
For planning, financial management	X		Comptroller's Division, Headquarters and Geneva, A
For project expenditure		X	Comptroller's Division, Headquarters and Geneva, A
Programme policy guidance support; surveillance	X		Programme Division, Headquarters, A Part of time of Regional Directors,, P.S.
Supply: specifications, purchases, shipping		X	Supply Division, Headquarters and Geneva and some field staff, P.S.
Assistance to ministries with policy for children		X	UNICEF representatives, planning officers in Regional and Area Offices, P.S.
Project Preparation		X	Programme Officers in UNICEF representative offices, P.S.
Delivery of assistance, trouble shooting		X	Programme Officers, Supply Officers, Field Observers, P.S.
Project Support Communication		X	P.S.C. Officers in Regional Offices, P.S. P.S.C. Officer at Headquarters, A
Advisory services: vehicle management, child feeding, etc.		X	Advisers, normally in Regional Offices, P.S

of value to have data about how large portions of regional and headquarters time was used to serve various field units. Such data would not only be useful for the Executive Board and make distinction between program support and administration more meaningful and reliable, but it would also create a very useful internal dialogue between the provider and the user of services because quantity and quality of services could be compared with the cost of these services.

155. However, we also know from having introduced such systems in other organizations, that it is extremely important that the organization be ready to accept and use such a control system before it is introduced if it is not to develop into a completely meaningless bureaucratic exercise. We therefore recommend you only to take some first steps towards a more careful measurement of costs for different purposes.

156. In the absence of such records of time spent, UNICEF has made a simple classification by organizational unit, as follows:

Administrative budget

N.Y. Headquarters

Executive Director's office, including Planning

Internal Audit

Office of the Secretary of the Executive Board,
and NGO Liaison

Public Information Division

Comptroller's Division

Programme Division

Administrative Division

European Office, Geneva

Office of the Director

Public Information Division

Finance Division

Administrative Division

Programme support budget

Offices of Regional Directors (except Europe)
and UNICEF Representatives

Supply Division in Headquarters and Geneva

Food Engineering and Technology Section in
Headquarters and Geneva

157. This is a simply and economical system, and the last column of Table 6.7 shows that the amount of wrong classification is not great - people doing administrative work in units classified under project support and vice versa. It is not worthwhile to use resources to improve this system, because even if the work were classified with great accuracy, the budget ratio would still have little meaning.

Budget Ratios

158. To make budgeting according to purpose useful for planning and control, it is common to relate the budget figure to some measure of activities (a budget ratio). It is important to understand that in the case of UNICEF, it is extremely difficult to achieve such reliable measures.

159. With the program support and administrative service costs as the numerator in the budget ratio, UNICEF's expenditure in fulfillment of commitments approved by the Board is at present taken as the denominator of the budget ratio. This has at least the following limitations:

- a) The denominator does not reflect the size of the projects. UNICEF assistance is usually a small part of the total cost of a service or project to a country and in varying degrees in different projects, the UNICEF services help the whole project.
- b) The ratio system does not work for the cost of advisory services. In material assistance

projects cost of supplies or of training expenses paid may be taken as a measure of UNICEF assistance. (What is the amount of assistance given by a vehicle management advisor who helps the Health Ministry set up a workshop that reduces the time of its vehicles off the road from 30% to 10%?) This defect is likely to become more serious in future as UNICEF assistance tends to include more "software".

c) The denominator does not reflect preparation for the future. Staff time spent in project preparation is measured against expenditure for projects prepared some years earlier.

d) Expenditure depends on the progress of projects administered by the country. The UNICEF secretariat should not accelerate it beyond the current needs of the project.

e) The denominator does not include expenditure from trust funds other than those spent in fulfillment of Board commitments, e.g., reimbursable procurement. Logically, the handling of these trust funds should be covered by a charge which is deducted from the gross budget as revenue or they should be added to the denominator. As present interest on trust funds is shown in the UNICEF accounts as "other income".

f) The denominator does not include the value of contributions in kind that are handled, for the practical reason that this value may not be accurately known, and is not taken into the UNICEF accounts.

160. In addition to these measurement difficulties, there are many problems in using budget ratios; because comparisons with other organizations are difficult and since comparisons over time are distorted both by the evolution of the work of UNICEF and by rapid relative changes in the cost of personnel services in comparison to the costs of supplies.

161. However, financial planning and cost control based on distinctions according to purposes are difficult to apply and require careful definitions and appropriate methods of measurement. To be really useful from a management point of view, they should be coupled with principles of delegation that link the responsibility for purpose achievement and cost control with authority to decide on expenditure and resource utilization.

Unitary Budget

162. Our conclusion is, therefore, that instead of relying on budget ratios increased emphasis should be put on an integrated presentation of all data relevant to a decision unit. For each such unit (the offices of each UNICEF representative are the most important such units) an integrated presentation should be made of some indications of the nature and size of the countries served; planned project preparation; and planned project expenditure, from regular resources and contributions for specific purposes. The principle of such an integrated or unitary budget is indicated in Diagram 6:8. Of course, other presentations, e.g., by object of expenditure, which are compulsory according to U.N. rules and regulations must be included in the budget presentation. The total budgetary estimates, corresponding to the aggregate of the budgets of all the units in UNICEF, afford the basis for control of total costs.

AREA or COUNTRY	BACKGROUND DATA			ESTIMATED PROGRAM EXPENDITURE			PROGRAM SUPPORT BUDGET			ADMINISTRATIVE SERVICES BUDGET			OTHER COMMENTS
	Level of Development	Number of Children	Etc.	1974	1975	1976	1974	1975	1976	1974	1975	1976	

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Diagram 6:8 The most important part of the unitary budget should show all costs for the service of a country or an area. Deviating ratios between the program support budget and program expenditures should be explained.

Other Methods to Integrate Financial Planning and Cost Control

163. The prime reason for suggesting a purpose oriented unitary budget as described above is that it would provide UNICEF with a better instrument to allocate its resources in accordance with its policies, primarily by providing a link between program costs on one hand and program support and administrative services on the other hand. To achieve all the necessary integration in UNICEF's economic and resource planning, we also recommend that the financial plan and long-range personnel planning is given increased emphasis.

164. The financial plan is presently presented as part of the Executive Director's Annual Report and in relatively broad categories. In our opinion, this financial plan should be the starting point for all economic planning in UNICEF, and it should be presented as the first chapter of the budget. Its purpose is to link the five determinants of UNICEF's financial situation, namely projected incomes, program commitments, implementation rates, program support and administrative service budgets and financial reserves.

165. Particularly since both incomes and implementation rates contain considerable uncertainties, policies regarding over-programming and financial reserves are very important and should be extensively discussed. Expectations that implementation level will deviate from plans should thus be estimated and pre-planned counter-actions presented.

166. In Budgets for 1975, costs for personnel on the UNICEF payroll were presented in 5 different contexts as shown in Table 6:9. It is naturally of great importance to be able to identify UNICEF's total commitment as an employer. This is al-

TABLE 6: ⁹ Total estimated number of personnel in 1975 by major function and budget

Budget	No. of professional staff			No. of support staff (general service, production and warehouse personnel, etc.)	Total estimated no. of personnel in 1975	Distribution, in per cent
	Int'l	Nat'l Officers	Total			
Administrative services and programme support budget	274	100	374	853 ¹	1227	73.2
UNIPAC Budget	1	5	6	75	81	5.2
Greeting Cards Budget	22	3	25	66	91	5.9
Project service ² (financed from project commitments)	100	10	110	120	230	13.1
Volunteers ² (partly or completely, financed through sponsorship)	40	--	40	---	40	2.6
	437	118	555	1114	1669	100.0
TOTALS in %			33.3	66.6	100.0	

¹ Includes an estimated 60 "temporary" posts likely to be filled throughout the year.

² Estimated.

ready done in the present budget system but would be even more important in a situation where UNICEF could find it necessary to reduce its total staff. As already indicated in Chapter 6:8, a long-range personnel plan would serve as valuable background material for this purpose and could be used as an additional framework for discussions on the directions in which resources should be developed.

167. To allow a realistic cost discussion, the personnel plan should work with standard cost estimates for various kinds of staff (including all indirect costs). Distinction should be made between permanent and temporary staff as well as other variables and different cost alternatives. In this way, the final implications of the personnel plan will be included naturally in the annual budget as well as the financial plan.

Procedures to Support Decentralization of Responsibilities

168. The unitary budget is consistent with the field orientation and decentralization which has been a major theme in this report. It is, however, important to understand that the effect of the unitary budget system on the internal functioning of UNICEF is not only dependent on the budget principles, but also on the procedures used to develop the budget. To increase cost consciousness and to increase the feeling of responsibility in the field also for the indirect costs it is important that the allocation of costs to each field unit is not made arbitrarily by a central budget unit. As regards each regional service unit, we have suggested that a "service utilization budget" is developed annually in a dialogue, led by regional directors, between the providers and the users of those services. This should serve both as a basis for cost allocation and to plan the development or reduction of these service units.

169. This dialogue is also valuable for reviewing all aspects of the budget. This review of the complete resource utilization

should not only be made when preparing the budget presentation for the Board but also as an internal review one year later when the next budget is being prepared. There should be no difficulty in combining the two procedures since the preparation of the budget estimates for Board approval is now taking place in November and December approximately fourteen months before the beginning of the fiscal year. That is also a very appropriate time for a review of the approved estimates for the year about to begin.

Summary

170. Our recommendations can thus be summarized in five principles for economic planning and cost control in UNICEF:

- a) The starting point should be a more clearly explained financial plan including discussions of alternatives if projected incomes are not achieved or if implementation rates deviate from plans.
- b) The distinction between program costs, the program support budget and the administrative service budget is valid, but a unitary presentation of all costs for each major decision unit (the offices of these UNICEF representatives are the most important such units) is important to insure consistency between program policies and budgets.
- c) Within the unitary budget, measurement of costs for different programs and services should be refined for the purposes of cost control. However, for the time being the analysis should not be based on time utilization reports from the staff.
- d) A long-range personnel plan for all UNICEF staff should be presented as a background to the unitary budget.

e) The budget approved in advance by the Board in May should be reviewed in November/December in connection with the budget estimates for the following year. At the present time, the results of this review are reported to the Board if there is need for supplementary estimates. We recommend making this report even if supplementary reports are not required.

Chapter 7: SOME COMMENTS ON IMPLEMENTATION

Need For Decisions

171. After fourteen months of work, considering how best to prepare UNICEF for its next five years, one of the results is a high degree of consensus (at least among those involved in the work) both about the problems that should be confronted and about the general strategy for solving them. We have seen the major purpose of this report as being to summarize this joint analysis in order to help you in making, expressing and communicating some key decisions about principles to be applied in the future.

172. Those recommended in this report do not signify a radical change but rather an emphasis on some of the best traditions of UNICEF. Such principles are the country orientation, the two-tier structure, the multi-center principle for resource and knowledge building and emphasis on a professional non-bureaucratic structure. We hope that you will find our report a valuable means of communicating with an even larger group of staff members, but we also think it is very important that both you and the Executive Board express a clear attitude in these policy questions. In this context we will again emphasize the need for consistent policies.

173. It is now also necessary to take decisions on the basic formal structure of headquarters and we have in this context pointed out the importance of applying the principle of rotation at the very top, particularly if the executive team is going to be developed as we have suggested. On the other hand, premature appointments should be avoided, and we see no real drawback in ad hoc arrangements like project teams or temporary appointments. If you, for example, felt that it is difficult at this time to appoint a director of the services division as

suggested, we see no disadvantage in initially establishing a more informal group led by the comptroller and the director of the supply division in partnership. It is much more important that their tasks and responsibilities be clear than that the organization chart be simple.

174. Decisions of a third category that are now needed are the recruitment of at least one additional key person to the personnel division and the appointment of a task force to finish the development of a personnel policy and another task force to review procedures for headquarters services. Both these task forces should report directly to the executive team. A summary of the action that we recommend for the next few months is found on Table 7:1.

Unresolved Problems

175. Just as important as these three categories of decisions for the implementation of our study is the awareness that some problems are only partially resolved, that they need continued attention and that decisions should only be taken later. We thus mean that even if the principle of a two-tier structure should be decided upon, it should not be implemented without involving the regional directors. We expect and wholehearted support for the principle, but it is important to be aware that the situation varies in different regions.

176. It has also been suggested that some regions may now be too large to be handled in the way here suggested. This may be true, and one consequence of the detailed planning for the implementation of the principle of the two-tier structure could be the establishment of one or two more regions.

TABLE 7:1

SUMMARY OF ACTION RECOMMENDED

Refer- ence to Chapters	<u>Action Recommended</u>	Recommended Timing of Actions		<u>Other suggestions about timing</u>
		<u>Already ini- tiated by May 1st 1975</u>	<u>Expected to be initiated later during 1975</u>	
6:1	Revised instructions for the program work cycle worked out in collaboration with field representatives	X		Main subject to be discussed in first annual meeting with field representatives
6:2 & 6:7	Individual job descriptions and special assignments for regional directors worked out		X	. . . . .
6:2	Revised definitions of authority and responsibility for UNICEF representatives in a two-tier structure worked out		X	Linked to review of administrative procedures
6:3	Decisions on rearranged structures and new appointments in headquarters		X	. . . . .
6:3	Appointment of task force and hiring of O&M expert to finish rationalization of service procedures in headquarters			. . . . .
6:3 & 6:4	Appointments of members to Executive Directors' team		X	. . . . .
6:5	Introduction of multi-center principle as basis for policy and knowledge development in programming/planning		X	. . . . .
6:6	Field representation in Promotion and appointment committee	X		. . . . .

TABLE 7:1 (continued)

SUMMARY OF ACTION RECOMMENDED

Refer- ence to Chapters	<u>Action Recommended</u>	Recommended Timing of Actions		
		<u>Already ini- tiated by May 1st 1975</u>	<u>Expected to be initiated later during 1975</u>	<u>Other suggestions about timing</u>
6:7	New functions or assignments for deputy regional directors		X	. . . .
6:8	Recruitment of experienced staff members for personnel planning and development		X	. . . .
6:8	Development of 5-10 year personnel plan both as basis for budget appropriations and for resource development planning		X	First task of new personnel development unit
6:8	Development of written personnel policy particularly regarding recruitment promotion, rotation and conditions of service in the field	X		Reported to the Executive Board, May, 1976
6:8	Development of career and training plans		X	. . . .
6:8 & 6:9	Consultant hired for team building in headquarters		X	April, 1975 - April, 1976
6:8	Management training programs for selected field officers			Planned at first meeting with field representatives Sept.-Oct., 1975
6:9	Procedure for clearance of field instructions established		X	. . . .
6:9	News publication for staff revived		X	. . . .

TABLE 7:1 (continued)

SUMMARY OF ACTION RECOMMENDED

<u>Refer- ence to Chapters</u>	<u>Action Recommended</u>	<u>Recommended Timing of Actions</u>		<u>Other suggestions about timing</u>
		<u>Already ini- tiated by May 1st 1975</u>	<u>Expected to be initiated later during 1975</u>	
6:9	First annual meeting with field representatives			September - October, 1975
6:10	Unitary budget developed		X	Internal revision of budget for 1976 developed by November, 1975 and presented for information to the Board, May, 1976

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177. As we have already mentioned, another area where our survey has been far from searching concerns Public Information and Fund-raising and the related activities of National Committees and Greeting Cards. Our discussions have suggested a closer integration of the units concerned and the early appointment of a member of the executive team to achieve this; until this is done, it will be difficult to develop coordinated guidelines for these important areas. An aspect to be covered in dialogue between this unit and the field is how to improve the support to be given by the field to an integrated program.

Cost Consequences of the Implementation of the Survey

178. In the request for a survey there was also included a question asked by the Committee on Administration and Finance about the level of the Administrative Services and Program Support Budgets. We assumed that this meant that the Board wanted us to comment on possible savings.

179. Our work has given some tentative answers to this question. We thus share your concern that may be too many resources in the field are used to satisfy headquarters, that some resources in the regional offices are not adequately used, and that simplification and improved coordination could make it possible for a leaner headquarters to do a better job.

180. But these savings are limited and at the same time there are obvious needs to strengthen your organization. Some of your field and headquarters units are overworked. The situation is particularly serious in areas where the regular program work has to be combined with involvement in emergencies. Our suggestions regarding improved personnel administration training, etc., will require added resources for efficient implementation. The emphasis we have put on personal communication will require

for their implementation not only a new approach to the planning of regular and ad hoc meetings, but also a larger travel budget.

181. After this careful examination of the work of UNICEF, we must thus conclude that we have been able to make a number of proposals that will increase the efficiency of the organization and the quantity of productive work, thus reducing the amount of staff that would otherwise have been requested. However, apart from minor suggestions given to you, we have not found superfluous posts that could be abolished. We also understand that the present financial situation with a great increase in the need for child relief and a less than proportionate increase in UNICEF resources has led you to prepare a budget for 1976 without a net increase of international posts, which means that some necessary increases of resources are met by transfers of functions from where they are less urgently needed. We are convinced that you will find your new organization and the administrative systems (including the unitary budget) a useful instrument for continuing such reallocation of your resources.

APPENDIX I

OVERVIEW MANAGEMENT SURVEY OF UNICEF

Request for presentation

With the approval of the Executive Board, the Executive Director of UNICEF is seeking the services of a management consultant firm to make an overview survey of the UNICEF organization during 1973.

From this survey UNICEF hopes to get help in laying down lines for the development of its organizational structure for the next 5-10 years. UNICEF has been assisting projects in developing countries for 25 years. During recent years there has been a notable strengthening of administration and infrastructure in many of these countries and they are assuming a much greater responsibility for the preparation and implementation of the projects and services UNICEF is assisting. This is one of the reasons for re-examining UNICEF's pattern of delivery of its services.

It is also expected that UNICEF's assistance will continue to expand. In the nine years 1965-74, UNICEF's expenditure will have increased 300 per cent and the real value of the assistance delivered will have increased by approximately 200 per cent. Over the same period there has been an increase in the number of administrative posts by 33 per cent and of programme support*/ costs by 37 per cent. The organization feels a shortage of staff under its present organization.

The survey should suggest opportunities for improvement so that UNICEF may secure more benefits for children for each unit of money and time spent. This would require a study of activity for the implementation of UNICEF's objectives ranging from Headquarter's operations, regional operations and country programming assistance done to resulting benefits to children at the village level. It should examine the centralization/ decentralization issue as between Headquarters and field offices. The present view is that we need guidance to achieve a more effective decentralization.

If more than one option is presented for any major aspect of organizational development or change, we would expect

* /
See definition in Budget estimates.

an analysis of the pros and cons for each. A single recommendation for each issue examined is not necessarily assumed, from our point of view.

In addition to examination of the organizational structure, this requires some consideration of long-range recruitment and personnel policy, training of personnel, geographical distribution; and how best to achieve such objectives as the engagement of more women in the higher echelons of the staff, the greater employment of national staff in countries and the use of volunteers.

The Committee on Administrative Budget has also asked that the survey should examine the justification for the separation of administrative and programme support costs*/ and their respective definitions and the level of these costs in relation to the workload.

The direction of the study would be the responsibility of the consultant firm. UNICEF is prepared to provide 2-3 staff members from Headquarters and the field to assist the study team, if the consulting firm so desires.

*/
See definition in Budget estimates.