

Main Report (Final Draft) ©

UN and Commonwealth Reform Study



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LIST OF ACRONYMS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
AusAID	Australian Agency for International Development
APR	Annual Performance Report
ComSec	Commonwealth Secretariat
CRWG	Comprehensive Reform Working Group
DAW	Division for the Advancement of Women
DESA	(UN) Department of Economic and Social Affairs
DFID	Department for International Development
EU	European Union
FAO	Food and Agriculture Organization
GA	General Assembly
GAO	(US) Government Audit Office
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHD	Good Humanitarian Donorship Initiative
GEAR	Gender Equality Architecture Reform
HLP	High-Level Panel
HR	Human Resources
IASC	Inter-Agency standing Committee
IFAD	International Fund for Agricultural Development
INSTRAW	International Research and Training Institute for the Advancement of Women
IPSAS	International Public Sector Accounting Standards
LDCs	Least Developed Countries
LICs	Low Income Countries
MAR	Multilateral Aid Review
MDGs	Millennium Development Goals
MO	Multilateral Organisation
MOPAN	Multilateral Organisation Performance Assessment Network
MPTF/MDTF	Multi-Partner Trust Fund/Multi-Donor Trust Fund
MS	Member States
NGO	Non-governmental Organisation
Norad	Norwegian Agency for Development Cooperation
OCHA	Office for the Coordination of Humanitarian Affairs
OIG	Office of the Inspector General
OIOS	Office of Internal Oversight Services
OSAGI	Office of the Special Adviser on Gender Issues and Advancement of Women
PCR	Plan for Comprehensive Reform
PF	Performance Framework
PoA	(Gender) Plan of Action
RBM	Results-based Management
TOR	Terms of Reference
UNAIDS	Joined UN Programme on HIV/AIDS

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UNCD	United Nations and Commonwealth Department (of DFID)
UNDAF	UN Development Assistance Framework
UNDG	United Nations Development Group
UNDS	UN Development System
UNEP	UN Environment Programme
UNICEF	United Nations Children's Fund
UNIFEM	UN Development Fund for Women
WEO	World Environment Organisation
WFP	World Food Programme
WHO	World Health Organization

INTRODUCTION

1.1 Background to the Study

Multilateral organisations (MOs) were established by international law to enable national governments to work together on particular issues, and are considered to be *"an essential part of the international system for development and humanitarian aid"*¹. In 2011-12, 44 percent (£3.4bn) of DFID's total programme expenditure was delivered through central or core funding to MOs, of which £225m was distributed to UN and Commonwealth organisations.

Given the UK's commitment to achieve the best results and value for money, it is essential that the MOs that DFID funds are as efficient and effective as possible. Published in 2011, the Multilateral Aid Review² (MAR) was commissioned to assess the strategic value that individual MOs add to the UK's fight against poverty and the value for money that they deliver to UK aid, and identified priority reforms for each of the organisations that it funds.

DFID's UN and Commonwealth Division (UNCD) intends to build from the findings of the MAR to help determine future funding allocations and to promote the organisational changes required of the MOs with which it collaborates. This requires clear understanding of the most effective ways of bringing about such change. Unfortunately, whilst ample information is available on how best to achieve organisational change in general business and management fields, there is a lack of specific formal evidence (evaluations and /or research studies) available to help understand what works with respect to UN and Commonwealth organisations. This study will identify and analyse the relevant evidence.

1.2 Scope and Objectives of the Study

The specific questions to be addressed by the study are elaborated in Box 1.

Box 1: Research Questions to be Addressed by the Study

Primary question: What are the most effective means of achieving organisational change within the UN and Commonwealth agencies?

Sub-questions:

- What works for achieving organisational change in UN and Commonwealth organisations?
- What conditions need to be in place within the agency to achieve change? Are there differences in what works depending on the type of agency (e.g. normative versus service delivery); the level of UK burden share etc? What internal factors influence change?
- What external factors influence change? How have other stakeholders successfully influenced change? What evidence is there of the best ways for Executive Board members to influence UN and Commonwealth organisations to change?
- What are the pros and cons of different funding mechanisms for achieving change? What evidence is there on the effectiveness of providing "core" funds to UN and Commonwealth organisations in achieving change? Is ceasing funding to an organisation a sufficient threat to encourage change?
- What evidence is there about what doesn't work and should be avoided?
- What can be learnt from successful change programmes in other public sector organisations? To what extent and how do UN and Commonwealth multilateral agencies have different success criteria for change management to other public sector organisations?

The study has been designed to draw on what is known more generally about organisational change, review the available grey literature on change processes in the multilateral system, and thus draw specific conclusions that result in improved understanding of the best ways to influence desired change among UN and Commonwealth organisations. The study findings will be used to help UNCD refine its overall Theory of Change and thus its engagement and influencing strategies for each

¹ DFID (2011a)

² Forty-three organisations were assessed. Nine were deemed to offer very good value for money, 16 to offer good value for money, nine to offer adequate value for money, and nine to offer poor value for money for UK aid.

agency. By informing the MAR update in 2013, they should also maximise the likelihood of achieving success against DFID's reform priorities for each agency. Additionally, the findings may be of value to those other parts of UK Government that work with UN and Commonwealth organisations³ and that therefore need to be sure that the agencies are able to deliver their projects effectively. The findings will also be shared with other stakeholders interested in reforming the multilateral system.

1.3 Organisation and Conduct of the Study

The research comprised a desk review, using robust and systematic methods to draw out findings from the available literature. While this included any available journal-published research and evaluations on these issues, this source of evidence is known to be limited as it relates to UN and Commonwealth organisations. Therefore the review drew on wider grey literature (including UN and Commonwealth reports, reports produced by other multilateral agencies as well as the governments or aid agencies of other Member States and other relevant information not commercially published).

The research aimed to identify major examples of organisational change that have happened in UN and Commonwealth agencies and look at the causes or factors that were important in prompting these. It focused on the types of organisational changes particularly relevant to the reforms that DFID is seeking to influence (for example, improved results from these agencies, greater cost consciousness, or better strategic and performance management).

The research was carried out over an eight-week period during December 2012 and January 2013, by a three person team⁴, each member devoting 20 working days, including finalisation of all outputs, completed in February 2013. This report provides a comprehensive overview of the methodology adopted and the evidence obtained, and outlines the main implications of the findings of the study for UNCD. Critical substantiating information has been included in the annexes.

2 SETTING THE STUDY CONTEXT

2.1 The Contribution of MOs

As emphasised by the MAR, MOs are an essential part of the international system for development and humanitarian aid. *"They have a global presence and the legitimacy to work even in politically sensitive contexts where national governments are not welcome. They provide specialist technical expertise, and deliver aid on a large scale. They offer a wide range of aid instruments to meet the needs of all countries. They have the legitimacy to lead and co-ordinate development and humanitarian assistance. They broker international agreements and monitor adherence to them. They develop and share knowledge about what works, and why. Some are at the cutting-edge of innovation, leading the development of new initiatives to deliver development and humanitarian assistance more effectively."*⁵

Thus the multilateral system is perceived as having unique reach, relevance and respect. Indeed the MAR *"confirmed that the multilateral system is a critical complement to what the UK government can do alone. Together the multilateral organisations mobilise large-scale funding, bring specialist expertise, support innovation, play pivotal leadership roles with other donors, have the mandates and legitimacy to help to deal with conflict situations, and provide a platform for action in every country in the world."*⁶ Within this overall context, the strength of the United Nations in development is perceived by many as *"its ability to link national and international goals, both in advice and implementation.....One of the major contributions of the United Nations has been to define and rally partners around an agreed international development agenda, through the holding of international conferences, the formulation of action plans, and last but not least, the Millennium Summit and the Millennium Declaration."*⁷

³ For example, in 2011 UNICEF received £40m in core funding from UNCD but nearly four times that much again (£155m) from other parts of DFID in thematic and project-specific funding.

⁴ Organisational Change Specialist - Bob Fitch; and Research Assistants - Evie Browne and Leif Sorensen.

⁵ DFID (2011a)

⁶ DFID (2011a)

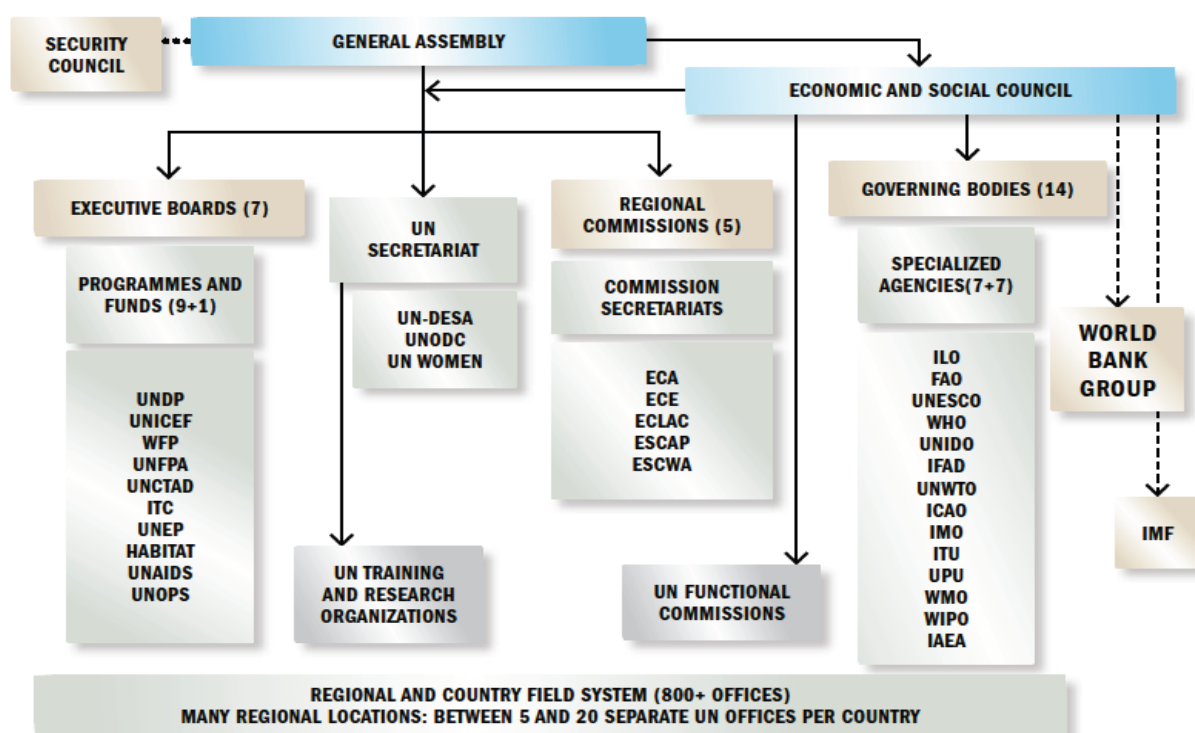
⁷ JIU (2005)

2.2 Perceived Shortcomings of MOs and Assessment Strategies

Notwithstanding the merits of the multilateral system, the MAR observed that *"There was not enough evidence of multilaterals consistently delivering results on the ground, particularly in fragile states. Too many organisations lack a clear strategic direction, and systems to get the right staff in post at the right time, and ensure that management and staff are focused on achieving results and held to account for this. Most multilaterals are not paying sufficient attention to driving down costs or achieving value for money. Most multilaterals are not concentrating enough on gender issues. There is still much room for improvement for the multilaterals as a group on transparency and accountability. And poor partnership working between multilateral organisations is undermining the effectiveness of the system."*⁸

This reflects the considerable and sustained concerns over the performance and effectiveness of MOs generally, and UN entities in particular, that has been prevalent over the last 20 years or so. Indeed, *"Since the 1970s, each secretary-general was elected with the task of reforming the UN bureaucracy to simplify the institutional architecture, reduce transaction costs among organizations, strengthen accountability and transparency, avoid duplication of programs, and improve the capacity to react swiftly to emerging policy issues.... In this context, all UN agencies have included administrative reform as a key objective on their programs and increased the resources dedicated to bureaucratic change."*⁹ However, reforming the UN has proven to be extremely challenging, for a variety of reasons, one of which is its sheer complexity, as illustrated in Figure 1¹⁰.

Figure 1: UN Development System



Reflecting this complexity, the considerable effort that has been made to promote change in the UN had to a large extent focused on improvements to the "system", in terms of enhanced cohesion or harmonisation of practices. However, frustrated by slow progress at the system level, agencies such as DFID have turned attention to promoting change within those UN entities deemed to be of most strategic relevance to their own development agendas.

⁸ Extracted from the Executive Summary of the "Multilateral Aid Review"; DFID (2011a).

⁹ "Nay, O. (2011)

¹⁰ Figure taken from Browne, S. and Thomas Weiss. (2012).

Box 2: Slow Progress with UN Reforms¹¹

The 1997 and 2002 reform proposals by Kofi Annan attempted to institute an “extensive and far-reaching set of changes that will move the Organization firmly along the road to major and fundamental reform designed to achieve a greater unity of purpose, coherence of effort and flexibility in response” and, among other things, drop “[a]ctivities which are no longer relevant,” “reduce the number of reports submitted each year,” and “move resources according to needs.”

However, these reform efforts were only partially implemented. “As of December 2003,” for example, according to a 2004 US Government Audit Office (GAO) report on UN reform, “60 percent of the 88 reform initiatives in the 1997 agenda and 38 percent of the 66 initiatives in the 2002 agenda were in place.” As a result, many of the key areas of reform identified in the 1997 and 2002 efforts remain objectives in the 2005 World Summit Outcome Document, such as overhauling human resources and management, weeding out deadwood staff, realigning the budget away from low-priority areas to higher-priority areas, implementing a performance-based budget system, imposing greater accountability, eliminating duplication, streamlining reporting requirements, and consolidating duplicative reports.

As evidenced by the well-publicized scandals involving the Iraq Oil-for-Food program, abuses by UN peacekeepers in the Democratic Republic of Congo and elsewhere, and more recent revelations of corruption in UN procurement, the organization has far to go in terms of improving oversight and accountability. As one UN expert observed, “Critics keep calling for reform, in part, because the United Nations has been so slow in delivering it.”

Allied to this interest has been the emergence of a variety of methods for evaluating the efficiency and effectiveness of individual MOs. A primary example of this is the Multilateral Organisation Performance Assessment Network (MOPAN), established in 2002 and today made up of 17 donor countries¹². Each year MOPAN carries out assessments of several MOs based on criteria agreed by MOPAN members, to provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management).

In common with several other agencies, in conducting its MAR DFID has applied a similar but somewhat different approach to MO assessment, based on both development and organisational theory. As explained in the MAR report, *“Development theory says that organisations that are working in poor countries, trying to do things that matter, and following the principles set out in the Paris Declaration on Aid Effectiveness¹³, are more likely to be making a real difference for poor people and communities. Organisational theory says that organisations that have certain characteristics, such as strong strategic management and a culture of seeking to minimise costs, are more likely to deliver results and offer value for money.”* Accordingly, the MAR Assessment Framework is based on two broad categories, namely “Contribution to UK Development Objectives” and “Organisational Strengths”, which are then broken into major and minor criteria or indicators¹⁴. Given that this study is to be used, amongst other things, to inform the MAR update in 2013, these categories and indicators in effect define the standards of organisational performance that UNCD will be aiming to promote. This therefore provides an important frame of reference for the study, as it should not be assumed that all organisational change programmes will necessarily be aligned with DFID’s expressed interests; the study needs to identify how to bring about desirable change – and indeed potentially how not to induce changes that run counter to DFID’s objectives. It is within this context that a specific

¹¹ Extracted from Schaefer, B.D. (2006).

¹² Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

¹³ The Paris Declaration, endorsed in 2005, is an international agreement which commits signatories to continue to increase efforts in harmonisation, alignment and managing aid for results.

¹⁴ For ease and completeness of reference the full MAR Assessment Framework is detailed in Annex 1. While focusing on issues germane to individual organisations, and in common with the MOPAN, the MAR Assessment Framework attempts to explicitly address and achieve alignment with the broader issues that have been central to the broader UN system reform agenda.

research methodology was designed and executed, to ensure that evidence of ways of promoting desirable change within UN and Commonwealth organisations could be gathered and analysed.

3 OVERVIEW OF STUDY METHODOLOGY¹⁵

Given that the size of this review was potentially very large, some parameters were put in place in order to create a manageable scope. The resultant approach was to focus on a few prioritised organisations and delve into specific patterns of cause and effect while also using a broader search to identify the most relevant evidence from the general literature on the UN. Given that the UN in particular has been the subject of substantial pressures to change over the last 10 years or so, it was also decided to limit the deliberate frame of reference to events since the year 2000. However, in order to "follow the evidence"¹⁶, researchers retained the option to include any potentially relevant materials from before 2000.

Considerable thought was also given to the choice of search terms, an initial range of potentially useful search terms being compiled, based on the researchers' understanding of the most prominent drivers and objectives of change common to UN, Commonwealth and similar organisations. The search terms were continually reviewed and refined as the study progressed, reflecting the major themes emerging from identified materials. Researchers used Google, Google Scholar, and organisational websites to identify and collate the literature, one researcher focusing on hand searching websites of specific UN organisations (in particular those identified as priorities in the methodology), and one using search strings to identify the wider literature.

Box 2: Pursuing Useful Evidence

To facilitate the research process and in particular the identification of grey literature, the research team sought advice from a small number of UN and development specialists. These included the Director of the Future of the United Nations Development System, Stephen Browne, who was very helpful in providing insights into systemic issues. Also providing advice were Dr. Charles Downs, a specialist in Results Based Management as well as being very knowledgeable of OCHA and UNDP, and J.K. Robert England, former Resident Coordinator and UNDP staff member. Other development professionals with insight into the multilateral system were also contacted; not all responded. The responses obtained provided consistent feedback: that very little literature of direct relevance to the study questions was known of, as the focus of research has tended to be on reforming the system as opposed to influencing change in individual organisations.

The research produced a database of approximately 400 resources, comprising academic papers, institutional documents, news articles, interviews, and speeches. The initial phase of data collection erred on the side of inclusion of all types of literature with apparent relevance to the study questions. A second phase of filtering out documents was then conducted, using inclusion/exclusion criteria to identify which documents best responded to the main research question. The researchers also developed a qualitative Utility Rating, scoring each resource according to their expert assessment of the quality and reliability of the source (in particular reflecting the origin of the source, its general relevance, the quality of the study and its cogency). In the interests of time, the inclusion criteria were applied first to the prioritised organisations and to papers rated highly for utility. This focused attention on the resources of most use.

Snowballing forward and backwards of academic papers with references was also conducted at this stage, and the inclusion/exclusion criteria applied to any potential new sources. This resulted in a final literature database comprising the sources categorised in Figure 2¹⁷. By the end of the process snowballing was tending to lead to previously identified references, which indicates that the database represents a reliably exhaustive frame of reference.

¹⁵ A detailed description of the study methodology has been included in Annex 2.

¹⁶ "Follow the evidence" was guidance provided by the UNCD project team.

¹⁷ Figure 2 only includes references specific to the review of MOs; it does not include references on general change management theory.

Figure 2: Description of Literature Database

# of Items	Type	# of Items	Topic
96	Academic Article	10	2005 reform
16	Article/Speech	12	Commonwealth Secretariat
18	Book	3	ECOSOC
5	Book Chapter	17	FAO
8	Conference Paper	10	GFATM
52	Evaluation Internal	12	Multilaterals
43	Evaluation External	26	OCHA/CERF
7	Individual Expert	52	Other/other resource
12	Internal - Strategy/Planning	32	UN
12	Internal Policy	32	UN system
41	Internal Report	8	UN Women
2	Terms of Reference (TOR)	11	UNDG
11	Unidentified	36	UNDP
50	Website	8	UNEP
373	Total	37	UNICEF
298	Total less websites, books & individuals	10	WHO
Utility Ratings			
37	Utility 1	103	Utility 3
64	Utility 2	47	Utility 4

The final sub-set of literature was assessed through a qualitative approach, drawing on the researchers' expertise and knowledge of organisational change. This qualitative assessment was combined with the utility ratings to create a matrix summarising the usefulness of the evidence that had been obtained. As is often the case with literature reviews such as this (and as anticipated by the project TOR), the available evidence, while interesting and useful, was found to be fragmented, there being few instances of research directly addressing the questions posed by this study. In particular it was rare for single documents to connect efforts to bring about change to the steps taken in response and the success in achieving intended changes. Generally, the available evidence¹⁸ can be characterised as follows.

- The most extensive coverage has been given to reforms of the UN system (including its governing bodies), as opposed to individual entities within the system. Much of this material describes stakeholder opinion of what needs to change, with relatively little attention given to efforts to improve the effectiveness of specific organisations, or to their external influences, and therefore does not specifically meet the needs of this study.
- There has been relatively little academic work that is directly relevant to the study. Consequently examination of the relationship between causes of change and the responses has generally relied on relating external documents (which tend to focus on the need for change) to internal reports, which describe what has been done and, to a lesser extent, the results achieved. While this helped highlight possible relationships it remained difficult to reliably attribute responses to particular external or internal influences.
- Because of the fragmented nature of the evidence base, it was difficult to analyse this in terms of key organisational change themes, as envisaged by the TOR. Rather, by following the evidence, it was necessary to identify whatever causal relationships became apparent.

Intuitively this fragmentation of evidence can perhaps be explained. Should independent reviews of external influences on MOs look at the specific role played by individual actors, there would likely be varied interpretation of their relative importance, it being difficult to untangle causes and effects. Furthermore, any internal change strategies or plans would usually present the case for change as something that had been crafted and that was owned by management (this being essential to the

¹⁸ A list of the most useful documents that form part of the evidence base of this study has been included in Annex 3.

execution of change). This would further obscure the relationship between cause and effect. Finally, the dearth of insightful evaluations of change progress is, unfortunately, consistent with deficiencies in results-based management evaluation that has come to characterise the UN system. Looked at in this way, perhaps the evidence base was bound to be difficult to use.

Having said this, many relevant fragments of evidence have been identified; the key has been finding effective ways of collating and analysing the information. In particular, by placing material evidence in the context of generally accepted principles of effective change management, it has been possible to elicit relevant lessons and insights that UNCD should be able to put to practical use. To help achieve this, and to supplement the broader collation and analysis of the evidence base, case studies were written on those organisations¹⁹ of significant interest and offering the best relevant evidence, which to the extent possible drew out relationships between causes or influences of change and the resultant approaches to and achievement of change. The following section summarises the principles of change management; section 5 then presents the evidence of how change has been initiated and executed in UN and Commonwealth organisations in light of these principles.

4 THE PRINCIPLES OF EFFECTIVE CHANGE MANAGEMENT

There exists a large variety of theoretical perspectives on the causes and nature of organisational change. A stream of research exists that contains various models and frameworks, many of them loosely based on Lewin's²⁰ (1947) steps or phases of change. Despite some differences in these models and frameworks, many similarities exist. MOs, while not strictly speaking "public sector" entities, are more likely to exhibit change behaviour characteristic of governmental bodies as opposed to private businesses. This being the case, the most directly relevant available evidence suggests that change leaders and change participants in UN and Commonwealth organisations should pay special attention to the eight factors summarised in Figure 3.²¹

Figure 3: Factors Determining Change Behaviour in UN and Commonwealth Organisations

Factor 1: Ensure the need	Develop a compelling vision that clearly shows why change is necessary and provides an overall direction for the process
Factor 2: Provide a plan	Transform the new idea or vision into a course of action with goals and a plan, identifying obstacles and remedial measures
Factor 3: Build internal support and overcome resistance	Create psychological ownership by disseminating critical information and encourage employee participation and feedback
Factor 4: Ensure support and commitment of top management	Establish an idea champion or guiding coalition to lend legitimacy to and marshal the resources required to achieve the change
Factor 5: Build external support	Gain backing from key external stakeholders, particularly those able to change the rules and control the flow of vital resources
Factor 6: Provide resources	Direct scarce resources towards essential new activities, in particular planning, communicating, training and redesigning
Factor 7: Institutionalise change	Ensure members of the organisation incorporate the new policies or innovations into their daily routines
Factor 8: Pursue comprehensive change	Develop an integrative, comprehensive approach to change that ensures all subsystem changes contribute to the desired outcome

¹⁹ Specifically: The Commonwealth Secretariat; Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM); Office for the Coordination of Humanitarian Affairs (OCHA); United Nations Children's Fund (UNICEF); and World Health Organization (WHO).

²⁰ Kurt Lewin is often recognized as the "founder of social psychology" and was one of the first to study group dynamics and organisational development.

²¹ This summary draws in particular on Fernandez S. and Rainey (2006). A fuller elaboration of the eight factors referred to in Figure 3 has been provided in Annex 4.

Common to many of these factors is the importance of leadership, communications and engaging people in the change process. Often the task of leaders is to provide a "protected operating space" in which change, innovation and capacity development can happen²². Genuine change takes time and should be planned as a long-haul journey, and needs to pay attention to aspects of organisational culture and values, as these factors are often decisive determinants of the real direction and pace of change.

Changing the culture of the organisation is problematic, because of the inherent difficulty in uncovering the informal systems that guide peoples' behaviour. It can take a while for staff to come to terms with changes in the culture of their work place – "the way we do things around here". It is important for change leaders to understand the varying perspectives of stakeholders, which often requires the application of different lenses. Often, using a mix of insider knowledge and experience with objective outsider expertise and facilitation, is essential to help understand differing perspectives and reframe the issues. Thus DFID and other donors have the opportunity to contribute as "objective outsiders" to the change efforts of UN and Commonwealth organisations, using theories of effective change to help promote the desired results. The challenge is to understand just how best to play this role, given the various tools at their disposal.

In applying theories of effective change it must also be borne in mind that an external stakeholder such as DFID has differing opportunities; first to promote a case for desired change (particularly in relation to factors 1, 5 and 6 above) and then to encourage the effective implementation and achievement of change. Generally, when organisations collaborate, they are motivated by self-interest, which may be shared with or differ from that of other stakeholders. To succeed, the collaborators must develop a shared purpose, with a common understanding of the problem and the role of each organisation in addressing the problem. Motivations must be explicit, allowing for discussion of differences and development of ways to accommodate any differences.

A government's decision to delegate vital tasks to MOs is generally attributed either to the need to pool resources for the provision of international public goods that countries could not provide on their own, or to the advantages of transferring decision-making and implementation to an international agent with some form of comparative advantage (such as superior expertise or information)²³. In the context of international development, where governments contribute aid in order to pursue their foreign policy goals, delegation to MOs implies the diffusion of strategic considerations. It is this diffusion that creates the need to influence MOs and to promote desired change.

In this sense the relationship between donor and MO can be considered to be that of principal-agent, in terms of the difficulties in motivating one party (the "agent") to act in the best interests of another (the "principal") rather than in his or her own interests. Such interests may differ because the agents have different preferences to or different incentives from the principal (for example, agents may have a different stake in the outcome or may receive different rewards than the principal), or because agents have information that is unavailable to the principal, or vice versa. These types of divergences may give rise to problems relating to monitoring, incentives, coordination, and strategy, such that the principal cannot directly ensure that the agents are always acting in the principal's best interests, particularly when activities that are useful to the principal are costly to the agent, or where elements of what the agent does are costly for the principal to observe.

Various mechanisms may be used to align the interests of the agent with those of the principal, in effect involving changing the rules of the game so that the self-interested rational choices of the agent coincide with what the principal desires. Effectively, principal and agent need to combine to create a change coalition and an agreed roadmap for change. This in turn requires an understanding of the logic and concerns, as well as the different power bases, underpinning different stakeholders' positions. For example, there is a risk that an agenda for change may seem to those within an MO to represent a "political fix" (reflecting the interest of the more powerful players) or a response to donors' pressure as "external drivers for change". Where this is the case, true alignment of interests and

²² Parts of this section draw on UNDP (2006).

²³ This in particular makes reference to Schneider, Christina J. and Tobin, Jennifer, (2011).

genuine commitment to change may not occur, thus risking failure of any resultant change effort. This highlights the importance of focusing on power relations and dynamics in the institutional landscape, to properly understand how donors might act as either drivers or facilitators of change.

Managing opposition to change often requires a combination of incentives and facilitating processes in order to create true alignment. Incentives can sometimes be of a financial nature but may also be non-monetary. Financial incentives carry with them the associated risks that organisations will buy the substance but not the vision of change. Nonmonetary incentives, such as creating opportunities to learn, developing merit-based systems that reward performance and enabling a creative working environment are often more powerful. Adequate and appropriate incentives could bring about significant change in attitudes and increase overall organisational performance. As external stakeholders, donors have a range of tools that they can use to help understand what will work and then to encourage the creation of the conditions that will support change, in particular²⁴:

- Training of own staff in effective MO engagement methods;
- Participation in governing bodies;
- Participation in strategic planning;
- Funding (including core and non-core funding, utilising instruments such as Trust Funds and co-funding);
- Supporting NGOs and other partners in their work with MOs;
- Seconding of staff to MOs;
- Establishing research or other collaborative networks, including like-minded groups and communities of practice; and
- Feedback and reporting (utilising results-based management)

Unfortunately the issue of incentives can get somewhat fuzzy in UN and Commonwealth organisations, which often suffer from what might be considered a *"fuzzy reality"*²⁵. In contrast to the clear lines of command and defined boundaries concerning roles and responsibilities common in most private sector enterprises and public administrations, the organisational culture of UN agencies might best be described as resulting from *"porous boundaries"*, which affect different aspects of organisational life and help to explain some of the performance issues confronting the UN system. Figure 4 provides an overview of the key porous boundaries identified by Saner and Yiu as relating to different aspects of the UN's organisational profile.

Figure 4: Definition of "Porous Boundaries"

Stakeholders	A multitude of actors (such as governments, NGOs and inter-governmental institutions) competing for use of the MO's financial and human resources.
Leadership	Elected or reinstated by members of the governing body through a process of bargaining and coalition building
Goals	Negotiated compromises often remaining ambiguous in order to satisfy the needs and objectives of the stakeholders.
Financial Resources	Result of a bargaining process, often approved, rejected, altered or amended on a yearly basis.
Human Resources	Recruitment based on official or unofficial quota system. Standards adjusted to accommodate divergent competence levels of international staff.
Organisation	Hierarchical, dominance of legal and bureaucratic measures as a defence against shifting alliances and external pressures.
Culture	Traditional, non-innovative, defensive, security-minded, clanism combined with idealism resulting in frequent power struggles.

²⁴ A key information source for the section on donor tools is Grimm and Warrener (2005).

²⁵ Particular reference has been made to Saner and Yiu (2004).

Given the existence of these forms of ambiguity in the principal-agent relationship, as well as the available evidence on the general principles of effective organisational change, it seems clear that donors face considerable challenges when trying to encourage transformation in the behaviour of MOs. The main inference is that donors need to be part of a coalition of external and internal stakeholders committed to supporting the processes of visioning, planning and results definition. In addition it seems that the tools of influence will need to be applied adeptly and adaptively if the desired results are to be achieved.

5 ANALYSING THE RESEARCH EVIDENCE

The review of the literature considered the available evidence in relation to the theory of change outlined above. It first considers evidence of change having been initiated and pursued within UN and Commonwealth Organisations, before looking at how donors and other external stakeholders have influenced these change, and the relationship between the modes of stakeholder engagement and the achievements of the MOs.

Box 3: Definition of the Study's Evidence

In the context of this literature review, the term "evidence" refers both to primary and secondary evidence in the literature. There is some primary evidence available in the form of annual reports, financial reports, strategic plans and similar, but the majority of the literature is secondary evidence such as academic critiques, calls for reform, summaries of meetings and events, and interviews. Many of the conclusions drawn here are inferred by the literature but not explicitly stated, as is expected in a literature review. For this paper, "evidence" thus refers to the breadth of qualitative, quantitative, knowledge-based, reflexive and other evidence presented in the literature, not only empirical evidence.

A high-level summary of the evidence that has been obtained is provided in Figure 5 (pages 11-14), the remainder of this section comprising a review of this evidence. While the review draws strongly from the case studies, it presents relevant evidence from across the organisations included in the study. Wherever possible the review has presented evidence relating to common themes, in particular progress in mainstreaming gender in development and improving human resource management within MOs, both of which UNCD had indicated to be priority issues.

5.1 Evidence of Change in UN and Commonwealth Organisations

5.1.1 Variability in Organisational Capacity for Change

There is ample evidence in the general literature, particularly that relating to reform of the system, that demonstrates lack of change taking place within the UN system. *"As evidenced by the well-publicized scandals involving the Iraq Oil-for-Food program, abuses by U.N. peacekeepers in the Democratic Republic of Congo and elsewhere, and more recent revelations of corruption in U.N. procurement, the organization has far to go in terms of improving oversight and accountability.[20] As one U.N. expert observed, 'Critics keep calling for reform, in part, because the United Nations has been so slow in delivering it'."*²⁶ However, notwithstanding these deficiencies at the systemic level, the literature does reveal some progress made in pursuing change within individual organisations.

To varying degrees, all five organisations for which case studies were developed have in recent years devised well defined cases for change. There is clear evidence that these cases for change are often to a significant extent driven by the organisations themselves. UNICEF provides a clear example. While overall UN reforms and changes to the development and humanitarian agendas undoubtedly played a significant role in UNICEF's development, it is arguable that the most significant reforms within the organisation have been internally driven. This might be expected as, according to assessments including those of MOPAN as well as the MAR, UNICEF is consistently judged to be among the better performing UN entities.

²⁶ Schaefer (2006)

Figure 5: Assessment of the Relevance of the Evidence Obtained

The table below summarises the state of the available evidence on the organisations included in this report. Some identified resources were not given a utility score, because the paper was not identified as a priority to read. The utility scores, as described in the methodology, were subjective assessments of the resource's usefulness in responding to the research question. As such, they cannot be taken as hard data but are merely reflections of the researcher's opinion. Additionally, due to time constraints, some papers were prioritised over others (utility 3 and 4; and specific organisations). The researcher's comments therefore do not reflect the whole literature base for each organisation, but only what we found most useful and relevant to read in detail.						
	Category with the highest number of papers for this organisation				Category with the second lowest number of papers	
	Category with the second highest number of papers				Category with the lowest number of papers	
Organisation	Number of Resources	Utility score				Researchers' summary of evidence
		1= Low	2= Med Low	3= Med High	4= High	
UNICEF	37	8	12	11	6	UNICEF has a substantially large evidence base. Although the majority of this is derived from internal documents or internally sponsored evaluations, the broad base of operational documents balances out the relative absence of external literature. Evidence on change centres on the major organisational review conducted in 2006-07, which also included other component evaluations. The review contained a detailed diagnosis of organisational issues, and ensuing UNICEF operational documents detail key aspects of the change programme and its process. The majority of evidence tends to indicate that organisational reforms were brought about through strong internal leadership, as opposed to significant outside influence, although some evidence points to the role member states played in influencing the role of UNICEF in fragile states as well as in its treatment of gender.
UNDP	36	10	11	10	5	UNDP has a weak evidence base, with relatively little literature focusing on its organisational performance. The majority of academic literature focuses on the role of UNDP in coordination, while internal literature tends to be overly represented by Executive Board reports, which tend to be less revealing than necessary. While the detailed evidence is scarce, it is clear that UNDP has gone through a series of very substantive reforms since the 1990s including the important sharpening of its development focus. Furthermore, it is clear that UNDP benefits from the ability to attract very well respected executive leadership, which has been generally effective in enacting organisational reforms. Further reforms, however, are likely dependent upon agreement at the Executive Board level and dependent upon a pragmatic bridging of UNDP's mandate for universality and neutrality, while focusing a greater percentage of resources on Low Income Countries (LICs) and Least Developed Countries (LDCs) in particular.

Organisation	Number of Resources	Utility score				Researchers' summary of evidence
		1= Low	2= Med Low	3= Med High	4= High	
WHO	9	3		4	2	WHO has a relatively strong evidence base with a good combination of internal reports and academic literature. The evidence on change is mostly around leadership, specifically Brundtland and Chan. Both were powerful reformers and demonstrated strong personal leadership for change. Brundtland was brought in specifically to make reforms. WHO is currently in a reform period, which centres on financing for effectiveness. Donors are currently pressuring for change towards effectiveness, but not providing funding until results are seen. This paralyses WHO, which has stated a preference for non-earmarked funding. Chan has turned to the private sector in the quest for untied funding. Chan's personal style has enforced some changes towards effectiveness in management structure and systems. Personal leadership has been important in making reforms.
OCHA	26	1	6	16	3	The literature evidence for OCHA is relatively strong, and it relies on a balance of internal and external reports. Significantly, the involvement of NGOs in the humanitarian sector and represented in the IASC helps substantially in broadening the literature base as well as influencing the organisation. The most significant organisational change initiatives arose out of the Good Humanitarian Donorship Initiative (external influence), and also the Secretary General's High Level Panel (HLP) on System Wide Coherence as well as the Humanitarian Response Review. The former provided OCHA with greater source of resources as well as more harmonised donor behaviour so it could more effectively respond to disasters. The Humanitarian Response Review and the HLP played a significant role in shaping the development of the cluster system. More recent reforms under current USG-ERC Valerie Amos demonstrate the value of strong leadership, along with a collaborative approach between OCHA, its donors and the NGO community.
UNEP	8	1	4	2		The evidence on UNEP is not strong. UNEP is generally considered a weak organisation, and most of the literature on UNEP change is around whether to replace it with a World Environment Organisation. No progress has been made on this over the last 20 years due to intractable differences among Member States. Resultantly, most literature states calls for and against this type of reform, with little evidence on actual internal change. In the mid-1990s, the US withdrew funding to UNEP as a criticism of its lack of effective leadership. UK and Spain also threatened to withhold funding. In 1998 a new Executive Director was appointed who made some reforms which placated stakeholders and USA funding was reinstated. Despite this, the literature suggests that change is better managed through positive reinforcement than through threats; UNEP and the US work much better together now, where they have a positive relationship.

Organisation	Number of Resources	Utility score				Researchers' summary of evidence
		1= Low	2= Med Low	3= Med High	4= High	
WFP	17	0	7	8	2	<p>The evidence base for WFP is moderately strong. Available evidence includes several internal reports and operational documents, as well as a small amount of quasi-academic literature. The internal evidence is quite useful in demonstrating the degree to which WFP is making reforms, particularly under the recent leadership of Ms. Ertharin Cousin. Her term of leadership began with a rapid external organizational assessment, and then followed with a very substantive change programme that includes many operational details that are publicly available.</p> <p>In addition to strong leadership, WFP benefitted from the recent breakthrough in the international community that created the impetus for a much stronger relationship with WFP's Rome-based sister agencies, IFAD and FAO. In addition to creating a more coordinated response to food security issues, the breakthrough improved the dysfunctional Committee on World Food Security, which now allows for a much better forum for discussion of food security issues, open to member states, donors UN organisations and other multilaterals, NGOs and the private sector.</p>
UN Women	9	4	2	1	2	<p>The evidence base for UN Women/UNIFEM change has significant gaps. There is little internal evidence from the UN about how the change happened. What strong evidence there is mostly comes from outside sources, and focuses on the role of civil society action in pressuring for change. Internally, the UN has restated the need for better action on gender equality consistently since 2005, so there was a clear presence of internal willingness to change, but the key factor according to the literature seems to have been advocacy from strong NGO groups, particularly the Gender Equality Architecture Reform (GEAR) campaign, which played a strong role in the final shape of UN Women. Support from prominent leaders and considering UN Women as an issue separate from the wider 2005 reforms were both factors in facilitating change. Factors causing slowness were the UN bureaucracy and disagreements among Member States. The process was actually quite straightforward as there was consensus on the need for change, so discussions were mainly around structure.</p>
Commonwealth Secretariat	12		6	2	4	<p>The evidence base for ComSec is quite strong, as it is a small body and the annual reports provide detailed information in the same format year on year. The evidence is mostly internal and there is little external critique or assessments of its change processes. The evidence shows that ComSec is slow to change, with the same messages repeated year on year. Although AusAID also identifies it as needing reform, external pressures have not resulted in any change, as ComSec is primarily answerable to Member States, and is only mandated to act on their directives.</p>

Organisation	Number of Resources	Utility score				Researchers' summary of evidence
		1= Low	2= Med Low	3= Med High	4= High	
						M&E and lack of performance data hampers ability to change. Recommendations from evaluations or annual reports are not acted on. High-level strategy is good but implementation is weak or absent.
GFATM	9		1	6	1	<p>The evidence base for GFATM is reasonable, as it deals with developments over a relatively short timescale. It includes external evaluations as well as internal evaluations and planning documents. The majority of these focus on the call for and execution of changes following the discovery of misappropriation of funds.</p> <p>The evidence shows that GFATM responded purposefully to change drivers, although it is difficult to determine whether internal (oversight report) or external (high level panel investigation) influences were most important. The evidence shows that GFATM responded effectively, creating a comprehensive, integrated and well defined plan. The events referred to are relatively recent so inevitably there is much less on how effective the changes have been, and whether these have been institutionalised.</p>
Multilaterals	12			7	4	<p>Much of this evidence is interesting at a general contextual level without necessarily helping to answer the study questions. The main exceptions are the reports of various donor agencies on their strategies toward and assessment of MOs, which provide insights into how influence is being sought, if not necessarily on the impact of such efforts. As might be expected, there is little about the causes or execution of individual organisational change. There are some useful insights into general progress made with implementing RBM; otherwise the information relates more to the general nature of relationships between donors and MOs.</p> <p>While the utility scores are relatively high these are somewhat misleading as this reflects usefulness in clarifying context rather than answering the study questions.</p>
General UN	65	8	10	26	5	<p>There is an abundance of materials covering reform of the UN system, including of its governing bodies. Unfortunately this is not directly relevant to the study questions. However, materials tend to focus on what needs to be done, less attention being paid to how change is being influenced - or indeed executed.</p> <p>Generally the evidence - primarily commentary plus internal policy papers - demonstrates consistent appreciation of what needs to change, as well as shared disappointment over lack of progress. One strong and pertinent message is concern that donors - probably reflecting their frustration with lack of systemic reform - are tending to assert more bilateral influence, which conflict with broader efforts towards harmonisation.</p> <p>The evidence collected is thus more contextual, but does raise some possible alarms over the role of donors in influencing change in the UN system.</p>

Available evidence suggests that the most significant round of reforms in UNICEF coincided with the 2005 arrival of the new Executive Director, Ann Veneman, this being followed by a range of influential organisational evaluations carried out in quick succession.²⁷ The most significant change influence on UNICEF was possibly the Organisational Review carried out in 2006-07²⁸, which included primary research by an outside consultancy as well as synthesis of several concurrent evaluations and assessments. The review found that overall the organisation was performing well, but that it also recommended a range of measures that UNICEF should take to enhance its efficiency and effectiveness. As a result the organisation's management identified multiple initiatives for improvement, divided into four distinct categories: Improved Accountability and Effective Risk Management; Programme Excellence; Operations Performance; and Effective Resource Planning and Implementation. It adopted a change plan, with a Change Management Team made responsible for coordinating implementation of each of the change initiatives.

5.1.2 The Importance of Leadership

In its over fifty year history, UNICEF has had only six Executive Directors, this stability of leadership seeming to have contributed to the consistently clear vision of the organisation. In contrast, changes in leadership at WHO since the mid-1990s appear to be associated with new efforts to shake up the organisation and provide leadership on improved efficiency and effectiveness. A key example is the appointment of Gro Harlem Brundtland in 1998²⁹. Brundtland succeeded Hiroshi Nakajima, who was widely considered a weak leader for the organisation, and whose legacy Brundtland was hoped to overturn. As a previous Prime Minister of Norway, Brundtland was well placed to understand the politics of management, and demonstrated strong leadership and direction from the outset. Before she was appointed, she commissioned a transition team to assess WHO's activities and structures, which enabled her on accession to act immediately to remove the existing Secretariat and make her own cabinet appointments. This swift action to restructure the secretariat took the organisation by surprise, but set a precedent for Brundtland's mandate to change the WHO. The first cabinet contained six women and seven "outsiders", and represented all of the WHO's six regions. This balanced cabinet was an important change in improving representation at the higher levels. Other changes Brundtland initiated aimed at making WHO a more open, participatory and flexible organisation, including increased use of the staff rotation system, new financial disclosure rules for staff, and a high-level meeting of all country representatives to discuss streamlining and improved performance.

Box 4: Change Efforts at the World Food Programme (WFP)

Leading up to – and concurrent with – the major reforms to the food security system architecture coming out of the 2007-08 world food crisis, WFP began instituting major reforms internally, in particular in an effort to decrease costs of aid delivery. These began with implementation of strong RBM reporting; WFP was also the first UN organisation to fully implement International Public Sector Accounting Standards (IPSAS).

Contributing to these initiatives, in 2007 WFP participated in a peer review of its evaluation function, which found that, while the organisation had a generally well-functioning evaluation office, it was not universally strong at the country and project level, and did not always utilise evaluation recommendations in its strategic planning exercises. Since the peer review, WFP seems to have responded positively to the evaluation and has devoted greater attention to improve the quality of its evaluations in line with recommendations provided. Significantly, the 2008-13 WFP strategy also included a major change that shifted attention from food aid exclusively to a more nuanced set of tools focused on food assistance. The strategy has enabled the organisation to increase its attention to issues of sustainability and local food procurement, and to its relationship with its sister agencies, FAO and IFAD.

²⁷ Of particular relevance are: The Peer Review of Evaluation Function at UNICEF (2006); UNICEF (2007b); Assessing Results Management at UNICEF (2007); and Evaluation of Gender Policy Implementation (2008).

²⁸ "UNICEF (2007b).

²⁹ Andresen, S. (2009)

In 2012, a new Executive Director, Ms. Ertharin Cousin, immediately embarked on a dramatic set of reforms. Ms. Cousin had previously served as United States Ambassador to the United Nations Agencies for Food and Agriculture, and head of the US Mission to the UN Agencies in Rome, during which time she was active in efforts to reform the UN food security architecture. Her service with WFP began with a rapid organisational assessment led by McKinsey and the WFP's Organisational Development team. Following the assessment and a series of informal partner consultations, WFP announced a series of far-reaching reforms divided into seven workstreams.³⁰ Included in the aggressive reforms are an extensive transfer of resources to country offices, staff reassignment (and options for early retirement), increased resources for monitoring and evaluation and reporting, and greater attention to gender focused programming and projects.

While it is still too early to assess the outcomes of the recent reforms undertaken by the new Executive Director, it is clear that the budget allocations and restructuring to date reflect a very substantive attempt at improving the efficiency and effective of the organisation.

5.1.3 The Importance of Comprehensive and Integrated Planning

Common to successful efforts to transform has been effective planning. Notably, GFATM implemented wide ranging change measures to address, in particular, deficiencies in fiduciary controls, but also more general weaknesses in governance and strategic management. To initiate the process the Fund's Board established a Comprehensive Reform Working Group (CRWG), which was charged with: *"(1) developing and defining a comprehensive reform agenda of specific action steps that will maximize the cost-effectiveness and impact of the Global Fund investments in saving and improving lives affected by AIDS, TB, and malaria; (2) establishing clear timelines and measures of progress for implementing each of the action items on the reform agenda; and (3) creating one or more practical mechanisms for the Board, Secretariat, stakeholders, and the global public to track the Global Fund's implementation of items contained in the reform agenda"*.³¹ To ensure objectivity the CRWG engaged expert analysis; in the interest of generating consensus and support it consulted broadly with the Secretariat, Board constituencies, Inspector General, as well as a broad range of Fund stakeholders (including through four regional meetings and an online survey).³²

Significantly, the Fund recognised that the challenges it faced were not susceptible to one or two general policy or programme changes. Instead, it appreciated that, like other maturing organisations, the real need was successful implementation of a broad package of tailored reforms that represented pragmatic, targeted solutions to discrete problems and that, taken together, held out the prospect of substantial overall improvements in organisational performance that could be carefully rolled out over time.³³ Based on its analysis, the CRWG concluded that there were opportunities for the Global Fund to pursue improvements towards the following nine objectives: (1) enhanced fiduciary control and risk management; (2) improved resource allocation and increased value for money; (3) improved proposal development and review processes; (4) improved grant management/reduced transaction costs; (5) improved Global Fund internal management; (6) improved partnership and in-country structures; (7) improved governance; (8) enhanced resource mobilisation; and (9) increased sustainability and efficiency. As part of the CRWG's mandate, the group brought together the complete range of reform actions and integrated these into one broad framework. For each of the nine objectives the resulting Plan for Comprehensive Reform (PCR) outlined reform areas, expected benefits from action in each area, deliverables, and responsible actors. The PCR thus:

- enabled the Fund to see and communicate the totality of the ongoing reform initiatives;
- supported prioritisation and efficient utilisation of human and financial resources; and

³⁰ Operationalizing the Strategic Plan; Organization Design; HRM; Business Processes; Partnership Approach; Executive Management; and New Approaches to Communication and Learning. Source: Executive Board Management Plan: 4th Consultation.

³¹ GFATM (2011) "Report of the Comprehensive Reform Working Group".

³² Schocken, "Overview of the Global Fund to Fight AIDS, Tuberculosis and Malaria".

³³ "Consolidated Transformation Plan". GFATM (2011)

- created accountability for the Global Fund by providing clarity on deliverables and milestones to help the Board track progress.

GFATM committed to implementation of the PCR including by increasing the budget of its Secretariat by 3.2 percent to cover its exceptional costs (supporting 25 extra staff and Central Salary Reserve for separating staff that could not be reassigned). The plan was to reverse the temporary increase in staffing levels of 25 by 15 by the end of 2012 and a further 10 by the end of 2013, thus returning to the original 2011 approved headcount.³⁴

5.1.4 Factors Contributing to Inability to Change

However, and as might be expected, not all MOs demonstrate equally the principles of effective change management. In particular the Commonwealth Secretariat has been found to have significant shortcomings. It should be remembered that the MAR assessed the Secretariat as weak or unsatisfactory in all but two categories, ranking it joint last³⁵. An Australian review conducted in 2012³⁶ assessed the Secretariat on similar categories to the MAR and, while acknowledging strengths (particularly good leadership from top management and the Board of Governors, and a commitment to organisational effectiveness and the need for change towards this), identified various challenges in the implementation of reform initiatives. This paper suggests that a critical challenge for implementing change is the lack of performance data and poor monitoring and evaluation, which hamper the ability to identify gaps and strategise accordingly. Similarly, the MAR identified the results and performance management of the Secretariat as weak, with a lack of follow-through, benchmarking, evidence of effectiveness, and very limited progress on improving management systems. Another older report³⁷ on the Secretariat's use of evaluations also concluded that recommendations were generally vague, with no clear ownership, action or endorsement, and that fewer than half had been implemented, which suggests that this is an ingrained institutional problem, consistent with that identified as being a major obstacle to general UN reform.

The process of implementing gender mainstreaming both internally and in programmes provides some specific evidence of inadequacies of change management practices at the Commonwealth Secretariat. The Gender Plan of Action (PoA) was initiated in 1995, aiming to implement gender mainstreaming in programmes and internally, with a 15-year outlook. It is a statement of commitment but does not contain policies. Daniel et al (2007)³⁸ assessed the PoA as having good high-level commitment to gender mainstreaming and coherence across top-level decisions, but poor implementation, policies and actions. The PoA has been periodically reviewed and re-agreed by the Commonwealth Women's Ministers Meeting and other Member States' meetings, showing its high-level importance and support from key external stakeholders, but this conceptual agreement to the importance of gender equality has not translated into concrete policies and actions.

The annual performance reports (APR) from 2005–10 show constant repetition of the need to improve gender mainstreaming in accordance with the PoA, assessing its implementation as poor and slow, and emphasising the need for internal organisational change to make the PoA effective. The end-term audit conducted by Daniel et al in 2006/7 recommended developing a clear policy, training programme, and guidelines (APR 2006/07); the following APR (2007/08) agreed to act on some of the recommendations. The APR 2009/10 cites the recent PoA Mid-term Review, which again repeats the need for clear policies and an institutional strategy on gender, a consistent message that was stated for at least five consecutive years with no apparent progress reported. Daniel et al (2007) provide some assessments of why gender mainstreaming has been hard to implement internally. The key barrier they present is the competition of gender mainstreaming with other institutional goals, which are usually prioritised. A second barrier is the lack of commitment to long-term organisational change, which needs high-level political analysis and commitment. Within the Secretariat, the Gender Section is not located in a position of political influence, other departments do not voluntarily seek advice from

³⁴ Information on the 2012 Operating Expense Budget.

³⁵ Cooper (2011)

³⁶ Australian Multilateral Assessment March (2012)

³⁷ Gillies, Brian Moo Sang (2003)

³⁸ Daniel, Surridge, Kamminga and Wong (2007)

the Section, most others are not aware of the PoA, management structures do not encourage cross-divisional working, gender is not embedded into HR procedures or staff training, and most staff feel they do not have the skills to implement gender mainstreaming. There is also little monitoring and evaluation for gender mainstreaming. Other elements of change in the Commonwealth Secretariat are more efficient and effective, probably due to the low political importance of gender. Progress on RBM and improved financial reporting, as evidenced in APRs, is rather better than gender. These changes usually respond to audits and pressure from internal leadership to improve transparency, effectiveness, and efficiency, with results being measured against Strategic Plan goals. In contrast, gender mainstreaming serves as an example of how change can be mandated at the highest policy levels but fail to translate into effective action due to a lack of political push, resources, good data, and cross-sectional working.

More generally, the example of gender mainstreaming in the Commonwealth Secretariat demonstrates the importance of ensuring change is institutionalised. This issue is evidenced in other MOs as well. For example, and while the WHO has had some success in implementing reforms, there is evidence that these relied excessively on the presence of Brundtland and were not properly institutionalised.³⁹ In particular, conflicts of interests and competition for funds were found to exist at the top levels. Some observers stated that the kind of change that had been pursued simply asserted Brundtland's control over the organisation but did not offer significant reform to the workings of WHO. Differences of values within the leadership continued to cause fragmentation, these exacerbated by strained financial resources⁴⁰.

5.1.5 Relationship between Organisational Effectiveness and Capacity to Change

The evidence thus reveals varying strengths and weaknesses in change management across the organisations for which case studies were undertaken. Noticeably, those MOs included in this study that the MAR found to be least effective (WHO and the Commonwealth Secretariat) also exhibit the highest failings when judged against the principles of effective change, most significantly in terms of inadequate definition, planning and measurement, as well as failure to integrate transformation measures or to institutionalise change.

The evidence does not, however, suggest a consistently strong relationship between the assessed effectiveness of an organisation and its success in executing change. UNDP is a particular case in point, the MAR having identified it is offering good value for money, but the evidence suggesting slow – if perhaps now accelerating – transformation. It should be borne in mind that, by the end of the 20th Century, UNDP was in danger of being marginalised due to its lack of focus and general organisational malaise. The first round of reforms led by Kofi Annan, along with engagement in the development of the MDGs, were particularly strong signals to UNDP leadership and staff that major reforms were necessary. A significant outcome of initial reforms included sharpening of UNDP's focus, particularly in the areas of good governance, championing the MDGs, fighting against poverty and coordinating UN development support. Internally, the executive board also entrusted leadership to reform the personnel system, with a focus on talent based recruitment and promotion.⁴¹

However, the available literature offers little evidence of overall organisational change until the arrival of current Administrator Helen Clark, under whose leadership UNDP launched the Agenda for Organisational Change in 2011, *"stressing (a) improved governance, (b) improved organizational effectiveness; and (c) leadership, culture, and behavior). identification of medium-term strategic priorities in the context of the strategic plan, the rollout of the first annual business plan and strengthened corporate planning system, and the intensification of work on results-based management and business models."*⁴²

Box 5: Slow Progress on RBM at UNDP

While an early advocate for aid effectiveness, a 2007 independent evaluation of RBM in UNDP

³⁹ JIU (2012)

⁴⁰ JIU (2012)

⁴¹ "A New Kind of Global Leadership is Needed". Interview with Mark Malloch Brown (2007)

⁴² (UNDP 2012) "Annual report of the Administrator on the strategic plan: performance and results for 2011".

concluded that the organisation had a relatively weak results culture due to a number of systemic issues that included “the strong emphasis on resource mobilization and delivery; a culture that does not support risk-taking; systems that do not provide adequate information at the country programme level; a lack of clear lines of accountability; and a lack of a staff incentive structure.”⁴³

In the 2012 DESA study of RBM in the UN Development System, the author reports that following the 2007 review, UNDP replaced its 2002 RBM handbook with a new handbook on ‘Planning, Monitoring and Evaluating for Development Results’, which integrated planning, monitoring and evaluation.⁴⁴ According to the DESA report, the Executive Board has also requested UNDP’s Evaluation Office to commission an independent review of the UNDP evaluation policy. UNDP also reports that evaluation capacity is constrained at the country level, with only 27 percent of offices having monitoring and evaluation units. Overall, UNDP’s RBM efforts are also constrained by systemic issues that include different expectations and understandings of RBM from member states (an issue that confronts UNDP at the Executive Board level) and a need to utilize country systems in aid management and reporting. Programme countries in particular are interested in ensuring that the agency does what is in the interest of the country itself, and is not so concerned with the alignment with central agency priorities. This is particularly evident in those countries where UNDP receives significant national government contributions via non-core resources.

According to UNDP’s 2011/12 annual report, recent achievements in the AOC include: reduction of recruitment time, changes in recruitment practices, pursuit of cost-cutting measures (for example, video-conferencing). There is also evidence of commitment to change; UNDP’s recent Institutional Budget for 2012-13 indicating that there have been significant sums (\$6.8 million from regular resources) allocated to the AOC, as well as an investment of \$4 million from regular resources being proposed to strengthen strategic human resources management, including the enhancement of talent management and workforce planning tools and systems.⁴⁵

A Norad study on Activity-Based Financial Flows in UN System, while commenting favourably on the resourcing commitment, notes that UNDP needs to take measures to effectively utilise funds: “*UNDP budget estimates for the 2010-11 biennium were reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) The Committee welcomed the results-based budget and encourages its use to realize efficiency and eliminate duplication. However, it also notes that resource use is not always evident and recommends a consolidated presentation of budget estimates from various sources (biennial and miscellaneous).*”⁴⁶ The implication is that the successful execution of change is not yet assured.

The literature also highlights organisations that seem to have been unable to respond to any calls for change. The UN Environment Programme (UNEP) is a prime example, there having been extensive discussions over the last 20 years about whether the whole organisation needs to be overhauled and a new entity (the World Environment Organisation, or WEO) formed; to-date no discernible progress has been made. MS have taken ferocious positions on either side of the debate – although the key questions have remained the same⁴⁷ – with strong actors like the USA remaining consistent and unmoving. The USA is driven by its domestic politics about whether it engages with UNEP or not, as are many other MS⁴⁸, and its strong, consistent, resistance to the formation of a WEO, in opposition to the European Union’s (EU’s) support, means that the issue is unlikely to progress. Reformers have currently retreated from the issue, as it does not seem resolvable in the near future. This example perhaps suggests that, irrespective of the qualities of an organisation, in order for large-scale reform to occur, Member States’ support is essential – beyond any bilateral donor or other stakeholder influence – and that a consensus or coalition of support is vital. Clearly, there is a vital need to better understand the interplay of external stakeholder influences with respect to changing MOs.

⁴³ United Nations Development Programme Evaluation Office (2007) ‘

⁴⁴ Bester, A. (2012)

⁴⁵ “UNDP Institutional Budget Estimates for 2012-2013”.

⁴⁶ Norad (2010).

⁴⁷ Ivanova, M. (2012)

⁴⁸ Andresen, S., (2007)

5.2 Evidence of Donors Influencing Change

5.2.1 Internal and External Drivers Seemingly Intertwined

It is extremely difficult to discern the relative importance of internal and external influences from the literature on the MOs included in this study. This is perhaps not surprising. Given that effective MOs seek to proactively influence as well as to heed external stakeholders, it inevitably becomes difficult to establish attribution. Understandably any internal documents would present a change agenda as something driven by management and staff, even if in response to external influences. If an organisation is to successfully pursue change it has to "own" the agenda.

GFATM provides a prime example of this relationship complexity. The transformation plan that it has embarked on was strongly promoted by the findings of a High-Level Panel (HLP) on Fiduciary Controls⁴⁹. This is a clear example of external influence leading to an organisation developing what the literature highlights as being a robust programme for change⁵⁰ (the full impact of which is still to be evaluated, but which preliminary signs suggest is succeeding)⁵¹. However, the HLP was established at the request of GFATM's Board to review the Fund's policies and systems as a result of the internal audit unit, the Office of the Inspector General (OIG), reporting that financial irregularities had been detected in the Global Fund's programmes in three countries. This compares to the Board's response to a 2008 independent evaluation (which, among other things, reported that GFATM governance had focused on micro issues at the expense of longer-term strategy and that it had not addressed the high risk features of the Global Fund business model), which was to formally accept the evaluation without taking action. This suggests that the internal evaluation was taken more seriously by the Board than was the previous external one (notwithstanding the possibility that the external recommendations became harder to ignore given the findings of the OIG).

External influences do appear to have borne a significant influence on UNICEF's on-going strategy development. Generally the UN's overall reforms aimed at system coherence and harmonisation are reflected in the internally initiated changes implemented in the mid-2000s. More particularly, one aspect of the UN reforms calling for improvements in the humanitarian system had a significant bearing on discussions held by UNICEF staff in Martigny in 1998. In addition to system-wide calls for strengthening the humanitarian system, there was a recognised need by UNICEF *"to enhance the organisation's capacity to predict and respond to humanitarian crises and unstable situations."*⁵² The Martigny consultations in turn led to a major programme of cooperation with DFID to strengthen the organisation's capacity for humanitarian preparedness and response⁵³. UNICEF's externally commissioned evaluation concluded that the multi-year programme *"improved its emergency capacity on many fronts"*.⁵⁴

Another discrete – but very significant – example of external influence on the organisation included Norad's Study on Gender Equality⁵⁵, which found poor progress in the UN. This in turn led to an internal review within UNICEF⁵⁶ to confirm or reject the Norad findings. The results of this evaluation fully confirmed lack of progress in mainstreaming gender equality (despite several examples of good gender programming), and resulted in a very significant change in course within the organisation on its approach to gender equality, galvanised by an organisation-wide action plan and strong management focus on results in this area. UNICEF has also adopted an equity based programming approach that ensures that its activities are focused on the neediest of stakeholders. Evidence of this new approach is seen in UNICEF's results frameworks as well as in budgeting allocations⁵⁷.

⁴⁹ See GFATM (2011).

⁵⁰ See "Consolidated Transformation Plan". GFATM (2011).

⁵¹ Norway Review of GFATM

⁵² UNICEF (2003)

⁵³ " UNICEF (2010b)

⁵⁴ UNICEF (2010b)

⁵⁵ Aasen, B. (2006)

⁵⁶ UNICEF (2008)

⁵⁷ Bester, A. (2012)

Both GFATM and UNICEF provide examples of how specific external events (in particular subject-based evaluations or broader organisational reviews) can stimulate change within MOs. By comparison the broader UN reform agenda serves to blur the relationship between external and internal drivers for change. Clearly UN system reforms have to varying degrees been encouraged by external stakeholders, but considerable pressure to reform has also been exerted by the UN Secretariat and similar bodies. The latter might be categorised as influences internal to the UN if not necessarily internal to an individual UN entity.

Developments at OCHA also illustrate the difficulty of separating and attributing external and internal influences. By the mid-2000s, Secretary-General Annan's High-Level Panel on System-Wide Coherence began a new reform process in the UN that emphasised coherence and accelerated emphasis on RBM. Given OCHA's role in coordination, clearly coherence and harmonisation reforms would significantly impact management decisions and organisational strategy. Attention to RBM was further increased in 2007 by UN GA resolution⁵⁸, which called for a review of RBM practices at OCHA. The ensuing review by the Office of Internal Oversight Services (OIOS)⁵⁹ highlighted the fact that while OCHA had processes and systems in place for results management, there remained a number of inadequacies in the practice of RBM, the consequence being that strategy decisions and operational planning did not stem from a sufficient evidence base. Available evidence shows that, while OCHA is still hampered by system-wide results management issues and the need for improvements in performance and human resources management⁶⁰, it has made major changes in its direction in recent years in an attempt to improve its leadership in humanitarian emergencies. Some of its most significant reforms have come in the areas of coordination and partnerships, financing and results reporting.⁶¹

Clearly, then, the overall drive toward UN reform has been a significant influence on OCHA. At the same time, in common with many organisations within the UN System, OCHA has been in a perpetual state of change, and recent reforms seem to point to a proactive management, intent on continuous improvement⁶². Significantly, there are a number of factors that may contribute to this willingness to reform, including: a proactive and equity oriented donor base that contributes substantively to OCHA's strategic agenda and in turn provides financial support for the agenda; and, through the Inter-Agency Standing Committee, a strong stakeholder base of international NGOs and other multilaterals focused on improving humanitarian response.

5.2.2 Internal Resistance to Bilateral Influences

By contrast, the Commonwealth Secretariat is an example of an organisation where the need for change has been identified primarily by external groups or assessments (see for example DFID's MAR, 2011 and a report on a similar exercise conducted by AusAID⁶³), but where necessary internal drivers of change seem to be lacking. While assessments show that the Secretariat is not measuring up to international donor standards in the areas of RBM, performance management, aid effectiveness and value for money, pressure from external sources has not resulted in a clear response from the organisation, which has historically been slow to change. In particular no evidence has been found of large scale organisation-wide reform programmes in the period since 2000; neither is evidence available to suggest that the Secretariat's interests are aligned with these criticisms, or the priorities of donors including DFID. The Secretariat's formal response to the MAR⁶⁴ notes strongly that it is a demand-driven organisation responsible to the needs of its Member States, and as such is not necessarily directly responsive to any bilateral donor's direction.

The differences in mandated direction highlighted by the Secretariat's response provides further illustration of the blurred relationship between MOs and their external stakeholders. The latter group is

⁵⁸ GA Resolution A/RES/61/245. 7 March 2007.

⁵⁹ OIOS (2007)

⁶⁰ UN Office for the Coordination of Humanitarian Affairs (2011)

⁶¹ See for example Foran, Swaine and Burns (2012).

⁶² Foran, Swaine, Burns (2012)

⁶³ Australian Multilateral Assessment March (2012)

⁶⁴ Commonwealth Secretariat (2011)

often distinctly heterogeneous, often comprising a combination of Member States, donors and other interested parties, in particular international NGOs. Differences in their vested interests will likely impact on their ability to influence as well as the MOs ability to effectively react.

Box 6: The Birth of UN Women⁶⁵

As UN Women is a new entity, there is no evidence yet on whether it will be considered successful or not; the literature is also deficient on describing why and how the formation of UN Women took place. What is clear is that a consensus on the need for change was established early on, and that the process of change was quite straightforward. The literature also suggests that civil society actors played a strong role in creating change.

According to the literature, a discussion about the effectiveness of four existing entities – the Division for the Advancement of Women (DAW), International Research and Training Institute for the Advancement of Women (INSTRAW), UN Development Fund for Women (UNIFEM), Office of the Special Adviser on Gender Issues and Advancement of Women (OSAGI) – and the need for better action on gender equality had been ongoing within the UN since at least 2004. The fragmentation between these entities was seen as a key flaw in the UN's effectiveness by most stakeholders, but additionally a lack of political commitment and funding directed towards gender-focused activities were seen as problematic. There was strong pressure from internal UN sources to do better on gender, and this became a high-profile item in the 2005 system-wide coherence reform agenda. Between 2005-08, NGO coalitions and activities were very vocal on the need for reform, writing and presenting many papers and statements. This had a strong effect on motivating the UN to move the discussion forward.

From 2008 onwards, the discussion around gender was not on whether there was a need for a new approach, but more simply on what form it should take. Member States requested successive papers from Ban Ki-Moon outlining the various options, from keeping the same system (supported by China and the Non-Aligned Movement) to forming a new composite entity. The GEAR campaign (Gender Equality Architecture Reform) was launched in 2008 and contributed to the discussion on form and function, including sitting in on high-level meetings and contributing to Ban's papers on suggested formats. After the agreement on forming a composite entity at the end of 2009, the discussion changed to include issues of governance, structure, funding and whether the reform should be kept within the system-wide coherence agenda. GEAR supported the appointment of a high-profile leader and making this position also an Under-Secretary General, meaning the gender entity has a presence for the first time in high-level USG meetings. During this period, some authors critiqued the slowness of the reform, which was mainly due to the general bureaucratic nature of the UN systems, debates about how to operationalise the plan, and the need to consider gender equality as part of the package of 2005 reforms. Eventually, separating the process from the other reforms proved useful. Support from prominent leaders at this point also helped drive the process of change.

The literature shows that the process of change was relatively straightforward, with no major blockages or obstacles reported. It is possible the literature does not reflect the nuances of the political and sensitive discussions around gender equality, which historically cause strong differences of opinion in Member States, but the narrative presented by commentators is one of relatively uncomplicated success (although notably we include no literature from the four organisations which were disbanded). This is described as due to the consensus within Member States on the need for better action – the constituencies of support meant that no states presented serious objections to the reform, which is the key factor in any UN change. There is no evidence on any support or influence from bilateral donors, but there is an interesting thread of discussion around civil society support. The GEAR campaign was highly prominent in the process, to the extent of helping draft what is the eventual mandate and structure of UN Women. This case study suggests that, as bilateral donors did not play a direct role in supporting the change process, their efforts may be best directed towards creating constituencies of support among strategic leaders of Member States and NGOs who have a seat at the table. Creating powerful advocates and allies may be a suitable approach for bilaterals

⁶⁵ Drawing from: Baruch M.C. (2012); Bunch C. (2009); Jagel K. (2012); and Rosche, D (2011).

where there is no opportunity to engage directly with high-level discussions.

5.2.3 The Importance of External Stakeholder Consensus

A comparison of literature describing events at UNEP and UN Women provides some insight into the nature of these relationships. While little progress has been made in reforming UNEP, for UN Women, the entity was formed after five years of discussion. The difference between UNEP and UN Women seems primarily to be that there was a general consensus on the need for the latter⁶⁶. Debates over change took the form of how it should be structured, governed and funded, but Member States were largely agreed on the need for a new effective body on gender equality⁶⁷. This comparison of the literature on these two organisations suggests that, in order for large-scale reform to occur, Member States' support is essential – beyond any bilateral donor or other stakeholder influence – and that a consensus or coalition of support is vital. Bilaterals and other advocates such as NGOs can help build a consensus on an issue of change. This type of support may be the most effective for bilaterals, since Member State agreement is the ultimate decider of UN reform – but creating the will for change in Member States may help work towards reforms.

Box 7: Forces of Change at UNAIDS

Olivier Nay has written three papers on reform of UNAIDS⁶⁸, which emerged through the study's general literature search as being strong evidence. In the 2005 reforms of UNAIDS, Nay identifies processes that explain how change comes about: external factors, international normative pressures and internal actors acting strategically. He lists three "external factors": structural change in global AIDS governance, the recognition of the epidemic as a major challenge for development, and UN system-wide reform. In the first decade of UNAIDS' existence, he claims attention was not paid to performance or reform issues, due to a lack of commitment of the Member States on the governing board and the associated lack of funding provided; and the two-tier system where decisions by the board had to be agreed with the Cosponsors (agencies including WHO, UNICEF, UNDP and World Bank). The author states that this indicates reform was unlikely to be caused by internal factors. More important to UNAIDS were external factors.

The global commitment to fighting AIDS increased enormously through the 1990s. By 2005, it was a diverse field of different voices and a plurality of goals and frameworks. This put pressure on UNAIDS to reform to represent the UN with one voice and a clear strategy. The MDGs and other international commitments also created a drive for change and highlighted the extent of the epidemic, and the extent to which UNAIDS was not addressing it. The system-wide coherence agenda also threw a spotlight on UNAIDS' performance along with other UN agencies and showed the need for reform. An independent evaluation of UNAIDS, the MOPAN report, Member States' complaints about effectiveness, and the addition of four new agencies added to this.

Although Nay identifies the key factors of reform as external, the actors involved are still within the UN system. Donor influence is only seen in the early stages, as part of the calls for reform, with DFID and other OECD countries setting up a Global Task Team in 2005 on improving AIDS coordination among MOs and donors (not specifically UNAIDS). The GA and UNAIDS adopted its recommendations. However, the key actor in driving change, once agreed in the 2005 system-wide coherence package, was the UNAIDS Secretariat. Initially a low-power body acting only as an administrative hub, the Secretariat played the competing agendas of donors and Cosponsors against each other to grow its own influence. It loosely allied with donors, using their alliance to legitimate its own position. By taking a lead role in the reform process, it established itself as a key player and now is a strong coordinating body, driving the adoption of RBM and harmonised AIDS policy across UN bodies. Despite a strong reformist approach, UNAIDS policy is still beset by competition between programmes, complex organisational mechanisms, and increased bureaucratisation. The author states these are mostly unpredictable effects of reform.

⁶⁶ Jagel K. (2012)

⁶⁷ Baruch (2012)

⁶⁸ Nay (2011); Nay (2012); Nay, Olivier (2009)

Nay concludes that UN agencies are unlikely to enter into processes of reform without strong incentives from their environment. The external pressure to reform UNAIDS created the conditions of reform but change would not have happened without the support of internal actors (cf. Commonwealth Secretariat). The message from this example is that the external environment must highlight the need for reform and offer practical assistance in achieving this (through evaluations and useful recommendations in this case), but that strong internal actors are needed to take charge of the change process and drive it forward.

The available evidence demonstrates how difficult it may be for donors to influence change, or indeed for the MO's to themselves determine what changes to pursue. As the review highlights, the critical influence seems to be that of the member states. Browne and Weiss (2012)⁶⁹ observe that *"although national parliaments work on the basis of majorities (sometimes of two-thirds of the membership, for important decisions), UN proceedings work on consensus, effectively giving a veto to even the smallest states and driving the process to the lowest common denominator. As a result, on an issue as vital as climate change, member states do not feel under any duress if they find themselves in a minority."* Mark Malloch Brown, who pushed hard for reform both at UNDP and the UN Secretariat, echoed this point when reflecting that *"reform led by managers alone is a tall order. Governments need to be on board, and powerful ones need to lead"*.⁷⁰ The evidence thus highlights just how vital it is for donors to understand how to most effectively influence change within UN organisations.

5.3 Evidence of How Donors can Best Influence Change

To a large extent, and while the body of literature that considers how donors and other external stakeholders are influencing the work of MOs is substantial, the focus of much of this has been on the nature and impact of different forms of funding on MOs generally, and UN entities in particular. Common to much of this material is concern over how trends away from assessed to voluntary, and from core to non-core, funding is effecting the strategic performance of UN entities.

5.3.1 Evidence of the General Impact of Differing Funding Modalities on MO Behaviour

Today the UNDS receives the majority of its financial support from voluntary contributions. *"The result of disproportionate reliance on voluntary contributions has produced a system of financing quite distinct from that envisioned in the UN Charter"*⁷¹, the mandatory and voluntary schemes employed at the UN possessing distinct accountability structures represented by different PA models. Under mandatory schemes multilateral decision-making is central and Member States are governed by joint decision rules that determine assessment levels and budget size. In voluntary schemes individual entities are no longer obliged to support decisions made by the relevant multilateral body. In the view of some *"The turn to voluntary funding produces perverse incentives for UN programs and agencies which encourage incoherence and poor coordination within the UN System."*⁷² The concern for donors is that, if funding incentives result in MOs pursuing inconsistent objectives or duplication of effort, both their efficiency and their cost effectiveness is likely to be compromised.

The experience of UNDP in environmental affairs is instructive. *"Despite limited expertise, UNDP has been the most frequent implementing agency for projects in the area of climate change adaptation. The result is unsurprising; recipient state reports often indicate UNDP staff lack the knowledge on climate change issues that is necessary to guide project identification and design. In an evaluation of its own work, UNDP determined that its drive to pursue resources lead to unproductive competition with UNEP and deterred coordination with other agencies (UNDP 2008, viii, 15, 74)."*⁷³ In instances such as this, increased competition can reduce cooperation, the problem of insufficient coordination – today generally considered to be among the chief causes of inefficiency in the UN System – in effect being encouraged by multiple masters supplying voluntary funds.

⁶⁹ Browne and Weiss (2012)

⁷⁰ Malloch Brown (2007)

⁷¹ Graham (2012)

⁷² Graham (2012)

⁷³ Graham, (2012)

A further concern often heard regarding increased reliance on voluntary funding is *"the difficulties it poses for MO planning (Taylor 1991, 381) (OECD 2005/2008). When organizations cannot count on the reliable flow of resources it is difficult to engage in long term projects. Efforts can become skewed toward tracking easy-to-measure indicators that may not reflect progress in solving underlying problems."*⁷⁴ These impacts, which again compromise MO effectiveness, are likely to be amplified when organisations are required to spend time and expense responding to multiple sets of demands which vary across donors.

It must be noted that the issue is not simply one of assessed versus voluntary funding, but also one of core versus non-core (or "earmarked") funding. The literature articulates an active debate on the pros and cons of core versus non-core funding, the former *"generally seen as the best route for furthering multilateral effectiveness. While over-reliance on earmarked funding adds to the proliferation of aid activities, core funding supports flexibility"*⁷⁵ as well as MO capacity to respond to the needs of recipient countries. In the view of Dinham (2012) it strengthens a donor's voice in regard to improving effectiveness, quality and efficiency, at the global and country-level. *"There is no question that Australia's large core contributions to the Asian Development Bank (ADB) have secured it significant influence at the Bank's Board in pressing for greater organisational effectiveness and attention to development results. Similarly, where Australia's core contributions to UN organisations have been such as to ensure it a place amongst the top ten largest donors, its voice in debates on policy and reform has undoubtedly been enhanced."*⁷⁶

There are also important distinctions to be made between types of non-core funding. At its worst it can lead to many unpredictable allocations of resources for non-priority areas, which can undermine a multilateral agency's strategic focus. But some non-core funding mechanisms are both predictable and appropriate, and have the potential to provide an efficient and targeted response to aid challenges. For example, coordinated donor funding channelled through the World Bank-managed Climate Investment Funds or the UN Multi-Partner Trust Fund (MPTF) Office can be efficient and strategic. However, the implication of the available evidence is that donors should continue to utilise MPTFs and Trust Funds as channels for non-core funding to encourage coordination reform and focus on priority issues, more efforts need to be made to increase predictability of funds while also seeking reforms to lower transaction and reporting costs.

Box 8: Thematic Trust Funds and Multi-Partner Trust Funds

An increasingly utilised funding tool for donors has been Thematic Trust Funds and MPTFs (alternatively referred to as MDTFs). Trust funds are a more flexible form of non-core contributions. While only a small portion of non-core funding in the UNDS (11 percent of total non-core resource flows), DESA reports that such instruments have increased by some 18 per cent compared to 2009.⁷⁷ Conceptually, trust funds should reduce transaction costs and reporting requirements since donor contributions are pooled, but according to a study on the Operational Effectiveness of the MDTF Mechanism, this has not necessarily been the case for the agencies involved (although transaction costs for donors and national governments appear to have been reduced). The report notes that *"the UN MDTF was expected to increase the predictability and flexibility of funding, but they have had little noticeable effect. Funds that implement high priority initiatives of the UN system as a whole (Iraq reconstruction and peacebuilding) have experienced higher predictability of contributions; for other funds there is no indication that predictability is any greater for MDTFs than for other financing mechanisms. MDTFs generally have lower earmarking than other agency non-core funding, which provides greater flexibility for Steering Committee decision-making to allocate funding in line with agreed allocation criteria. But from the perspective of the agencies receiving funding there is generally less predictability and flexibility than under other non-core mechanisms"*.⁷⁸

⁷⁴ Graham (2012)

⁷⁵ Dinham (2011)

⁷⁶ Dinham (2011)

⁷⁷ Report of the Secretary General. Analysis of funding of operational activities for development of the United Nations system for the year 2010.

⁷⁸ Downs, C. (2011)

Overall the concern seems to be that, *"To a far greater extent than in the case of other multilateral organisations, donors earmark their contributions ("multibidi aid") to the UN. In 2008, roughly 70% of contributions were earmarked. In many instances, donors use the UN as contractor for implementing their own priorities. These practices not only undermine the multilateral priority setting and decision-making that serves as a foundation for the UN's biggest asset – its neutrality – but also fuel the UN system's fragmentation and lack of focus."*⁷⁹ In 2011 ECOSOC reported that more than 88 percent of voluntary resources were provided to the UN on a bilateral basis - that is, they are from a single donor and project specific. Graham (2012) refers to the *"considerable concern at the UN and the Specialized Agencies that increased reliance on these [earmarked] resources undermines the pursuit of formal mandates. UNDP recently pursued an evaluation on the topic and concluded with the mixed message that although voluntary funds had not yet systematically altered UNDP priorities, the continued disparity between core and non-core resources reduced its ability to provide assistance to a wide-range of program countries and respond to global issues that the aid market neglected (UNDP 2001)....An evaluation of UN humanitarian aid between 1994 and 2002 indicates that reliance on voluntary funds contributes to a tendency for political and strategic interests to dictate what constitutes an emergency with one or two appeals for aid dominating the donor agenda (UN General Assembly 2002, 17). Finally, observers of the WHO note that mandatory funds are aligned far more closely with the global burden of disease than voluntary resources because voluntary appeals are only successful when aimed at a disease that captures the public's attention, like HIV/AIDS or pandemic influenza (Sridhar and Gostin 2011; Gostin 2007)."*

The evidence gathered by this literature review suggests that the debate on core versus non-core funding is pivotal in understanding how donors could or should influence MOs. The rise in non-core resources corresponds with increasing concerns with MO accountability, particularly by donor states. Donor states complain that UN executive bodies are weak when it comes to holding programs and agencies accountable due to some member states' unwillingness to act. *"When donors provide non-core funds they are able to make oversight demands on programs and agencies that are distinct from those imposed by the formal governing bodies. This is because as the OECD notes, oversight and governance of non-core resources is "not under the purview of the board of the organization in question" (OECD 2010, 40). This enables individual donors to define what constitutes a successful use of funds, provide requirements for the MO to report on their accomplishments toward success, and make a determination about whether continued support will be offered."*⁸⁰ The implication is that non-core funding has become the predominant tool that donors use to wield influence over MOs, the question then being to what extent this is achieving the desired results.

5.3.2 Evidence of How Different MOs have Responses to Changes in Funding

Unfortunately there is limited available evidence clearly articulating the link between funding modality and organisational performance and/or ability to change. In an attempt to clarify such links this study compared data on recent levels of core funding provided by UN DESA⁸¹ with DFID's organisational assessment ratings reported in the MAR⁸². This analysis concluded there is no discernible relationship between the overall level of core/non-core funding, growth of funding or earmarked funds and the rating associated with the agency⁸³. A similar lack of relationship is found in the comparison of the findings of other bilateral and multilateral agency assessments to the funding positions.

⁷⁹ Weinlich (2011); Graham (2012) also commented that "Core resources were largely stagnant between 1994 and 2009, decreasing by 2 percent. In contrast non-core resources grew by 208 percent (ECOSOC 2011)".

⁸⁰ Graham (2012)

⁸¹ Report of the Secretary General. Provisional analysis of funding of operational activities for development of the United Nations system for the year 2011. This report observed that "73 per cent of total funding for operational activities for development in 2011 was non-core and thus characterized by varying degrees of restrictions with regard to its application and use." In terms of development funding only, the figure is 68 percent non-core, "compared to 40 per cent in 1996".

⁸² A summary of this analysis has been included in Annex 5.

⁸³ Two organisations with "good" assessments and three organisations with "poor" assessments also had relatively high core funding; but three organisations with "good" assessments and two organisations with "poor" assessments had relatively high core funding.

The literature does enable some specific inferences to be drawn. For example, since 2005 UNICEF, one of the more highly rated performers within the UNDS, has seen its core resources remain at roughly 29 percent of total funds.⁸⁴ This contrasts starkly with, for example, the experiences of the WHO. Despite improvements made under Brundtland, reforms were still considered necessary in the 2009-12 period under Margaret Chan, in particular with respect to financing⁸⁵. Assessed contributions had fallen from 80% in 1978 to 25% in 2010, with the shortfall made up by voluntary contributions, 91% of which were earmarked, which resulted in greater control by donors rather than Member States⁸⁶. This created difficulties for the organisation, as donor priorities were not always regarded as being in the best interest of global public health, with WHO sometimes having different priorities to donors⁸⁷. Member states at WHO have long been divided over whether improvements in developing country health are better attained through vertical, disease-specific interventions or with long-term capacity-building projects to build local health systems⁸⁸, this sometimes producing confusion over the ultimate goals of the organisation and how it should pursue its mandate⁸⁹.

Recognising these tensions, Chan issued a statement in 2011 that her preferred change would be to increase assessed contributions, but this was rejected by donors. Her next step was to argue for untied funding and stable financing to allow WHO to respond to Member States' priorities. This was also met unenthusiastically by donors. Member States, which opposed untied funding, stated that WHO needed to become more effective and efficient before funding was reinstated, and that better priority setting must happen. Legge⁹⁰ concludes that, paradoxically, the problems of efficiency and incoherence are actually a direct result of the donor chokehold and donor priorities. Chan has tried to increase funding streams by turning to the private sector as part of her reforms. She initiated this strategy without consulting Member States, who subsequently rejected more substantive changes such as a multi-stakeholder agenda setting meeting, in which private sector interests would be given strong consideration.⁹¹ Among other things this evidence highlights that, ultimately, change in UN organisations must have Member State buy-in before it can be effected.

In a strongly opinionated piece, Legge (2012) claims that the drop in assessed contributions and rise in earmarked funding have seriously weakened the WHO's ability to perform its mandate, since donor priorities are not necessarily the same as public health priorities. Without regular, untied funding, WHO is unable to respond to the agendas of Member States, which includes reform for effectiveness. This paradox shows that, in some cases at least, removing or restricting funding actually contributes to ineffectiveness, instead of motivating change.

DESA reports that in its surveys of programme country governments and Resident Coordinators and UN country team members in preparation for the 2012 Quadrennial Comprehensive Policy Review, respondents felt that the "increasing percentage of non-core resources makes it more difficult for the United Nations development system and individual entities to pursue their strategic objectives due to differences in how the non-core resources are allocated – by the contributor as opposed to by the governing bodies."⁹² According to DESA the practical implication of this is a real chance of loss of critical mass for core resources, which might result in the UN Development Assistance Framework

⁸⁴ Provisional Analysis of Funding of Operational Activities for Development of the United Nations System for the Year 2011. Report of the Secretary General, A/67/xx, 12 October 2012.

http://www.un.org/en/development/desa/oesd/pdf/second_funding_report_14_october.pdf

⁸⁵ GAO (2012)

⁸⁶ Legge (2012)

⁸⁷ GAO (2012).

⁸⁸ Cueto (2004)

⁸⁹ Barnett and Finnemore (1999)

⁹⁰ Legge (2012)

⁹¹ GAO (2012)

⁹² Report of the Secretary General. Analysis of funding of operational activities for development of the United Nations system for the year 2010.

(UNDAF⁹³) plan being increasingly questioned by those asked to provide supplementary noncore funds, *"either in selected countries or for the United Nations system as a whole."*⁹⁴

Box 9: The Impact of Non-core Funding on UNDP

UNDP has a number of unique non-core funding issues. Importantly, UNDP receives an exceptionally large proportion of its non-core financing through government cost sharing (from the host government's own resources or loans from International Finance Institutions). This is particularly true in the Latin America and Caribbean region, Arab States and Europe and the Commonwealth of Independent States. It is doubtful that UNDP will abandon this unique arrangement for a variety of reasons related to its historical relationship with these countries, and its mandate for universality and neutrality, although a UNDP evaluation indicates that *"the uneven distribution of non-core funds among regions, particularly with the low levels registered in Africa, is an indication that this category of funds is not necessarily driven by a needs criteria."*⁹⁵

Another way in which UNDP is affected by the composition of its non-core funding is related to its mandate as caretaker of the UN Coordination System. UNDP noted in 2000 that *"in some countries, it was found that heavy reliance on non-core funding severely limits the possibilities for effective, broad coordination at country level. A good case can be made for a mutually reinforcing synergy between core and non-core funding in this area, as in several countries, Bulgaria and Honduras included, non-core growth has been positively influenced by the good coordination role of the UNDP country office."*

*An inappropriate level of core funding jeopardizes the substantive and technical strength of the organization and, ultimately, its ability to mobilize non-core resources. The lack of such infrastructure in special development situations, most recently in the case of Bosnia and East Timor, can have serious consequences on UNDP responsiveness and, ultimately, its effectiveness."*⁹⁶ While many improvements to the funding of the coordination system have been made over time along with substantive reforms, it would be hard to argue that the preponderance of non-core funding does not continue to impact the capacity of UNDP to deliver on its coordination mandate.

A Norad study on Aid Allocation Flows also concluded that earmarked funds *"diminish the role of these agencies' boards as priorities set for budgetary core resources are often different from those pursued by donors through non-core contributions."*⁹⁷ UNDP, in its 2000 study of non-core resources, reached a similar conclusion in stating that the *"increased importance of earmarking affects its ability to pursue a flexible programming approach and to fully address priorities."*⁹⁸

Available evidence also suggests that the likelihood of current trends prevailing is acknowledged across the UN system and by individual agencies themselves. Donor aid policies are increasingly targeted by theme or by country (this is particularly true in humanitarian emergencies and in fragile states); moreover, non-core funding also comes from different line ministry funding lines. In an evaluation of non-core resources in 2001, UNDP's evaluation office noted that *"non-core funding will continue to grow and will continue to put pressure on the traditional institutional aid environment. In this context, the pressure will be for the organization to change and to adapt to a situation that is competitive and focused on results and effectiveness. This leaves little choice for the organization but to position itself or the funds will go elsewhere."*⁹⁹

This highlights the danger that acceptance of earmarked funds in non-priority areas could divert an agency from its strategic objectives, potentially undermining its effectiveness. Some agency staff have indicated that they have been able to ensure earmarked funding fits into the overall strategic priorities

⁹³ The UNDAF is a programme document between a government and the United Nations Country Team that describes the collective actions and strategies of the UN to the achievement of national development.

⁹⁴ Report of the Secretary General. Analysis of funding of operational activities for development of the United Nations system for the year 2010.

⁹⁵ UNDP Evaluation Office (2000)

⁹⁶ UNDP Evaluation Office (2000)

⁹⁷ Norad (2010)

⁹⁸ Norad (2010)

⁹⁹ UNDP Evaluation Office (2000)

of the organisation. According to a Norad study on Aid Allocation Flows, “*UNICEF considers that the UNICEF and donor allocations work in a positive synergy, and it is entirely proper that the investments should differ in many instances.*”¹⁰⁰ Having said this, the Norad study suggests that, while this may be true to an extent, agencies also likely divert away their scarce core-resources from areas where non-core funding is abundant.

The evidence does not, however, necessarily indicate that voluntary funding is in itself the cause of sub-optimal organisational performance or results. For example, as a proportion of OCHA’s total operational budget, five percent comes from assessed contributions to the United Nations Regular Budget and the remaining 95 percent from voluntary contributions. While the headline figure might cause concern, in 2012, OCHA reported that it had formal multi-year funding agreements with eight donors, accounting for 30 percent of its annual budget requirements.¹⁰¹ Furthermore, its un-earmarked funding has increased from 44% to 55%, providing the organisation with significantly more flexibility in the allocation of its resources.

In the process of increasing its funding base (according to OCHA, the budget has quadrupled since 2002), OCHA has also made significant strides in implementing systems for managing and reporting on its use of funds, pooled funds it manages, and overall global humanitarian funding as reported by donors. Somewhat unique to OCHA within the UN System is OCHA’s Donor Support Group (ODSG), which provides support to OCHA’s coordination activities. The ODSG operates as a mechanism for feedback, donor consultation, new initiatives, and strategic priorities. Externally, one of the most significant influencers on OCHA has been the Good Humanitarian Donorship (GHD) Initiative, which has contributed to increased and more predictable funding levels for the organisation, as well as more flexibility in spending. The initiative emerged out of a meeting of 17 donors in June 2003, the participants in which agreeing to a set of Principles and Good Practice of Good Humanitarian Donorship. “*These were drawn up to enhance the coherence and effectiveness of donor action, as well as their accountability to beneficiaries, implementing organisations and domestic constituencies, with regard to the funding, co-ordination, follow-up and evaluation of such actions.*”¹⁰²

The OCHA experience, particularly when contrasted to that of WHO, indicates that it is the combination of governance involvement combined with the approach to voluntary funding that is the critical determinant of donor impact on MO behaviour. The evidence suggests that coordinated involvement by donors, rather than bilateral engagement, may well offer the best returns on investment. Indeed there is some evidence that working bilaterally can have its limitations. For example, some commentators feel that, notwithstanding the poor performance of the Commonwealth Secretariat, a threat by DFID to withdraw funding may not be sufficient or appropriate to stimulate change. Cooper¹⁰³ (2011) claims that the informal message from DFID is that they would prefer to work with the Secretariat to improve its operations rather than withdraw funding, creating what may be an empty threat. If the UK government withdrew funding she argues that other governments would likely follow suit, essentially dissolving the Commonwealth Fund for Technical Co-operation (the development arm). She concludes that this is an unrealistic proposal as the Secretariat is widely regarded as an important and useful partner, the UK government probably not having much financial leverage other than the promise of more investment. Generally the implication is that the withdrawal of funding may not be an effective way of encouraging an organisation to change, and should only be considered when a donor is committed to ending its involvement for the foreseeable future.

Box 10: Evidence of the Impact of Withdrawing Funding from UNEP

Two papers in this review discuss very briefly the withdrawal of US funding to UNEP in the mid-1990s¹⁰⁴. Not much concrete information is given. Elizabeth Dowdeswell was appointed in 1992 with a mandate to reform the institution but was unable to overcome its inertia. When UNEP failed to take a major role in preparing for the 1997 conference, the USA and others began to show their

¹⁰⁰ Norad (2010)

¹⁰¹ OCHA in 2012-2013.

¹⁰² Good Donorship Initiative.

¹⁰³ Cooper (2011)

¹⁰⁴ Andresen (2007) and Chasek (2007)

disapproval by closing down funding. In large part this was a criticism of the lack of leadership and effectiveness. The UK and Spain also threatened to withhold funding unless reforms were made to strengthen the role of environment ministers in policy-making. The available literature is not forthcoming on the details of how this change process was managed and the politics of funding, but UNEP did sign a proposal outlining restructuring, and a new Executive Director began to make pro-ministerial reforms from 1998. These reforms were felt to meet some of the requirements, and the USA reinstated funding. The literature does not offer analysis on whether this process caused problems within UNEP or whether it was considered a success by the USA, nor whether it was a desperate gesture or a viable strategy which could be repeated. It is thus difficult to draw conclusions on whether the removal of funding is a strategy which should be recommended, although in this case it appears to have worked because there was a lead-up period of dissatisfaction and a general agreement among donors that UNEP needed to change. Without this, it seems unlikely that a single or small group of bilaterals removing funding would have had much effect.

Interestingly AusAID assessed the Commonwealth Secretariat's performance using a very similar framework to the MAR, and similarly concluded that the organisation was underperforming in many key areas¹⁰⁵. However, instead of contemplating withdrawing funding, AusAID identified some ways where they might be able to positively influence change (namely input into the next Strategic Plan, supporting the Secretariat's focus on small states, and supporting gender mainstreaming). This builds on areas in which AusAID's and the Secretariat's interests align, and where AusAID support is identified as being able to have the most influence. This positive approach to driving change may be more effective than threatening to withdraw funds unless reforms are made.

This provides useful insight into how donors might employ non-funding tools to influence MO behaviour. Unfortunately, the literature identified by this study offers relatively little evidence of what specific approaches to MO engagement should be favoured by donors. There is some suggestion that funding and non-funding instruments should be used in combination, potentially in the form of Performance Frameworks (PFs) that set out the conditions for predictable multi-year core funding. *"A tighter link should be drawn than at present between core-funding and UN partner performance; this could be achieved for example by linking core-funding for the second part of the partnership period to performance in the first half; or by adapting the approach in AusAID's new PF with UNRWA which links 20% of funding to UNRWA's performance against key indicators agreed with AusAID and like-minded donors."*¹⁰⁶

Clearly such PFs could be confined to funding, but the opportunity exists for donors to mobilise other forms of support or influence to help achieve the results defined by the framework. This points to the considerable importance to donors of assessments of organisational performance, available evidence also suggesting that the current methods applied are not entirely fit for purpose. For example, De Koster and Holvoet (2011) used case studies of three bilateral agencies – Belgium, the United Kingdom and the Netherlands – to describe and analyse how they are measuring and using information on MOs' effectiveness. The research observed that, although the bilateral assessments shed light on some dimensions of UN agencies' organisational effectiveness, *"none of them really proves satisfactory. While they are all fragmentary, there are at the same time overlaps among assessment initiatives, which generate unnecessary transaction costs. Moreover, each of the individual assessment initiatives has limited leverage in terms of holding UN agencies accountable and pushing them towards increased effectiveness. The fact that most of these initiatives have only been conducted once also illustrates the complexity of the issue as well as the uncertainty that bilateral donors have regarding their own information needs (Kabell and Balogun, 2004). In addition, while bilateral donors generally acknowledge the importance of relying on and strengthening UN agencies' own M&E systems, most of their initiatives have not used or reinforced them (ODI, 2005; CIDA, 2006a). On the contrary, they have so far mainly assessed UN agencies' effectiveness from the outside, often using non-transparent approaches (OECD/DAC, 2009a). Acknowledging the*

¹⁰⁵ Australian Multilateral Assessment March (2012)

¹⁰⁶ Dinham (2011)

shortcomings of their individual assessment exercises, bilateral donors are increasingly investing in more co-ordinated and aligned initiatives."

Shortcomings in assessment methodologies may go some way to explaining the lack of available evidence on the use of non-financial tools by donors. The reality might be that inadequate information is discouraging donors from systematically engaging with MOs in such ways, instead relying on funding to wield the necessary influence. If this is the case then this absence of evidence might well be a significant finding. It seems clear that OCHA benefited from the application of "The Principles and Good Practice of Good Humanitarian Donorship", the strength of these principles lying in the enhanced cohesion and accountability they promote between donors, beneficiaries, implementing organisations and domestic constituencies, holistically with regard to the funding, co-ordination, follow-up and evaluation of collaborative efforts. Evidence of the strength of the initiative is both the increase in membership of the GHD from 17 to 40 members (demonstrating commitment to the principles on the part of the donors) as well as significantly increased funding levels. Having reliable and relevant information on organisational effectiveness and performance would likely greatly assist the application of such principles in other UN and Commonwealth organisations.

6 CONCLUSIONS AND RECOMMENDATIONS

Overall the evidence points to the need to relate influence on individual organisations to more general efforts to promote reform of the UN system overall. If this link is not explicitly made the danger is that individual MOs will be encouraged to behave in ways that conflict with the overall drive towards coherence, which itself is considered critical to enhanced efficiency and effectiveness of the UN. Furthermore, evidence suggests that problems within the system will likely obstruct efforts to improve the performance of individual organisations. The implication is that the more support the donors are able to provide to harmonisation, coherence and coordination, the more work can be done toward changing individual organisations in alignment with systemic reforms.

At a more detailed level, the fragmented nature of the evidence available to this study makes it difficult to draw unequivocal conclusions. By piecing together bits of evidence, inferences can be made, although many of these probably remain open to interpretation. Having said this, all three researchers, while focused on distinct sub-sets of the study, formed consistent opinions. This section summarises the conclusions that have been collectively drawn, in doing so trying to create a framework of influence that might inform the future efforts of UNCD.

To this end, it is helpful to identify three distinct stages in the cycle of donor engagement with MOs. These stages, and their relationship to the eight factors of effective change management that emerged from the literature review, are summarised in Figure 6.

Figure 6: Relating the Principles of Change Management to Donor Engagement with MOs

Stage 1: Help build a shared vision of the future state	Factor 1	Ensure the need
	Factor 5	Build external support
	Factor 4	Ensure top-management support and commitment
Stage 2: Support the MO to establish a framework for effective change	Factor 2	Provide a plan
	Factor 6	Provide resources
Stage 3: Help reinforce the change effort	Factor 3	Build internal support and overcome resistance
	Factor 8	Pursue comprehensive change
	Factor 7	Institutionalise change

The major opportunity for external stakeholders exists in stage 1 and, to a slightly lesser extent, in stage 2. As emphasised by the literature on PA theory, the MO benefits from greater access to information in particular during stage 3 and, as the evidence reveals, existing methodologies for assessing MO performance do not yet adequately address this bias. Reflecting on this overarching observation, specific issues relating to each stage are highlighted below.

6.1.1 Stage 1: Focus on Creating a Compelling and Shared Case for Change

While the evidence struggles to identify any successful organisational transformations¹⁰⁷, it appears that the most significant changes can be associated with some overwhelming external influence, be this a major conflict or humanitarian disaster, or the compelling emergence of a cross-cutting theme such as gender or climate change, or the mobilisation of broad-ranging stakeholder opinion around such events. These are equivalent to the "burning bridges" that stimulate transformation within businesses; there are many that believe true change is dependent on such a stimulus. When considering the UN as a whole, this is a view that seems to be shared by Mark Malloch Brown, who has reflected that *"if 1945 created a moment of malleability and vision because of war, there sadly may need to be some similar spur – environmental catastrophe, terrorist attack, global recession, a major breakdown of peace. One wishes for none of them, but it may be that we only see the necessary galvanization of reform when such a crisis is viewed as having been brought about in some major part by the absence of the international means to manage it."*¹⁰⁸

The importance of burning bridges is evident in changes that have occurred at OCHA, or in the formation of UN Women and UNAIDS. The implication is that no single donor (or other stakeholder for that matter) is likely to be able to cause substantial change within an MO, unless it is pursuing aims consistent with these more transformative influences. The message of the study is that donors should work as "good partners" - to each other as well as to the MOs - in influencing change within UN and Commonwealth organisations. The evidence also highlights the advantages of collaborating where possible with the wider stakeholder group (including NGOs, representatives of civil society, etc.). This seems in one way or another to have enhanced the impact of external stakeholder influence at WFP, OCHA, UNICEF and GFATM. This finding would seem to be consistent with UNCD's existing theory of change, which *"recognises that the UK is just one member of UN and Commonwealth Boards. Any change therefore requires substantial engagement with, and influencing of, Board members, wider stakeholders and the agencies themselves. Through this approach we will secure support for UK reform priorities which will lead to improved performance by the MOs."*¹⁰⁹

UNCD's existing theory of change also indicates clear appreciation of the importance of differences of opinion among external stakeholders. This is important because, to the degree that adequate evidence is available, this emerges as being a critical factor during all three stages of engagement, but in particular during stage 1. As with all change processes, success will be dependent on alignment amongst and consistent messaging from the stakeholders. This does not necessarily imply complete consensus, as differences of opinion often exist at some level of detail. More important is common acceptance of strategic goals and a roadmap to their achievement, and the ultimate purpose of change.

Within this broad framework – possibly akin to the kind of PFs with which DFID is already familiar – focus during Stage 1 of the engagement should be on how to make the partnership work. In particular, it has to be recognised that, as the evidence shows, change in UN organisations must have Member State buy-in before it can be effected. The often laborious processes of official reform can include many stages of approval and signoff from Member States, Executive Board and other stakeholders, all of which can encourage donors to take bilateral measures – possibly including bespoke funding agreements – in the meantime. This may seem to present the best option for a donor, but the evidence does not indicate that this will generate the optimum results. The better option is to work with partners to improve both the theory of the relevant governance arrangements and the practice of the way in which they are applied, ensuring there is in place an appropriate relationship between financial donors and strategic decision making.

In Stage 1, attention to issues of governance must also include the issue of MO leadership. The available evidence demonstrates how critical committed leaders are to the conception and execution

¹⁰⁷ Transformational events can be considered to be those that cause people to rethink their assumptions about how things work. Thomas Kuhn, in "The Structure of Scientific Revolutions" (1996), referred to them as paradigm shifts, where the old framework governing a world outlook is supplanted by a new one.

¹⁰⁸ Malloch Brown (2007)

¹⁰⁹ DFID (2012)

of change processes. While the right leadership will be only one of the necessary ingredients for success, little is likely to be achieved in its absence. The implication is that donors should only be looking to back organisations where such leadership is in place.

6.1.2 Stage 2: Ensure Planning and Funding Promote Strategic Change

Where the conditions of Stage 1 have been satisfied, the critical role of donors emerges as being ensuring that an effective and adequately resourced plan is in place. Evidence from MOs such as the WHO show that it is essential that practical measures are taken to institutionalise change, otherwise any progress may be short-lived. Clearly it is the responsibility of the MO to develop the plan, and ultimately it will retain the strongest influence over the way it is implemented (in Stage 3). However, almost certainly, successful implementation will have funding implications – either because additional resources are required, or because changes in the allocation of existing funds are necessary. Either way, it is at this point that donors would appear to have the most leverage on the way in which change is to be executed, and to ensure programmes exhibit the eight factors highlighted previously.

To this end donors should work with MOs to ensure they develop change frameworks that include meaningful targets and performance frameworks, so that progress against these can be assessed over time. Importantly, these should be publicised (thus heightening the sense of shared commitment) and be part of informal and formal consultations between MOs, their executive boards and partners. Unless these frameworks are featured prominently with regular performance updates, there is no accountability and thus limited capacity for all partners to truly contribute to the change. This is of course part of the larger RBM issue, and should be related to moves to improve transparency and performance measurement.

The evidence also highlights some principles that might be applied in determining how to ensure funding supports change efforts. What this study tends to highlight is that the issue is less about assessed versus voluntary or core versus non-core funding. Rather, the aim should be to ensure that funding is provided in a way that is consistent with the expectations being placed on the organisation. In order to optimise constructive donor influence this should entail some degree of predictability and flexibility. In particular the use of negotiated multi-year funding frameworks appears to be absolutely critical to planning processes, their absence undermining the effective use of RBM frameworks. Regardless of chosen modality, the guiding principle should be that funding enables the MO to direct resources in ways that optimise successful achievement of strategic change. Such programmes always require adaptation; this will not be possible where funding is overly restrictive, or subject to excessive uncertainty.

6.1.3 Stage 3: Establish Robust Assessment Methodologies

From the point of view of donors, flexibility demands accurate and reliable management information from the MO. The availability of more effective assessment methodologies is therefore crucial to effective engagement during stage 3, and indeed to creating a link back to the strategic direction required under stage 1. DFID already has significant experience in this kind of approach, using PF agreements with UN bodies, including in collaboration with other donors. As observed by Dinham (2011), *"These agreements have generally incorporated baseline core funding commitments, but have also linked additional 'bonus' core payments to the MO's performance against specific annual performance indicators....A recent review commissioned by DFID of these arrangements revealed some interesting pros and cons. On the positive side, the performance frameworks were seen to have helped improve and sharpen the policy dialogue between DFID and PF agencies on issues such as results and value for money. The agencies had taken seriously the push to improve performance, mindful of the risks to their reputation as well as their revenue if bonus funds were not approved."*

The evidence points to the need to persist with MO assessments and comparative evaluations, while looking at more effective ways to perform these. It also suggests that much better outcomes will be achieved if these efforts are led by groups of donors rather than on a bilateral basis.

6.1.4 Conceiving a Framework of Donor Influence

Based on this assessment of the evidence, a preliminary framework of donor influence on MO change can be conceived, highlighting the critical levers that are available at the various stages of engagement, aligned to the theory of change that has emerged from this study. This framework is outlined in Figure 7. Given the gaps in the evidence that is currently available, this represents a reasonably robust proposition, rather than a finished piece of work. Among other things, the framework should help focus the attention of any follow-on research that is considered necessary.

Figure 7: Creating a Framework of Donor Influence

Stage 1: Help build a shared vision of the future state	Ensure coherence in the views and methods of influence of donors and other external stakeholders	Ensure the need	Promote good governance and committed leaders	Work with the organisation to create a vision that will inspire necessary development results
		Build external support		Support the creation of shared goals and objectives among external stakeholders
		Ensure top-management support and commitment		Get behind chiefs with the commitment and capacity to drive through necessary change
Stage 2: Support the organisation in establishing a framework for effective change		Provide a plan	Provide funding in a way that enables change	Ensure that a well specified, practical plan is in place, combined with the capacity to manage it
		Provide resources		Ensure that the organisation is able to direct necessary resources to change efforts
Stage 3: Help reinforce the change effort		Build internal support and overcome resistance	Develop and employ a single method for measuring change	Ensure the plan encourages inclusive participation & measures levels of engagement
		Pursue comprehensive change		Ensure the plan promotes integrated change across the relevant parts of the organisation
		Institutionalise change		Seek evidence of necessary change in structures, processes and behaviours

ANNEX 1: MAR ASSESSMENT FRAMEWORK

Component	Criteria
Contribution to UK Development Objectives	
1. Critical role in meeting development objectives	Important role in delivering key international development goals or humanitarian objectives with country level evidence of this Important role in delivering UK development or humanitarian priorities, with country level evidence of this
2. Attention to cross-cutting issues	Performs well in fragile contexts Promotes gender equality Ensures its activities are low carbon, climate resilient and environmentally sustainable
3. Focus on poor countries	Allocates resources to countries that need it most or prioritises areas of greatest humanitarian need Allocates resources to countries where it will be best used
4. Contribution to results	Objectives are challenging e.g. strives to reach the very poorest Strives for results at country level Demonstrates delivery against objectives Contributes to development or humanitarian results
Organisational Strengths	
5. Strategic/ performance management	Has a clear mandate, and strategy and implementation plans to deliver it Governing body is effective at holding management to account Leadership is effective Measures results Has an effective evaluation function Governing body and management use results and evaluation evidence to improve decision making Has good HR policies and practices
6. Financial resource management	Allocates aid transparently Funding is predictable Pro-actively manages poorly performing projects and programmes Ensures financial accountability Instruments are appropriate
7. Cost and value consciousness	Challenges and supports partners to think about value for money Rates of return and cost effectiveness issues are important factors in decision-making Achieves economy in purchase of programme inputs Controls administrative costs
8. Partnership behaviour	Works effectively in partnership with others Implements social safeguard policies including incorporating beneficiary voice Has flexibility which enables a country-led approach Follows Paris/Accra principles in its approach to aid delivery Provides an effective leadership and co-ordination role in humanitarian settings
9. Transparency and accountability	Has a comprehensive and open disclosure policy Promotes transparency and accountability in partners/recipients Routinely publishes project documentation and project data Signatory of IATI and shows commitment to implementation Governing structures include effective partner country representation Partner country stakeholders have right of redress and complaint
10 Likelihood of positive change	Governing body and management continuously strive for improvement Evidence of progress against reform objectives in the past Opportunities to promote reform are anticipated

ANNEX 2: STUDY METHODOLOGY

Defining the Scope of the Study

Ideally the literature review would be able to look at the entire evidence base and identify areas of strongest evidence; however, given the time and resource constraints, this was not possible. The size of this review was potentially very large (all UN and Commonwealth agencies, over their entire histories), so some parameters were put in place in order to create a manageable scope. The three principal determinants of the scope of reference were:

- Priority attached to an organisation;
- Involvement in potentially relevant change; and
- The time frame.

Priority Attached to an Organisation

The total population of organisations of potential interest to UNCD is the relevant UN and Commonwealth organisations included in the larger group (43 organisations) addressed by the MAR. The total population was first sampled on the basis of the "expert opinion" of the researchers, the methodology allowing for this subset to then be sampled on a more systematic basis, drawing on which organisations have the best available evidence. This process identified eight organisations of potential interest, accommodating each of: priorities expressed by DFID; a desire to include at least one organisation from each category of the MAR ("very good", "good", "adequate" and "poor"); inclusion of the Commonwealth Secretariat, as the only selected Commonwealth organisation; inclusion of UN Women, as a recent example of the foundation of a new entity; and sampling for varying sizes and types of additional organisation. These preliminary "expert opinion" selections are summarised in Figure A2-1.

Figure A2-1: Organisations Selected through "Expert Sampling"

Sampling Criteria	MAR Assessment Category			
	Very good	Good	Adequate	Poor
UN entity	UNICEF	UNDP	WHO	FAO
Commonwealth entity				Commonwealth Secretariat
Subject to major change				UN Women ¹¹⁰
Comparable learning	GFATM	OCHA		

Involvement in Potentially Interesting Change

While Figure A2-1 represented a potentially robust sample, it was not possible in the early stages to be sure whether all selected organisations have been through the type of change processes of particular interest to this study, and whether there exists the kind of evidence based material required by the research. Additionally, the selection process created the possibility of omitting evidence from other organisations that would be beneficial to this study. This risk was addressed by including in the literature search phase a general search for evidence of change across all elements of the UN system, in order to identify evidence of change even where this was not associated with any of the selected organisations. In effect the approach was to focus on and delve in greater detail into prioritised organisations while using a broader search to capture the most relevant and insightful evidence¹¹¹. To this end, FAO was eventually dropped as an organisation of interest due to the lack of

¹¹⁰ UNIFEM was included in the MAR, but this has since been absorbed into UN-WOMEN, a new organisation formed by merging previously separate entities with overlapping mandates.

¹¹¹ In particular this responded to guidance provided by the DFID project team to "follow the evidence".

evidence, and WFP added in. As WFP was added towards the end of the process, it was not subjected to as rigorous study as the other key organisations.

The Study Time Frame

The UN in particular has been the subject of substantial pressures to change over the last 10 years or so. It was therefore decided to limit the deliberate frame of reference to events since the year 2000. However, in efforts to again "follow the evidence", researchers retained the option to include materials from before 2000 if they were potentially relevant to the study.

Organising the Study

The work comprised three phases, namely:

- The Search Phase,
- The Review Phase, and
- Assessment and Organisation of the Evidence Base.

The main aspects of each phase are further elaborated below.

The Search Phase

Critical to the success of the study would be the choice of search terms. While the main subject was "change" this might not necessarily be the most appropriate term to capture the most relevant research material. Today, change is a constant for organisations, and is often conducted at the tactical as well as the strategic level. The kinds of strategic change in which DFID is likely to be interested may more often be referred to as "transformation"¹¹². Furthermore the UN generally has in recent years tended to refer to processes of reform, especially when talking about system-wide change. The study needed to discover which of these – or potentially other similar – terms best capture the kind of organisational development DFID is interested in.

While there tend to be common themes, there exists a considerable variety in specific theories explaining, and equally in the motivations and objectives underlying, organisational change. Within generic theories of change there are many different ways that objectives may be achieved. For example, some may emphasise change in human behaviour, while others will focus on technology enhancement. The terms that capture such initiatives are similarly varied.

Therefore, to provide a foundation for the search, an initial range of potentially useful search terms was compiled, based on the researchers' understanding of the most prominent drivers and objectives of change common to UN, Commonwealth and similar organisations. These terms are summarised in Figure A2-2.

Figure A2-2: Preliminary Search Terms

Typical Objectives or Types of Change	Potentially Relevant Search Terms
Improving Development Impact	Results-based Management (RBM) Value for Money (VFM) Development Effectiveness
Governance	Responsiveness Accountability Transparency
Organisational Restructuring	Functional Review/Re-design Business Process Re-engineering (BPR) Streamlining

¹¹² For example, to gain management approval for internal change processes, UNDP currently requires the preparation and acceptance of a "Transformation Plan".

Typical Objectives or Types of Change	Potentially Relevant Search Terms
	Cost Reduction
Human Resources Management (HRM)	Leadership Development Performance Improvement Culture, Values and Behaviours
Technology Improvement	Enterprise Resource Management (ERM) Knowledge Management (KM)

The search terms were continually reviewed and refined as the study progressed, reflecting the major themes emerging from identified materials. A summary of the derived list of search terms is provided in Figure A2-3.

Figure A2-3: Derived Search Terms

UN "organisational change"
multilateral "institutional reform"
UN "institutional reform"
UN "institutional reform" effectiveness
UN "institutional reform" results
UN "institutional change" results
UN "institutional change" effectiveness
UN "internal governance change", "UN internal governance" change, "UN internal governance change", "UN internal governance"
UN "change management"
UN reform results
UN reform influence
UN internal review results/impact/outcomes/influence
UN internal restructure
UN change influence
"UN change process" influence
"UN change" influence
"UN reform" outcomes
UN agency reform
UN performance improvement
UN Business Process Reengineering
UN Enterprise Resource Management
UN restructure

"UN internal review" outcomes
"UN agency internal review"
"UN organisation internal review"
UN value for money
"UN agency" performance improvement
"UN agency" performance improvement + with at least one of the words results effectiveness outcome impact influence
UN performance + with at least one of the words results effectiveness outcome impact influence cost actor
"UN internal management" + with at least one of the words results effectiveness outcome impact influence
UN management + evidence + with at least one of the words effectiveness outcome impact influence evaluation
"UN organisational change" + evidence + with at least one of the words effectiveness outcome impact influence actor
"UN cost reduction" + with at least one of the words process effectiveness outcome impact influence actor evaluation result
"united nations" "cost reduction" + with at least one of the words process effectiveness outcome impact evaluation result
Commonwealth Secretariat "institutional change"
Commonwealth Secretariat "organisational change"
Commonwealth Secretariat "institutional development"
Commonwealth Secretariat "organisational development"
Commonwealth Secretariat internal reform
Commonwealth Secretariat results based management
Commonwealth Secretariat "Business Process Re-engineering
"Commonwealth Secretariat" Enterprise Resource Management

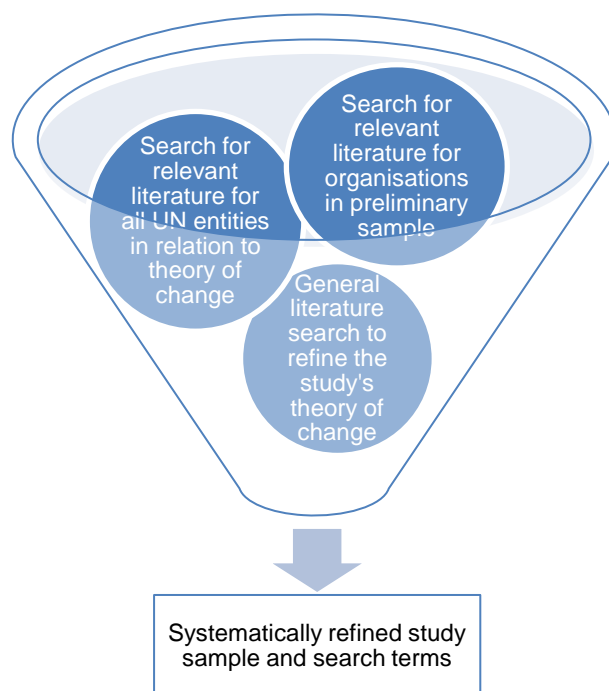
Using this search framework the initial phase of research comprised three inter-related activities that informed each other and helped define the sample of interest, in terms of organisations and change processes, as illustrated in Figure A2-4. In brief these activities involved:

- A scan and identification of seemingly relevant literature for those organisations selected through "expert opinion" sampling, to identify whether adequate evidence exists for these, and the specific terms that are most frequently describing this relevant work;
- A scan and identification of seemingly relevant literature for the UN system as a whole, using terms from the study's change model to find which organisations might be of most interest to DFID, in terms of the change processes they have been through and the evidence available on these; and

- Through general literature study as well as reference to that found for the UN system as a whole, refinement of the study's search terms, to ensure that they specifically reflect events in the UN.

Researchers used Google, Google Scholar, and organisational websites to identify and collate the literature on change within UN and Commonwealth organisations. One researcher focused on hand searching websites of specific UN organisations (in particular those identified as priorities in the methodology), and one used search strings in Google and Google Scholar to identify the wider literature. Search terms were continually refined to reflect learning.

Figure A2-4: A Systematic Approach to Defining the Study Sample



The research produced a database of approximately 400 resources, comprising academic papers, institutional documents, news articles, interviews, and speeches. The initial phase of data collection erred on the side of inclusion of all types of literature which have some relevance to documenting the processes of change in the UN and Commonwealth Secretariat, end-to-end.

The Review Phase

Once literature had been collected, a second phase of filtering out documents was conducted, to identify which documents best responded to the main research question. Much of the literature collected was policy-oriented, the general searching in particular having turned up strategic planning documents and calls or proposals for reform. Similarly, many of the UN and Commonwealth documents were externally-oriented, providing guidance or policy on how their members should perform internal reviews, rather than on how they themselves conduct reviews. It was difficult to identify strong evidence-focused papers on the impacts of changes, the available assessments of organisational change processes being heavily weighted towards initial planning and strategy and much weaker on evaluations and evidence of effectiveness.

To identify the most relevant work, a set of inclusion/exclusion criteria was developed to apply to each resource, as summarised in Box A2-1. Papers which did not meet all these criteria were excluded from the study.

Box A2-1: Inclusion/Exclusion Criteria

1. Does the source refer to at least one specific UN agency (or Commonwealth Secretariat), **or** alternatively to a particular UN reform programme?

2. Does the source offer practical insights into the most effective means of achieving organisational change within the UN or Commonwealth Secretariat?
3. Does the source provide assessments of the drivers of and impediments to change in the UN or Commonwealth Secretariat?
4. Does the source include information that will help judge the relative success of relevant change initiatives? (Such information might be in the form of descriptions of one or more of: the original stimuli; the response; and/or the results.)

Researchers also developed a qualitative Utility Rating, scoring each resource from 1 to 4, with:

- 4=High;
- 3=Medium High;
- 2=Medium Low; and
- 1=Low.

This was applied to each paper drawing on the researcher's knowledge of the areas of most interest to the study, and to their expert assessment of the quality and reliability of the source. For example, opinion papers and news articles were generally rated of lower utility than peer-reviewed journal articles. As relatively few articles presented concrete evidence, it was felt sufficient to rate utility based on the origin of the source, its general relevance, the quality of the study and its cogency.

In the interests of time, the inclusion criteria were applied first to the organisations of most interest, namely those identified by expert opinion, and to papers rated highly for utility. This focused attention on the resources of most use.

Snowballing forward and backwards of academic papers with references was also conducted at this stage, and the inclusion/exclusion criteria applied to any potential new sources. This resulted in a final literature database comprising the following sources (see Figure A2-5)¹¹³. By the end of the process snowballing was tending to lead to previously identified references, which indicates that the database represents a reliably exhaustive frame of reference.

Figure A2-5: Description of Literature Database

# of Items	Type	# of Items	Topic
96	Academic Article	10	2005 reform
16	Article/Speech	12	Commonwealth Secretariat
18	Book	3	ECOSOC
5	Book Chapter	17	FAO
8	Conference Paper	10	GFATM
52	Evaluation Internal	12	Multilaterals
43	Evaluation External	26	OCHA/CERF
7	Individual Expert	52	Other/other resource
12	Internal - Strategy/Planning	32	UN
12	Internal Policy	32	UN system
41	Internal Report	8	UN Women
2	Terms of Reference (TOR)	11	UNDG
11	Unidentified	36	UNDP
50	Website	8	UNEP
373	Total	37	UNICEF
298	Total less websites, books & individuals	10	WHO

¹¹³ Figure A2-5 only includes references specific to the review of MOs; it does not include references on general change management theory.

# of Items	Type	# of Items	Topic
Utility Ratings			
37	Utility 1	103	Utility 3
64	Utility 2	47	Utility 4

Assessment and Organisation of the Evidence Base

The final sub-set of literature was assessed and organised by

- individual organisation;
- the different types of change achieved in each organisation; and
- the different tools used to achieve these changes.

This was done through a qualitative approach, drawing on the researchers' expertise and knowledge of organisational change. Case studies on the organisations of interest and offering the best relevant evidence were written, which to the extent possible drew out relationships between causes or influences of change and the resultant approaches to and achievement of change. Detailed analysis then assessed the extent to which the achieved changes align with the results being sought by DFID, and how the measures taken by donors and other external partners compared to what could be considered to be effective change management practices.

As is often the case with literature reviews such as this, the available evidence, while interesting and useful, was fragmented, there being few instances of research directly addressing the questions posed by this study. This was anticipated by the project TOR. In particular it was rare for single documents to connect efforts to bring about change to the steps taken in response and the success in achieving intended changes. Generally, the available evidence can be characterised as follows.

- The most extensive coverage has been given to reforms of the UN system (including its governing bodies), as opposed to individual entities within the system. Much of this material describes in overall terms stakeholder opinion of what needs to change, but not much of this helps to directly connect external influences to responses and results. In any case much of the subject matter relates to the need to enhance coherence within the system, rather than to improve the effectiveness of specific organisations and therefore does not specifically meet the needs of this study.
- There has been relatively little academic work that is directly relevant to the study. Examination of the relationship between causes of change and the responses tended to rely on the connection of external documents (which often focused on the need for change) and internal reports, which describe what has been done and, to a lesser extent, the results achieved. This often made it difficult to reliably attribute responses to external influences.
- Because of the fragmented nature of the evidence base, it was difficult to analyse this in terms of key organisational change themes, as envisaged by the TOR. Rather, by following the evidence, it was necessary to identify whatever causal relationships became evident.

ANNEX 3: LIST OF REFERENCES

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ANNEX 4: EIGHT FACTORS RELEVANT TO CHANGE BEHAVIOUR IN UN AND COMMONWEALTH ORGANISATIONS

- **Factor 1: Ensure the need.** Research indicates that the implementation of planned change generally requires that leaders persuade other members of the organisation and important external stakeholders that it is necessary. The process of convincing individuals of the need for change often begins with crafting a compelling vision that creates a picture of the future which is easy to communicate and that organisational members find appealing. The vision should provide overall direction for the change process and serve as the foundation from which to develop specific strategies for arriving at a future end state. Researchers have noted public sector leaders' efforts to take advantage of mandates, political windows of opportunity, and external influences to verify and communicate the need for change.
- **Factor 2: Provide a plan.** The new idea or vision must be transformed into a course of action or strategy with goals and a plan for achieving it. The strategy should serve as a road map for the organisation, offering direction on how to arrive at the preferred end state, identifying obstacles, and proposing measures for overcoming those obstacles, thereby ensuring that the transformation does not disintegrate into a set of unrelated and confusing directives and activities. Specific goals help ensure that the measures implemented correspond with the formal policy by limiting the ability of implementing officials to change the policy objectives and by providing a standard of accountability.
- **Factor 3: Build internal support for change and overcome resistance.** People resist change for a variety of reasons — for example, some ideas for change are simply ill conceived, unjustified, or pose harmful consequences. Several researchers have observed that a crisis, shock, or strong external challenge to an organisation (often collectively referred to as a "burning bridge") can help reduce resistance to change; social scientists also emphasise the value of ethical participation in supporting organisational change, as it helps to create psychological ownership, promote the dissemination of critical information, and encourage employee feedback for fine-tuning the change during implementation. Success may require bottom-up participatory elements, such as delegating decision making to middle management and granting frontline workers greater discretion to implement changes. However, top management still must play a critical role by encouraging and rewarding innovation and expressing support for the change.
- **Factor 4: Ensure top-management support and commitment.** Some studies of organisational change stress the importance of having a single change agent or "idea champion" lead the transformation. An idea champion is a highly respected individual who maintains momentum and commitment to change, often taking personal risks in the process. Other authors have stressed the need to have a guiding coalition to support the change. A guiding coalition is a group of individuals who lend legitimacy to the effort and marshal the resources and emotional support required to induce organisational members to change. Kotter¹¹⁴ asserts that one or two managers often launch organisational renewal efforts, but whenever some minimum mass is not achieved early in the effort, nothing much worthwhile happens.
- **Factor 5: Build external support.** Managerial leaders must develop support from political overseers and key external stakeholders, particularly those that have the ability to impose statutory changes and control the flow of vital resources to public organisations. Political overseers can influence the outcome of planned change by creating and conveying a vision that explains the need for change, as well as by selecting leaders who are sympathetic to the change and have the knowledge and skills required for managing the transformation. Public managers implementing change in their organisations must display skill in obtaining support from powerful external actors. Whilst it could be claimed that proceeding to implementation

¹¹⁴ John Kotter is regarded as an authority on leadership and change. His international bestseller *Leading Change*, outlined an actionable, 8-step process for implementing successful transformations.

without garnering the support of interest groups can speed up the implementation process, almost certainly this would be at the cost of dissatisfaction and criticism.

- **Factor 6: Provide resources.** A fairly consistent finding in the literature is that change is not cheap or without trade-offs. Planned organisational change involves a redeployment or redirection of scarce resources toward a host of new activities, including developing a plan or strategy for implementing the change, communicating the need for change, training employees, developing new processes and practices, restructuring and reorganising the organisation, and testing and experimenting with innovations. Failure to provide adequate resources in support of a planned change leads to feeble implementation efforts, higher levels of interpersonal stress, and even neglect of core organisational activities and functions. Resource shortages inevitably lead to trade-offs. Trade-offs, in turn, result in winners and losers, with low-cost changes taking precedence over or even displacing more costly ones.
- **Factor 7: Institutionalise change.** To make change enduring, members of the organisation must incorporate the new policies or innovations into their daily routines. Virtually all organisational changes involve changes in the behaviour of its members. Employees must learn and routinise these behaviours in the short term, and leaders must institutionalise them over the long haul so that new patterns of behaviour displace old ones. Doing so, however, is not easy. Leaders may need to employ rites and ceremonies, diffuse innovations through trial runs and pilot projects, collect data to track the progress of and commitment to change, and engage employees in active participation tactics that foster “learning by doing.” Evaluation and monitoring efforts should continue even after the change is fully adopted to ensure that organisational members do not lapse into old patterns of behaviour.
- **Factor 8: Pursue comprehensive change.** Managerial leaders must develop an integrative, comprehensive approach to change that achieves subsystem congruence and ensures changes are aligned with the desired end state. Changing only one or two subsystems will not generate sufficient force to bring about organisational transformation; on the other hand, implementing multiple changes without understanding the structure and nature of the interconnections among subsystems can undermine change (for example, attempting to change attitudes and behaviours toward more teamwork and participation will not succeed if the organisational structure remains strictly hierarchical and fails to support a team orientation). Beginning a transformation by changing “high-impact” elements of the organisation first can help to build momentum for the broader array of changes that follow.

ANNEX 5: COMPARISON OF FUNDING TRENDS AND ORGANISATIONAL PERFORMANCE

Entity	Total Funding (US\$ million) 2011	Core Funding 2011 (%)	DFID MAR Assessment
UNDP	5 015	0.19	Good
UN-Women	225	0.55	
UNFPA	894	0.50	Adequate
UNICEF	3 681	0.29	Very Good
WFP	3 617	0.12	Good
UNHCR	2 071	0.21	Good
IFAD	337	0.71	Good
ITC	62	0.31	NA
UNAIDS	260	0.92	Adequate
UNCTAD	43	0.04	NA
UNEP	196	0.41	Adequate
UN-HABITAT	208	0.08	Poor
UNODC/UNDCP	248	0.04	NA
UNRWA	997	0.53	NA
FAO	1 125	0.23	Poor
ILO	502	0.49	Poor
UNESCO	492	0.43	Poor
UNIDO	222	0.46	Poor
WHO	1 772	0.27	Adequate
Other Specialised agencies	445	0.41	NA
UNOCHA	227	0.57	Good
UNDESA	73	0.16	NA
OHCHR	71	0.51	Adequate
Regional commissions	69	0.13	NA
Total Contributions	22 850	0.28	

Sources: based on data provided in DESA's Statistical Annex to Funding Report for 2011 and DFID's MAR

Legend (high core funding is considered to be more than 35% of total funding):

	High core funding/good performance
	Low core funding/good performance
	High core funding/poor performance
	Low core funding/poor performance