

"The Transformation Agenda Evaluation report posted hereunder, was a Department of Foreign Affairs and International Trade (DFAIT) led initiative. The Evaluation examines and reports on the 33 projects launched under the Transformation Agenda between November 2007 and March 2011. This evaluation was planned and launched before the department began its savings review as part of the Economic Action Plan 2012. It is important to note that the evaluation of the Transformation Agenda and the Economic Action Plan 2012 are two separate exercises with no linkages."

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Foreign Affairs and
International Trade Canada

Affaires étrangères et
Commerce international Canada

Canada



EVALUATION OF THE TRANSFORMATION AGENDA

Final Report

Foreign Affairs and International Trade Canada
Inspector General Office
Evaluation Division

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ABBREVIATIONS, ACRONYMS AND SYMBOLS

AAFC	Agriculture and Agri-food Canada
AC	Arctic Council
ADM	Assistant Deputy Minister
AED	FSD Services and Policy Bureau
AG	Auditor General
AID	Information Management and Technology Bureau
AMA	Area Management Advisors
AMO	Area Management Office
ASEAN	Association of Southeast Asian Nations
ATIP	Access to Information and Privacy
AUDG	Andean Unit for Democratic Governance
BoC	Bank of Canada
CAE	Chief Audit Executive
CBS	Canada Based Staff
CBSA	Canada Border Services Agency
CCC	Canadian Commercial Corporation
CEO	Chief Executive Officer
CEPM	Centre of Excellence in Program Management
CFIA	Canadian Food Inspection Agency
CFO	Chief Financial Officer
CFSI	Canadian Foreign Service Institute
CFSL	Centre for Foreign Languages
CIC	Citizenship and Immigration Canada
CICAR	Canadian International Centre for the Arctic Region
CIDA	Canadian International Development Agency
CIO	Chief Information Officer
CORA	Committee on Representation Abroad
CPPC	Costing Policy and Procedures Committee
CRA	Canada Revenue Agency
CSA	Common Services Abroad
CSAC	Common Services Abroad Charges
CSEM	Consular Services and Emergency Management
CSIP	Common Service Investment Plan

DAC	Departmental Audit Committee
DCD	Corporate Services Secretariat
DEC	Departmental Evaluation Committee
DPR	Departmental Performance Report
DFAIT	Foreign Affairs and International Trade Canada
DG	Director General
DOJ	Department of Justice Canada
DM	Deputy Minister
DMA	Deputy Minister of Foreign Affairs
DMC	Deputy Minister Sub-Committee on Representation Abroad
DMT	Deputy Minister of International Trade
DND	Department of National Defence
EAC	Evaluation Advisory Committee
EDC	Export Development Canada
EPOC	Executive Project Oversight Committee
EU	European Union
EWRC	Emergency Watch and Response Centre
FAA	Financial Administration Act
FC	Finance Canada
FLAS	Foreign Language Assessment Strategy
FLC	Foreign Language Committee
FMA	Financial Management Advisor
FRMRA	Financial Resource Management Risk Assessment
FSAA	Foreign Service Administrative Assistants
FSD	Foreign Service Directives
FTE	Full Time Equivalent
FXIT	Office of Transformation
FY	Fiscal Year
GCS	Global Commerce Strategy
GeoGroup	Geographic Group
GLD	Geographic Strategy and Services Bureau
GoC	Government of Canada, or Government
Gs&Cs	Grants and Contributions
HC	Health Canada
HMO	Human Resources Operations Services Division

HOM	Head of Mission
HQ	Headquarters
HR	Human Resources
HRMS	Human Resources Management System
IC	Industry Canada
ICBP	Integrated Corporate Business Planning
IFM	International Security Branch
IHR Plan	Integrated Human Resources Plan for 2009-2012
IM	Information Management
IMS	Integrated Management System
IPB	International Platform Branch
IT	Information Technology
ITM	Integrative Trade Model
IWGCSA	Interdepartmental Working Group on Common Services Abroad
IXS	Program Services Division
LES	Locally Engaged Staff
LSP	Life Sciences Practice
MAF	Management Accountability Framework
MCMS	Ministerial Correspondence Management System
MCO	Management Consular Officer
MFA	Minister of Foreign Affairs
MFM	Global Issues Branch
MoU	Memorandum of Understanding
MPR	Mission Planning and Reporting
MRRS	Management, Resources and Results Structure
NBM	New Business Model
NCR	National Capital Region
NGO	Non-Governmental Organization
NRCan	Natural Resources Canada
OAG	Office of the Auditor General
OCA	Office of the Chief Auditor
OGD	Other Governmental Department
PAA	Program Activity Architecture
PCO	Privy Council Office
PEWG	Program Excellence Working Group

PERPA	Political Economic Reporting and Public Affairs
PFM	Strategic Policy and Planning
PHAC	Public Health Agency of Canada
PMA	Performance Management Agreement
PMP	Performance Management Program
POL	Policy Planning Division
PPTC	Passport Canada
PSC	Public Safety Canada
PWGSC	Public Works and Government Services Canada
RBM	Results-based Management
RBN	Results Based Network
RCMP	Royal Canadian Mounted Police
RCSCs	Regional Common Service Centres
RMC	Resources Management Committee
REMO	Regional Emergency Management Offices
ROs	Regional Offices
ROPS	Regional Office for Peace and Security
RPCs	Regional Policy Centres
RPP	Report on Plans and Priorities
SESO	Spousal Employment Support Office
SMD	Corporate Accounting, Finance, Policy and Systems
SOR	Strategic and Operational Review
SPAC	Senior Project Advisory Committee
SR1	Strategic Review 1
SOR	Strategic and Operational Review
SR-400	Rebalancing of 400 positions between HQ and the field
TA	Transformation Agenda
TB	Treasury Board
TBS	Treasury Board Secretariat
TC	Transport Canada
TCS	Trade Commissioner Service
TMC	Transformation Management Committee
TOR	Terms of Reference
UK	United Kingdom
US	United States

USS	Deputy Minister of Foreign Affairs
VAC	Veterans Affairs Canada
VCNET	Video Conferencing Network
ZID	Office of the Inspector General
ZIE	Evaluation Division

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EXECUTIVE SUMMARY

Introduction and Context

This evaluation of the Transformation Agenda (TA), Foreign Affairs and International Trade Canada (DFAIT), was conducted in compliance with a requirement, as provided in the Treasury Board Secretariat Canada (TBS) submission *Strengthening Canada's Mission Network*, to report to the same on DFAIT's progress towards departmental transformation. Conducted by the Evaluation Division (ZIE), Office of the Inspector General (ZIG), DFAIT, with the technical and advisory support of an external organizational evaluation expert, this evaluation aims to report on the status of initiatives launched under the TA and derive therefrom lessons learned that can be applied to future change management exercises.

Building on the 2007 Strategic Review 1 (SR1) – a department-wide exercise designed to ensure that the department's policies, programs and operations were aligned with Government of Canada (GoC) priorities - the TA was announced at the November 2007 Leadership Conference under the theme: *Building Tomorrow*. The vision expressed by the Deputy Ministers (DMs) for the TA was one of turning DFAIT into “a modern, integrated 21st century foreign and trade ministry that is flexible to respond to the future while focused on its core mandate; has the right people in the right places serving Canadians and making a difference in the world; and that generates continuous innovation and new thinking; and is a terrific place to work.”

To this end, the DMs announced the creation of the Office of Transformation (FXIT) with a mandate to design and implement the TA. The essential design elements of the TA found expression in the GoC approved document *Strengthening Canada's Network Abroad* (2008) wherein 6 strategic themes were identified:

1. Aligning with government priorities
2. Strengthening our International platform
3. Improving services to Canadians
4. Focusing on our core business
5. Strengthening accountability
6. Renewing our human resources (HR)

Under these 6 themes specific TA initiatives/projects were placed, amounting eventually to 33 in total. These 33 projects served as the focus of the evaluation.

In 2008, the department announced the creation of the Transformation Management Committee (TMC). Made up of senior departmental officials, the TMC was mandated to provide strategic direction and oversight to the TA, with FXIT performing the role of secretariat to the TMC.

Evaluation Objectives

The objectives of the evaluation were:

- to evaluate the relevance of the TA by assessing the extent to which it addresses the needs of the department to modernize itself, and is aligned with GoC priorities and with DFAIT's strategic outcomes;
- to evaluate the performance of the TA in achieving its objectives efficiently and economically with its allocated resources;
- to determine whether systems, resource allocations, risk management and governance structures were adequate to advance the TA; and
- to derive lessons learned in change management from the TA .

Principles of Successful Organizational Change

Organizational change is a difficult process that requires persistent effort and leadership by key stakeholders over a timespan of years. A body of literature has developed from the study and experience of organizational change efforts over the last few decades that have identified best practices and principles of successful organizational change. 7 of these principles, gleaned from the literature, were used in evaluating DFAIT's TA and are as follows:

1. Formulate a clear, coherent, realistic and measurable vision
2. Senior management must actively support the change
3. Employees must feel empowered to own the process of change
4. Communicate the change effort constantly and through multiple outlets
5. Demonstrate short-term successes of the change effort
6. Anchor changes in the organization's culture
7. Provide a useful feedback and monitoring system

Methodology

As stipulated in the evaluation work plan and in response to TBS's requirements to provide evidence for project progress towards established goals and milestones, the evaluation assesses the relevance and performance of the systems and practices in place to achieve the expected outcomes of the TA. Relevance refers to the responsiveness of initiatives to identified needs for organizational change, their alignment with government priorities, and consistency with DFAIT roles and responsibilities. Performance refers to the achievement of expected outcomes in reference to the TA's 6 themes, as well as the TA's role in changing organizational culture within the department and fostering an environment of continuous innovation. Performance also refers to the efficiency and economy of the TA through its design, communication and engagement, performance measurement and management, business processes and implementations measures, governance and oversight, and costs and savings.

Approach

Although the majority of TA projects were designated complete or close to completion at the time the evaluation was conducted, data collection occurred roughly mid-term in the implementation of the TA. Further, and more importantly, the evaluators were cognizant of the fact that the impact of a number of TA initiatives will not be evident for some time to come. These factors considered the evaluators focused on the processes launched under the TA support organizational change. Because the 33 TA projects/initiatives were in theory designed to cumulatively contribute to the achievement of the end vision of the TA, the evaluators examined how these projects/initiatives were strategically linked to and facilitated the implementation of the TA, and how each of them actually fit into the TA's declared themes. Furthermore, because the TA was originally conceived to be cost-neutral, the evaluators focused on how the TA has contributed to a change in the way the department operates to produce results. Finally, the evaluation examined the links and interfaces between the TA and the New Business Model (NBM), which was introduced during Transformation.

Data Gathering and Analysis

Data collection in support of the evaluation included: content analysis of over 400 departmental documents, reports and governance committees meetings notes; interviews with over 50 interlocutors; the conduct of two focus groups; a meta-analysis of other transformational programs and evaluations, an international comparison of change initiatives in like-minded foreign and trade ministries, and; a review of organizational change literature. Interview notes were transcribed in Microsoft Word and grouped by theme/project; reference documents were converted to a usable file format, subject to content analysis and checked against interview notes; and all data was

triangulated to ensure the credibility of findings. The design of the TA was checked against best practices in other foreign and trade ministries and other government departments (OGDs), as well as organizational change literature. Interview and focus group protocols were tailored to ensure the objectivity of respondents. An external consultant and expert on organizational change management provided guidance at each stage of the evaluation.

Limitations

The evaluators initially envisioned a mixed-methods approach that collected data from various sources using quantitative and qualitative methods, but several factors posed considerable limitations on the methodology. Firstly, a survey intended to assess the TA at missions had to be abandoned due to resource constraints. The evaluators made up for this deficit by contacting Heads of Mission (HOMs) directly via phone which, though not providing the coverage of a survey, allowed the evaluators to obtain opinion data on the impact of the TA at missions abroad. Further, the evaluators had an opportunity to visit the Canadian mission in Oslo, Norway, in conjunction with another evaluation assignment, which allowed the evaluators to solicit the views of a wider range of personnel at mission on the impact of the TA. Secondly, the TA's decentralized model of implementation meant that financial data for TA projects was largely unavailable, thus rendering it near impossible to conduct any quantitative assessment of the cost-benefit of TA initiatives. In this instance, the evaluators had to rely largely on opinion based data of interlocutors to assess the efficiencies generated by specific TA initiatives. Finally, although efforts were made to develop a logic model and a performance measurement framework for the TA, it was never adopted, thereby depriving the evaluators of the same for results reporting purposes. To address this deficit, the evaluators relied on the declared objectives of the 6 themes of the TA to report on performance.

Key Findings

Relevance: Responsiveness of the initiative to a demonstrable need

- Due diligence was exercised in designing the TA, through the thorough analysis of departmental needs, the examination of all functions of the department, comprehensive consultations with stakeholders, and the study of change initiatives occurring in other foreign/trade ministries and OGDs.

Relevance: Alignment with Government Priorities

- Many of the TA's individual projects, as well as the TA as a whole, enabled the alignment of departmental activities with GoC priorities.

Relevance: Consistency with Federal Roles and Responsibilities

- The TA helped the department to progress in focussing on its core business while reducing its roles and responsibilities in areas best left to OGDs. This said partner organizations have emphasized the need for more clarity on whole-of-government priorities to inform decision-making for representation abroad.

Performance: Achievement of Expect Outcomes

Alignment with Government Priorities

- TA projects have helped the department to better focus on the GoC's international policy priorities and to be able to respond more quickly and flexibly to an increasingly complex international environment. However, TA projects placed under the thematic heading of "Alignment with Government Priorities", such as Communications Renewal, the Transformation Engagement Strategy and Integrated Corporate Business Planning (ICBP), only indirectly contribute to this objective.

Strengthening our International Platform

- DFAIT's mission network and Canada's presence abroad have been strengthened by the TA, notably through the creation of the International Platform Branch (IPB) and the reallocation of positions between Head Quarters (HQ) and missions. However, the return on investment of the establishment of Regional Common Service Centres (RCSCs) may not be evident for some time to come.

Improving Service Delivery

- Under the TA, especially through the creation of Regional Offices (ROs), the new Consular Services and Emergency Management Branch (CSEM), and the streamlining and governance review of Passport Canada (PPTC), the department has improved the timely and effective delivery of services across Canada and abroad.

Focusing on Core Business

- Progress has been made in reducing involvement in areas better left to OGDs (e.g., heritage and culture, environment, etc). The creation of the Geographic Group (GeoGroup), its service standards and its new governance structure, has strengthened DFAIT capacity to perform a whole-of-government coordination role. This was further enhanced by the common services governance structure.
- The creation of the Multilateral Group, the simplification of business processes and the expanded use of E-collaboration technologies has facilitated and enhanced the department's focus on its core businesses. Continued progress is

encumbered by factors such as antiquated information technology (IT) systems and the lack of systems' interoperability. Furthermore, measures to simplify business processes do not appear to have reduced demand on missions

Strengthening Accountability

- The TA has supported greater efficiency, transparency and accountability, notably through the new governance structure and the creation of the Offices of the Chief Audit Executive (CAE) and Chief Financial Officer (CFO), including the redesigned financial statistics system (FINSTAT) and the establishment of Financial Management Advisors (FMA) assigned to each branch. As a result, the department has benefitted from better financial management discipline, more horizontal coordination and a stronger performance measurement and management culture. However, the objectives set for the Program Excellence Working Group (PEWG) have remained unrealized.

Renewing our Human Resources

- Initiatives launched under the TA to address HR challenges and renew the department's HR, such as the implementation of the new Foreign Service Directives, the Performance Management Program (PMP), reformed management of Locally Engaged Staff (LES) and the Management Consular Officer (MCO) Renewal process, have strengthened the department's HR base. However, some projects such as the Foreign Service Administrative Assistant Renewal, PMP and improvements in addressing spousal employment issues are facing challenges.

Culture Change

- As a result of the TA, the department has established the foundations for a culture change toward a modern, flexible, and innovative organization that can adapt to a fast-changing world. There remains in the department, however, areas that have been resistant to change, such as the shift to a robust performance measurement culture and the decentralization of policy functions.

Increase Innovation

- Largely through collaborative e-tools, such as the Wiki, Connections and *InnovAction*, various instruments for engaging and connecting employees to generate innovative ideas have fostered a culture of innovation in the department. *InnovAction*, a voluntary Network of employees in support of "DFAIT of the Future", has generated many new ideas that have found expression in projects, but the network seems to have lost momentum.

Performance: Demonstration of Efficiency and Economy

Design

- In designing the TA, insufficient time and effort was devoted to planning; examination of implementation methodologies; development of criteria for project selection and inclusion; risks and overall potential impacts; sequencing of project/initiative implementation; and identification of an exit strategy. The outcome mapping was incomplete and the TA internal logic was not clear.

Communication and Engagement

- Despite significant efforts and attempts to communicate the TA to all levels of the department, a common understanding of the TA's vision, objectives, projects, and relation to the NBM is not shared by all employees, especially those at missions and ROs.

Performance Measurement and Management

- Progress on the performance management and measurement of the TA has been minimal. FXIT's attempt to develop action plans and a performance measurement strategy for the implementation of the TA was abandoned because of a lack of resources. This is an area in which DFAIT is making slow progress.

Business Processes and Implementations Measures

- FXIT employed a number of approaches and instruments to support and implement the TA, notably the use of technology, such as the Wiki and e-collaboration tools, but messaging proved only partially successful and systems put in to track implementation and performance sub-optimal for decision-making and reporting purposes.

Governance and Oversight

- The TMC played an instrumental role in increasing the profile of and providing leadership for the TA. However, the TMC was seen by many as only an information sharing committee.
- FXIT has played a major role in driving the TA and ensuring it is a sustainable process in the department. However, FXIT did not have sufficient resources to put in place a performance management strategy for the TA.

Costs and Savings

- Resources for TA initiatives were allocated to the bureaus responsible for implementation, which deprived the department of consolidated data on financial and human resources dedicated to the TA. This limited the capacity of the

department to track and report on improvements in efficiencies that could be attributed to the TA.

Lessons Learned/Recommendations

Based on the foregoing analysis of the TA and its initiatives, the following lessons learned are offered for senior management consideration in moving forward with the department's ongoing efforts to manage change.

- Ensure the clarity and coherence of the design to support the linkage between initiatives and objectives.
- Introduce a phased and gradual implementation approach with a dedicated unit to facilitate, track and report on progress.
- Communicate a consistent message that clearly identifies the vision and objectives of change and how it differs from other change initiatives.
- Close attention should be directed to higher risk projects to ensure success and avoid adverse impacts.
- Maintain the active support of senior management and clarify lines of accountability.
- Put in place a robust performance measurement strategy.

1.0 INTRODUCTION

ZIE, ZID, at DFAIT is mandated by the Treasury Board Secretariat (TBS) through its Evaluation Policy to conduct evaluations of all direct program spending, including grants & contributions (Gs&Cs). ZIE reports quarterly to the Departmental Evaluation Committee (DEC), which is chaired by the Deputy Ministers (DMs).

The evaluation of DFAIT's TA was identified in the TBS submission *Strengthening Canada's Mission Network* and was included in the departmental Five-Year Evaluation Plan. The Evaluation Plan was subsequently approved by the DEC. Conducted by ZIE with the technical and advisory support from an external organizational evaluation expert, along with oversight provided by an EAC, this evaluation aims to report on the status of initiatives launched under the TA and derive therefrom lessons learned that can be applied to future change management exercises.

2.0 BACKGROUND AND CONTEXT

2.1 Context

In spring 2007, the department began an exercise to align its policies, programs and operations with the foreign policy and international trade priorities of the Government of Canada (GoC) and to ensure that these policies, programs and operations support the GoC's commitment to restore Canadian leadership in world affairs. This exercise, which generated important lessons learned, was also aimed at increasing organizational flexibility, improving business practices, and reviewing the department's representation abroad.

In the midst of this exercise, the government announced in October 2007 a Strategic Review 1 (SR1) process for all departments and agencies. DFAIT was one of the first to launch a review of all direct program spending and operating costs, in order to identify where reinvestments could be made in support of government priorities, to look for ways to improve value for money in its programs, and to ensure that resources are in the right places with the right people doing the right things. The purpose was transformative change that would fundamentally reshape the department and its work. The implementation of the SR1 started in April 2008. Based on the commitments made in the alignment exercise and the SR1 process, in September 2008, DFAIT officially launched the TA and added it as one of the department's five priorities in 2009-10 and 2010-2011.

The April 2010 announcement of the NBM focused the work of the department on its priorities and streamlined the management structure through the consolidation of several bureaus and divisions. The NBM confirmed the rebalancing of resources from Headquarters (HQ) to the field. Moreover, the NBM was designed to balance the department's corporate support function with its program activities and reduce overhead through administrative efficiencies. Overall, the new model was to support TA objectives, accelerate their implementation, and contribute to the department's financial sustainability over the longer term.

2.2 Transformation Objectives, Key Activities and Targeted Results

Transformation is a department-wide, vision-led initiative that is aimed at creating a modern, integrated 21st century foreign and trade department that is flexible to respond to the future while focused on its core mandate; has the right people in the right places serving Canadians and making a difference in the world; and that generates continuous

innovation and new thinking. This vision is spelled out in the DFAIT 20/20 concept paper¹ and the TA Strategic Framework.²

The TA addresses key factors that impact the operational capacity of the department both in the domestic and international arenas. Domestic factors include the GoC's commitment to international leadership, the need to renew the department's business practices and workforce, and the increased global engagement of Canadians. International factors that impact the department's operations include the gradual shift in international power to Asia, and ongoing threats as a result of increased terrorism, climate change, and fragile and conflict-affected states.

Following the launch of the TA, the department identified several goals and possible challenges associated with their realization. These goals included:

- establishing policy and program excellence,
- improving HQ-field relations,
- cutting red tape,
- increasing focus on client services, and
- changing corporate culture to reflect the needs of a modern foreign and international trade ministry.

Challenges relating to the realization of these goals were also identified and included problems with risk aversion, inflexibility, shortcomings in performance management capacities, and the differences between various employee groups (rotational and non-rotational, Canada Based Staff [CBS] and LES). These challenges are important to take into consideration when analyzing the approach and outcomes of the TA, as they reflect the core of the corporate culture, business practices and organizational behaviours of the department, and the areas in which the TA seeks to change.

¹ http://intranet.dfait-maeci.gc.ca/transformation/assets/office_docs/docs/DFAIT%202020-en.doc.

² http://intranet.dfait-maeci.gc.ca/transformation/assets/pdfs/Transformation_Agenda_Strategic-eng.pdf.

2.2.1 Transformation Objectives, Themes and Projects

The TA framework consists of a vision, 6 themes, and 33 projects. The themes were conceptualized to meet Canada's international priorities, improve services to Canadians and achieve public service renewal and accountability. The 6 key themes and associated projects are as follows:³

1. **Aligning with Government priorities:** aligning the department's organizations and focusing on the delivery of the GoC's foreign and trade policy priorities; greater economic opportunity for Canada, with a focus on growing or emerging markets; the United States (US) and the Hemisphere; and Afghanistan, including the context of neighbouring countries. The TA also seeks to change the way DFAIT operates in order to respond quickly and flexibly to new and emerging priorities as they arise.

Initiatives Undertaken:

- Communications Renewal
- Engaging the field in Transformation
- Integrated corporate business planning (ICBP)

2. **Strengthening our international platform:** strengthening the international platform, bolstering Canadian presence abroad and ensuring that GoC missions overseas are in places that matter most to Canadian interests.

Initiatives Undertaken:

- Rebalance resources between HQ and the field
- Reinvestment in the Foreign Languages Program
- Creation of the Regional Common Services Centres (RCSCs)
- Creation of the IPB
- Representation Abroad TBS submission: Deployments Abroad

3. **Improving services to Canadians:** More than ever before, Canadians live, work, travel and do business abroad. Their engagement with the world depends to a large extent on the consular, passport and trade services that the department provides. Transformation will continue to undertake reforms in each area to deliver services to Canadians in a more timely and cost-effective manner.

³ Four projects previously included in the TA have ongoing implications that are being covered by other projects. These are the Emerging Issues Group; Implementing the Alignment Review and Strategic Review measures and reporting progress to TBS; Reallocation to the International Assistance Envelope (IAE); and the Representation Abroad TBS Submission

Initiatives Undertaken:

- ROs: increasing direct client service across Canada
- PPTC Governance and Streamlining.
- Creation of the CSEM Branch

4. **Focusing on our core business:** The TA seeks to strengthen the department's policy and program activities in areas that are at the core of its mandate: peace and security, trade and investment, international law and human rights. At the same time, it will reduce DFAIT involvement in areas best left to OGDs.

Initiatives Undertaken:

- Creation of the Geographic Group (GeoGroup)
- Creation of the Multilateral Group
- E-Collaboration.
- Simplifying business processes

5. **Strengthening accountability:** Transformation will ensure that DFAIT meets the highest standards of accountability and financial management. Transformation has focused on creating new structures and offices, including a Chief Financial Officer (CFO) and a Centre of Excellence in Program Management (CEPM) to make sure that DFAIT provides the most effective possible stewardship of public funds.

Initiatives Undertaken:

- Carbon Offsetting (suspended)⁴
- Creation of the CFO Branch
- Creation of the Office of the Chief Auditor (OCA)
- Establishment of Governance Structure
- Establishment of the PEWG
- Review of Canada's membership to international organizations

6. **Renewing our human resources (HR):** Public service renewal is a priority for the GoC and for DFAIT. Transformation will step up recruitment of the next generation of talented people to renew the department's workforce, put a premium on training, learning and career development, and make sure that the workforce retains the skills required to compete in today's fast-paced world. DFAIT will also emphasize knowledge of the languages that will count for so much in the 21st century: Chinese, Arabic, Russian, Japanese, Spanish and Portuguese.

⁴ The Carbon Emissions Offsetting project, a two year pilot project under the Strengthen Accountability theme, has been indefinitely suspended as the result of the changes to the NBM which aim to better align DFAIT with GoC priorities, focus on core policy business, and renew our HR (DFAIT Wiki).

Initiatives Undertaken:

- Simplifying HR processes
- Strengthening Management of LES
- Foreign Service Administrative Assistants (FSAA)
- MCO Renewal
- Implementation of the new Foreign Service Directives (FSDs)
- Creation of the Spousal Employment Support Office (SESO) and Telework Policy
- HR renewal: recruitment, retention, training
- PMP

Although the TA is limited to the foregoing elements, Transformation is a pervasive theme across the department. Groups across the department at both HQ and missions are encouraged to implement innovative and transformative projects aligned with the six key themes. Transformation objectives have been communicated through various means. Through the *InnovAction* Working Group, employees play an active role in proposing innovative ideas to contribute to the TA.

Through Transformation, it is envisioned that:

- HQ will be smaller, with fewer layers and more streamlined structures;
- new governance arrangements will be in place to promote horizontal collaboration;
- DFAIT's footprint in Canada's regions and in emerging markets around the world will increase as the Global Commerce Strategy (GCS) is implemented;
- the percentage of DFAIT's resources in the field will be larger with new resources concentrated in emerging markets and priority countries;
- overhead services to support the growth in representation abroad by OGDs and agencies will be delivered in new and innovative ways;
- the ratio of LES to CBS will go up, with LES given more responsibility and more scope for advancement;
- Canadians will benefit from improved service delivery; and
- employees will benefit from new opportunities and an emphasis on training and development.

2.3 Governance

The TA was governed by the Transformation Management Committee (TMC).⁵ The TMC was made up of senior departmental officials and was mandated to provide strategic direction and oversight to DFAIT's TA. Driven by its members' corporate responsibility to lead and advise on decisions needed to advance DFAIT's interests, the TMC's activities included:⁶

- undertaking examinations of relevant issues;
- providing feedback on major initiatives and vetting all major related management initiatives;
- ensuring alignment between DFAIT's priorities, TA strategies/objectives and business priorities;
- approving TA-related DFAIT annual corporate planning and reporting requirements;
- overseeing transparency of processes;
- managing related corporate risks;
- developing and monitoring the implementation of Transformation initiatives.

In addition, the TMC was responsible for forward planning and communication. More specifically, the Committee:

- submits strategic commitments for Executive Council approval and reports on progress achieved;
- monitors and makes decisions on any items from other Transformation-related Committees/Boards to ensure coordination of TA projects;
- provides ongoing updates to Executive Council on the status of TA projects;
- approves audit and evaluation issues raised by the Department Audit Committee and the DEC;
- submits decisions involving funding to the Resources Management Committee (RMC) for review;
- develops and maintains an effective decision-tracking mechanism, including the implementation and monitoring of deliverables; and
- maintains effective horizontal and vertical communications and consultations to fully inform and engage relevant affected interests within DFAIT, OGDs and relevant stakeholders.

⁵ As of April 2011, the Executive Council has taken over the responsibilities of the TMC.

⁶ http://intranet.dfait-maeci.gc.ca/departement/dcd/docs/FINAL_ToR_Transformation_Management_Committee.doc

2.3.1 The Office of Transformation (FXIT)

FXIT was created to guide the department through the TA. FXIT was responsible for ensuring that systems are in place to monitor the delivery of changes and achievement of the goals that have been set for the Department-wide Transformation. More specifically, FXIT was responsible and accountable for:⁷

- overseeing and driving the TA;
- overseeing the Alignment Review and SR1 budget reductions and the Representation Abroad deliverables, which are the main drivers of transformation;
- ensuring that a rhythm of change is maintained;
- tracking and reporting on progress internally and to central agencies; and
- communicating to DFAIT colleagues on progress and how DFAIT is carrying out these changes.

FXIT acted as a Secretariat to the TMC and as such was responsible for reviewing and assembling materials for meetings, advising presenters on the expectations of members, administering processes related to the Executive Council/Committee/Board, preparing meeting summaries, updating the record of decisions, communicating decisions and maintaining the *Forward Agenda*.

FXIT was initially led by a dedicated Head of the Office of Transformation at the Assistant Deputy Minister (ADM) level. However, since July 2009, FXIT has reported to the ADM for Strategic Policy and Planning (PFM). FXIT consists of five officers (two Deputy Heads, one Senior Officer and two Policy Officers). As of Q4 2010/11, the FXIT team consists of eight Full Time Equivalents (FTEs): a Director General (DG), a Director, five Policy Officers, and an Administrative Assistant.

2.4 Reach and Key Stakeholders

The TA is a far reaching initiative that touches on many aspects of the department's work. As such there are various Branches in the department actively engaged in the implementation of the TA.

⁷ http://intranet.dfait-maeci.gc.ca/department/transformation/umbrella_parapluie-en.asp#a16

3.0 EVALUATION OBJECTIVES

The objectives of the evaluation are:

- to evaluate the relevance of the TA by assessing the extent to which it addresses the needs of the department to modernize itself, and is aligned with GoC priorities and with DFAIT's strategic outcomes;
- to evaluate the performance of the TA in achieving its objectives efficiently and economically with its allocated resources;
- to determine whether the current systems, resource allocations, risk management and governance structures were adequate to advance the TA; and
- To derive lessons learned in change management from the TA.

4.0 EVALUATION COMPLEXITY & STRATEGIC LINKAGES

The TA is a complex and comprehensive initiative aimed at transforming DFAIT into a modern 21st century foreign and trade ministry. Various aspects of the TA are being implemented by different stakeholders in the Department. The core of the TA is made up of 33 projects, complemented by 22 NBM initiatives introduced in 2010.

In addition, there are numerous projects that, while not on the list of TA projects, are integral to DFAIT's TA. Some of these initiatives pre-date the TA while others have been developed more recently. Examples include the Political Economic Reporting and Public Affairs (PERPA) Renewal, the Life Sciences Practice (LSP), the GCS, and the Integrative Trade Model (ITM), which contribute significantly to the TA and are aimed at ensuring that the department's policies, programs and operations are strategically aligned with the GoC's key priorities.

Another key initiative with linkages to the TA is the department's *Integrated Human Resources Plan for 2009-2012 (IHR Plan)*, which was undertaken in response to the recommendations of the 2007 Report of the Auditor General (AG) on HR management at DFAIT. The purpose of the *IHR Plan* was to integrate HR planning with business planning at both the operational and strategic levels, and to strengthen the department's overall capacity to forecast what needs to be done on recruitment, promotion, learning, performance management and HR services in order to meet DFAIT's business needs and ensure that its workforce has the skills and mobility to effectively advance Canadian priorities.

The *IHR Plan* identified Transformation as the principal vehicle by which DFAIT will achieve the priorities of the Public Service Renewal Action Plan on Planning, Recruitment, Development and Enabling Infrastructure. Despite the close strategic linkages between the TA and the *IHR Plan*, the evaluation will investigate whether there is a clear delineation in the minds of HR managers between the changes they are implementing and what exactly constitutes the TA. As indicated in the evaluation Terms of Reference (TOR), because the *IHR Plan* first and foremost fulfills an important commitment to the Clerk to deliver an IHR Plan as part of Public Service Renewal and build DFAIT's people management capacity as part of the Public Service-wide shift to full DM accountability for HR management, it cannot be viewed as driven solely by the TA.

Some of these programs have recently been evaluated by ZIE (e.g., PERPA Renewal and the LSP). A meta-analysis of these evaluations and their findings was undertaken to identify key linkages with the TA (see the description in the methodology Section 6.4).

5.0 PRINCIPLES OF SUCCESSFUL ORGANIZATIONAL CHANGE

The last few decades have witnessed a trend among large organizations in both the public and private sectors to attempt to fundamentally change the way their business is conducted in order to help cope with a new, fast changing and more challenging market environment. In the public sector, the need for organizational change derived from the changing roles of governments in the modern world amidst frequent failures to address outstanding problems and increased public apathy.

Governments needed to tailor their institutions to attract the best HR, foster economic, human and social development and become more responsive, accountable, efficient, effective and results-driven. The desired change required a new model of governance that decentralized management authority, empowered staff at all levels and focused on the delivery of services to citizens. It also envisioned the creation of coherent organizational visions and missions, the improvement of public finance management and reporting, the strengthening of accountability and the fostering of a healthy and innovative workforce. Strategic change in government organizations required the transplantation of some aspects of the business world into the public sector

The success of organizational change efforts has been checkered at best, as meaningful transformation is a difficult process that is prone to failure and reversal and requires persistent effort and leadership by key stakeholders over a timespan of years, not months. A body of literature has developed from the study and experience of organizational change efforts over the last few decades. FXIT relied heavily on the work on the 8-Step Change Model developed by Dr. John Kotter⁸ in designing the TA and implementation approach. The following principles of successful organizational change represent a consolidation of change management principles taken from the literature, including several of those espoused by Dr. Kotter.

Principle 1: Formulate a clear, coherent, realistic and measurable vision

A vision of organizational change must clarify the direction in which an organization needs to move. It should be coherent and understandable enough that it can be communicated to an employee in five minutes or less and remind them why they are being asked to do something. Without such a vision, the organizational change effort can dissolve into an incoherent list of projects, initiatives and directives that appear unrelated to the desired outcome. Furthermore, the vision must be backed by an objective rationale for change and take into consideration the risks and costs of

⁸ John P. Kotter. "Leading Change: Why Transformation Efforts Fail." *Harvard Business Review* (March/April 1995)

achieving the vision. An explanation of the gap between the current state of the organization and the desired state must be clearly identified.

Principle 2: Senior management must actively support the change

A powerful coalition - in terms of titles, expertise, reputations and relationships - must come together to champion the change effort, with a clear understanding of the best interests of the organization as a whole. There will undoubtedly be opposition, so transformative change has to take place using both formal and informal channels and protocols. To kick start the change effort, the coalition should create a sense of urgency to demonstrate why “business as usual” is no longer acceptable. The sense of urgency must not be alarmist as to make employees put up their defenses, but must be honest and stark to raise the profile of change and make evident the need for change.

Principle 3: Employees must feel empowered to own the process of change

The leadership of senior management must not be interpreted as imposing change on employees. Opportunities for consultation, engagement, dialogue and bottom-up initiatives should be planned and encouraged. The benefits of participation in the change by staff at all levels should be clearly demonstrated. The change effort requires a cultural change that fosters and sustains a spirit of innovation, empowerment and constant improvement. Activity outside of formal channels and protocols should be encouraged.

Principle 4: Communicate the change effort constantly and through multiple outlets

Transformation is impossible unless hundreds or thousands are willing to contribute. The change effort should therefore be communicated to staff frequently and through as many channels as possible. Furthermore, the change vision must be embedded into everything that managers do and they should explain how day-to-day activities contribute to the change vision’s goals. In this way, awareness and understanding of the transformation is enhanced and reinforced, while management is seen to be exemplifying the vision of the change renewal, thereby increasing support for and confidence in the vision.

Principle 5: Demonstrate short-term successes of the change effort

Success breeds success. Tangible short-term targets should be actively set, achieved and communicated in order to demonstrate that the change effort is working. Organizational change is a process that takes years, not months, and requires sustained guidance and effort. “Short-term wins” serve the manifold purpose of boosting the credibility of the change process, motivating employees to continue their efforts and

fostering a culture of perpetual innovation and improvement in the organization. Short-term wins also provide a means of reviewing the change effort to identify best practices and areas for improvement. On the other hand, management must be careful not to confuse the short-term win with the overall accomplishment of the change vision. A sense of urgency must be maintained.

Principle 6: Anchor changes in the organization's culture

As Dr. Kotter states, "change sticks when it becomes 'the way we do things around here.'"⁹ Avoiding all of the errors and obstacles to successful organizational change is itself an accomplishment, but maintaining the cultural change and preventing its reversal is just as difficult. An active attempt by management should be made to clearly demonstrate how the new approaches, behaviours and attitudes have helped improve performance. Furthermore, time and effort must be taken to ensure that incoming managers and employees personify and sustain the new culture. Where possible, the new approaches and processes should be institutionalized.

Principle 7: Provide a useful feedback and monitoring system

Careful planning of an organizational change effort should ensure that the vision is clear and the results measurable. It should also take into account that results may not be visible for two to five years and a cultural change may not be visible for as many as ten years. The change effort must therefore include mechanisms for getting feedback from employees and managers, refining the initiatives and projects of the transformation, and measuring and reporting results. Just because the change program's activities are implemented does not mean that the desired change will be forthcoming. Progress must therefore be measurable and monitored throughout the process.

⁹ Ibid at p. 67

6.0 EVALUATION APPROACH & METHODOLOGY

6.1 Approach

In response to TBS's requirements to provide evidence for project progress towards established goals and milestones, the evaluation assesses the relevance and performance of the current systems and practices in place to achieve expected outcomes. Relevance issues speak to the responsiveness of an initiative to a demonstrable need, its alignment with government priorities, and its consistency with DFAIT roles and responsibilities. The performance issues address the efficiency and economy achieved as a result of the implementation of the TA.

Although most the 33 projects launched under the TA were, at the time the evaluation was conducted, completed or close to completion, the evaluation has focussed attention on the structures and processes put in place to effect transformation. While the TA is being managed as an agenda, change in DFAIT is a constant process. Accordingly, this evaluation is not only intended to respond to TBS reporting requirements, but also to provide some insight to the department about the change process itself.

The 33 TA projects/initiatives are thought to cumulatively achieve the end vision of transforming the department into a modern 21st century foreign ministry. In order to assess the impact at this stage of the implementation, the evaluation examined how various initiatives are strategically linked to each other and collectively support the TA's objectives.

Given the broader expected outcomes and the challenges facing the TA process, this evaluation focused on the 6 key themes that the department has pursued since the launch of the initiative.¹⁰ This thematic approach allowed for a comprehensive review of the results achieved in all aspects of the TA. It also follows the method used by FXIT of asking project owners to report on progress. Further, the evaluation examined how the projects/initiatives constituting the TA actually fit into these 6 themes.

The TA is a highly decentralized model in which: a) the capacity and resources dedicated to its various projects vary, and b) resources were not, per se, explicitly allocated towards implementing it. Instead, the implementation of TA projects was assigned to Line Managers who were charged with determining where to make adjustments to their operations. For this reason, assessing resource allocation and following the trail of money proved to be a challenge.

¹⁰ Other options were considered such as reporting on the articulation of the vision of the TA and the principles of organizational change (e.g., Kotter). These options, however, were later ruled out as they did not speak directly to how the TA was designed and implemented.

The TA, however, was never intended to be a cost saving exercise. Its implementation was not about giving more money to or taking money from projects or about allocating dollars to produce results, but is instead about a culture change and changing the way the department operates to produce results. As such, the evaluation focused on how the TA has impacted on the culture of the department and particularly on encouraging innovation.

Of importance in understanding this evaluation is the change that occurred in April 2010 when the NBM Program was introduced. While the NBM was designed to build on many of the initiatives launched under the TA, the NBM, unlike the TA, did engender resource reductions and reallocations to support the department's ability to operate within its appropriations while continuing to deliver on GoC priorities and core services. Though the NBM was considered to be part of the overall TA, it was decided on the basis of advice given by the EAC that an examination of the relevance and performance of the 22 NBM projects was outside the scope of this evaluation.¹¹ However, the links and interfaces between the NBM and the TA were examined.

6.2 Document, Literature & Database Review

Over 400 documents/reports were reviewed and analyzed to support this evaluation. These documents included: descriptive and analytical reports; governance documents, communication plans and tools; procedures; legislative documents; business plans; memos; briefing notes; minutes of meetings; databases; relevant wikis and comparative studies. More specifically, the evaluators examined the following:

- Transformation audit and SR1 Implementation
- 2008 recruitment drive
- DFAIT 20/20 Document
- *Transformation@ Missions* wiki and Mission Activity Handbook
- Report from the Conference on the future of Foreign Ministries, June 3-4, 2009
- Report on the Head of Mission (HOM) meeting in Europe
- Communication Strategy and Engagement Strategy documents
- SR1 reinvestment proposals
- TA Strategic Alignment documents
- TBS submissions
- Mission Planning and Reporting (MPR) documents
- Meeting minutes of the TMC, Executive Council, Missions Board and other relevant corporate committees

¹¹ The TA Evaluation Advisory Committee (EAC) meeting notes February 2010.

- TA outcome mapping reports
- Management Accountability Framework (MAF) reports

Financial documents were also sought to determine the efficiency and economy with which resources have been utilized. Given the decentralized nature of the TA and considering that funding to implement TA initiatives was drawn from "owners" base funding, the evaluators approached each initiative owner to provide information on the funds allocated to the TA and how the resources were used.

6.3 Selection of Transformation Projects

Purposeful sampling was used to select the projects for review. ZIE, after consultation with FXIT, decided to disregard projects that required no further action or did not represent lasting Transformational effects after their one-time implementation. This includes TB submissions and pilot projects that were suspended such as the Carbon Offsetting project. For instance, one of the projects under the theme "Strengthening our International Platform" required a DFAIT submission to TBS in order to access funding for enhancing Representation Abroad. The submission was approved in January 2010 and funding was accessed in Supplementary Estimates and included in DFAIT reference levels for future years. Similarly, in summer 2010, the TBS approved the costing and governance models for normalization of administration and common services at ROs.

6.4 Meta-Analysis

ZIE has undertaken a number of evaluations of several programs and initiatives that are considered transformational and were once under the TA umbrella. For example, ZIE has completed an evaluation of the PERPA Renewal, the governance of CSA, and the Life Science Sector Strategy. In addition, several mission inspections have been recently conducted that assessed the implementation of the TA at overseas posts. A meta-analysis of these evaluations and selected mission inspections was conducted for this evaluation and results were incorporated in the report where appropriate. This has included a review of evaluation and mission reports and conducting interviews with Evaluation Managers, Missions Inspectors and Auditors to solicit their views on the links between these programs and the TA.

6.5 In-Person & Telephone Interviews

Interviews were undertaken with key stakeholders and drivers of the TA to see how various members of the DFAIT community both conceive of and are acting upon the TA. In-person and telephone interviews were conducted by ZIE between December 2010 and May 2011. Over 50 interviews were conducted with:

January 2012

- TA project leads;
- Members of the TMC;
- Senior department officials;
- FXIT management and staff;
- Transformation regional Champions and TA champions at selected missions; and
- Sherpas of *InnovAction* clusters.

Interviews were conducted in the interviewees' Official Language of choice and were approximately 45 to 60 minutes in length. All interviewees were sent the finalized interview guide and Work Plan in advance of their scheduled interview to ensure that they were well informed about the purpose and scope of the evaluation.

In addition, the evaluation team conducted a field visit to Canada's embassy in Oslo, Norway. Oslo was selected as an example of an active mission in Transformation. The visit and interviews with HOMs, CBS and LES provided insight into the TA from the perspective of missions and what impact the TA had on them. The visit also allowed the evaluation team to gain a better understanding of the role of the Canadian International Centre for the Arctic Region (CICAR) as an example of how the new Regional Policy Centre (RPCs) created overseas policy networks and enhanced the role of missions in policy development.

6.6 Focus Groups

Focus group discussions were utilized to generate a more in-depth and interactive conversation about the TA and gauge the opinions and concerns of DFAIT employees and stakeholders. A focus group composed of Sherpas and selected members of the *InnovAction* clusters (5 participants) was convened to generate a more in-depth and interactive conversation about the role of *InnovAction* in Transformation, the engagement of employees, and the contribution of *InnovAction* ideas to TA themes and objectives. *InnovAction* is part of the TA and is one of the instruments of the engagement strategy that is used to empower employees to be agents of change and innovation and to bring new ideas to senior management. Another focus group was organized with staff at the Canada's Embassy in Oslo (5 participants) which focussed on discussing their role in Transformation, the engagement of employees and how ideas contribute to the TA's themes.

6.7 International Comparison

As remarked earlier, ZIE undertook a comparative analysis of the TA at DFAIT with change initiatives being undertaken in the foreign ministries of other countries. Foreign ministries for comparison included those of France, Germany, Italy, the Netherlands, New Zealand, Sweden, the United Kingdom (UK), and the US. Like Canada, they are all

liberal-democratic nations seeking to increase their influence in diplomacy and international relations; they are confronted with an ongoing process of adaptation to an unpredictable, volatile, rapidly changing and increasingly complex international environment; they face significant and increasing financial and human resource constraints in an era of fiscal restraint; they recognize that foreign relations is practiced by an increasingly diverse set of stakeholders (private sector, non-governmental organizations (NGOs), OGDs, individuals); and they were identified by FXIT as exemplary foreign ministries known for their flexibility and adaptive capacity that are undergoing change initiatives similar to those at DFAIT. The comparative analysis built on a draft comparative report prepared by FXIT.¹²

6.8 Review of Organizational Change Literature

ZIE conducted a literature review of change management, the Reinventing Government movement, and organizational change theory in order to identify an authoritative set of principles of successful organizational change. The literature review synthesized different perspectives and theories of organizational change and analyzed the best practices and lessons learned of successful and unsuccessful transformative change initiatives in both private-sector and government organizations. The literature review was used as a guide and benchmark against which to measure the TA's adherence to organizational change principles.

6.9 Data Analysis

All data collected was analyzed using content analysis techniques. Themes were empirically identified and then verified through a process of triangulation and quality check. The evaluation reviewed all available documents such as communications, broadcasts, TBS submissions, and MPR documents to identify the rationale behind initiatives, activities undertaken and results achieved.

Interview notes were transcribed and then categorized by themes. This involves searching for types, sequences, processes, and patterns with the aim to assemble or reconstruct the data in a meaningful or comprehensible way. The data was then triangulated with evidence collected from document review to ensure the validity of findings. The evidence collected was then used to answer the evaluation questions.

¹² DFAIT, Change Initiatives in Ministries of Foreign Affairs and Trade, Draft – September 2010

7.0 LIMITATIONS TO METHODOLOGY

In order to ensure a systematic evidence-based data collection and analysis process, a mixed-methods approach was initially envisioned for this evaluation that collected data from various sources using quantitative and qualitative methods. However, several factors have posed considerable limitations on the methodology.

- The initial Work Plan intended to distribute a survey to a random stratified sample of missions to assess how profoundly Transformation has taken hold at missions, which Transformative initiatives have been developed, implemented or graduated at missions, and how the missions and ROs have aligned their operations with the TA's 6 themes. The survey was intended to cover 30% of missions representing all geographic regions and approximately 50% of overseas employees, and oversee 50% of all ongoing TA projects at missions. However, due to resource constraints within ZIE and to avoid overburdening the missions with requests for information, the evaluation team decided to abandon the survey portion of the methodology. Evaluation of the TA at missions was therefore based on interviews, document review and analysis of Transformation projects as reported in MPR documents and on the Wiki. In-depth face-to-face interviews were conducted at the embassy in Oslo, Norway.
- Following up on the allocation of financial resources or mapping out the financial data related to the TA projects/initiatives proved to be difficult. Since financial data was for the most part unavailable to the evaluators, the owners of all TA initiatives were asked to provide information on the funds allocated to the TA and how the resources were being used. The data was not readily available and ZIE access to financial data was limited to a few TBS submissions for specific initiatives, update reports on SR1 implementation and the rebalancing of 400 positions between HQ and posts (SR-400) allocation and spending. The dearth of financial data on TA projects/initiatives prevented the evaluators from mapping out the financial situation of all of the TA initiatives. The evaluation therefore came to rely almost solely on qualitative evidence provided by key informants.
- The TA did not have a logic model, a performance management strategy or measurement indicators that can be used to monitor progress and results. So the thematic structure became the de facto framework under which the Agenda had to be evaluated.
- As senior managers were asked to incorporate the achievement of TA objectives into their Performance Management Agreements (PMA), the PMA constituted an important document to highlight the commitments made and achievements as they relate to various bureaus and branches in the department. Given the confidentiality of the information in the PMAs and the degree of discomfort of

sharing them with the evaluators, a decision was made not to use them a source of data.

- As the evaluation was conducted at the same time as the department was undertaking an assessment of its relationship with OGDs, a decision was made to forego interviewing OGDs. Findings of this assessment will complement the findings of this evaluation.

Finally, the evaluation was limited to obtaining largely opinion-based evidence from key informants. Because it is based on key informants' opinion, some of the responses are general or reflecting on a specific case or experience. All efforts were made to clarify and validate the information gathered.

8.0 EVALUATION FINDINGS

The following section presents the evaluation findings under the evaluation issues of relevance and performance.

8.1 Relevance Issue 1: Responsiveness to a demonstrable need

Finding 1: The TA has been responsive to well defined and articulated departmental needs. The identification of themes and selection of projects was the result of an examination of all functions of the department and comprehensive consultations with stakeholders.

Several factors played a major role in the introduction of the TA. In summer 2007, the DM initiated an examination of departmental resources and whether they are allocated appropriately to address the complex issues and questions that are relevant in the 21st century.¹³ This SR1 and alignment exercise, which took place in the winter and spring of 2007, reflected an overall preoccupation that departmental activities need to be better aligned with government priorities.

This happened against the backdrop of the reintegration of the foreign affairs and international trade portfolios into one ministry and the challenges that this reintegration entailed, such as the relevance of DFAIT, the quality of its advice to the whole-of-government agenda, and ensuring the reintegrated department was aligned with government priorities.¹⁴ There was also a sense that the department had been “hollowed out” around its partners, with OGDs taking on increasingly international responsibilities that had traditionally been within the purview of DFAIT.

DFAIT was facing, and continues to face, challenges similar to those of other foreign ministries worldwide, such as accelerating globalization, increasing involvement of domestic and sub-national entities in international affairs and growing demands for quality services that meet the expectations of the public. These challenges are particularly relevant to Canada, as a country with an extremely diverse population and a significant proportion of citizens traveling and working abroad. This latter characteristic was particularly emphasized in view of the increasing number of crises and emergency situations overseas that require a response from the department. The Canadian public demanded better consular services, and together with the issue of emergency management and the gaps in government-wide coordination in responding to crisis

¹³ The examination and alignment efforts were made at the request of the Clerk of the Privy Council and preceded SR1.

¹⁴ It also called for measures to avoid the issues that frustrated the relations in the past and led to the separation.

situations, senior management concluded that it was time to undertake fundamental changes.

The SR1 was seen as an opportunity to transform the department and position it for the future – to create a department that is nimble, efficient, flexible and non-hierarchical. Under SR1, DFAIT was asked to review its programs (program and statutory spending) with the view to reallocating Canadian (C) \$578 million (M) over five years. Everything fell within the scope of the review including non-discretionary items like PPTC revenues, import permit systems, and assessed Gs&Cs.

The SR1 process was led by a Steering Committee composed of senior management. The methodology to conduct the SR1 was driven by identifying efficiencies and savings and then making the business case for getting the money back from the TBS (i.e., demonstrating that the funds are being reallocated to priority areas). To this end, all branches were asked to undertake a thorough review of their operations and identify their “top 5 and 10 percent” and “bottom 5 and 10 percent” priorities that were available for reallocation. Furthermore, a number of cross-functional working groups were established to provide a horizontal challenge function and validate proposed reallocations. The following working groups reviewed cross-functional issues:

- Next Generation Issues group looked at what kind of structural or other changes to the nature of the work and the work environment will render DFAIT an attractive employer for the next generation (e.g., as one of the top 50 or 100 places to work). The group came up with creative ideas such as more dynamic use of computers and e-communications.
- Overseas Platform group looked at the overseas platform and examined transformative ideas to change the business model and reengineer business processes. Benchmarking with other foreign services was utilized to provide important input to how the overseas footprint could be rationalized.
- Programs group looked at rationalizing the administration of programs to enhance efficiency and effectiveness.
- Partnerships group focused on the largest and most important partnerships to identify success factors that can be applied to other partnerships.
- HQ Core Services group used benchmarking with other foreign ministries to examine ratios between HQ and missions and functional and geographic breakdowns to model and explain the current HQ footprint and identify potential opportunities for rationalization.
- Client Services group looked at better and simpler ways of delivering our core client services.

The department was grappling with many issues such as the appropriate size for HQ, the department's presence abroad and geographic balance; the need to be more present throughout international and cross-Canadian markets; and the need to improve accountability and strengthen financial and risk management capacities. These analyses led to exploring means to reduce overhead at HQ, achieving more presence in the field, devolving authorities to missions, determining the priority places to have a presence abroad (such as emerging markets) and strengthening the ROs.

Senior management indicated that they were interested in a non-traditional way for resource reallocation - the traditional way being to cut across the board and share and reallocate equally. This led to the establishment of two committees: the Missions Board to look at changes abroad and the TMC to look at Transformation at HQ. The committees were instructed to conduct this reallocation exercise through a corporate lens and were empowered to determine where the mission network abroad could be cut, streamlined, or reengineered to add value to Canada's international priorities.

The process involved the participation of HOMs and consultations with partner departments on the platform. In terms of analysis, the department commissioned a SR capacity assessment which entailed a review of each of the key activities of the Department and benchmarking with other foreign ministries and OGDs. The assessment found that DFAIT staff levels are low in policy, diplomacy, international commerce and consular services, but high in internal services. The latter was noted as a reflection of the whole-of-government delivery approach of the department.¹⁵ The assessment also found that the proportion of CBS at HQ is higher than that of other countries. The report proposes a targeted approach for achieving savings and reallocation. The report remarked that "the proportion of country based staff at HQ in Canada (40%) is higher than that of the UK, France and Germany (27% - 28%)."

The SR1 was guided by a number of key principles articulated in DFAIT 2020 and other planning documents¹⁶: the imperative of better aligning departmental priorities with those of the GoC; the need to strengthen the overseas platform, including increasing DFAIT's presence abroad; the necessity to focus DFAIT on its core business and rationalize its operations; the need to improve departmental accountability; and the need to enhance capacity to respond to future needs. For each of the principles a concept paper was prepared from both the HQ and missions point of view. These key principles provided the framework for identifying the lowest 5% priorities for reallocation and grouping the reallocation proposals.

¹⁵ Kelly Sears Consulting Group. "Advice to the Minister Related to the Strategic Review: Foreign Affairs and International Trade: Capacity Assessment." (November 12, 2007).

¹⁶ DFAIT. DFAIT 2020. Serving Canadians and Engaging the World. Ottawa.

Out of these principles, the TA's 6 themes were conceptualized and mapped against the outcomes of SR1. The 6 themes were developed by a small group of senior managers under the leadership of the former DM. In this sense, it was a more top-down process. However, evidence and interviews demonstrate that many people throughout the department were involved in the preparation of the SR1 and in follow-up steps leading to the announcement of the TA.

Key issues that affected the design of the TA were:

- Policy capacity of the department and its relevance.
- Gaps in the ability to manage and deliver programs.
- Consular ability to respond to emergencies and provide services to Canadians.
- HR (in response to demographic changes), notably how to better handle workforce composition (rotational vs. non-rotational) and how to track positions abroad.
- The increase in the participation of OGDs in international affairs (known as the "inter-mestic" phenomenon).
- DFAIT's unique mandate to manage the GoC's network of missions and our representation abroad.

The design of the TA therefore consisted of the content of the SR1 initiatives that were considered resource-neutral (such as renewing HR), and the new allocations for strengthening our representation abroad. Consultations within and outside the department were undertaken, including missions.

In all, the TA culminated in a set of themes and projects which addressed the five outcomes and challenges identified in the TA inception, namely:

- establishing policy and program excellence;
- improving HQ-field relations;
- cutting red tape;
- increasing focus on client services; and
- changing corporate culture to reflect the needs of a modern foreign and international trade ministry.

Finding 2: In designing the TA, an effort was made to study change initiatives occurring in other foreign and trade ministries, as well as OGDs in Canada.

In the designing the TA the department conducted an international comparison of foreign and trade ministries in like-minded countries, including Germany, France, the

UK, Australia, the US, and Scandinavian countries. DFAIT's Policy Planning Division (POL) compared DFAIT HR levels with those of other foreign and trade ministries, and a consulting firm¹⁷ was hired to conduct a capacity assessment used to advise senior management on SR1. Many of the findings and recommendations that came out of this exercise became TA projects, but interviewees indicated that some of the change initiatives identified had already been envisioned or were already underway. The TA thus became the umbrella under which all of the initiatives could be classified and communicated.

POL developed a report called "Apples to Apples... Apples to Oranges: Comparing DFAIT Human Resource Levels with other Foreign and Trade Ministries". The report compared the number of staff at HQ, domestic resources based outside of HQ, overseas staff hired from HQ, LES, and staff hired by OGDs but serviced by foreign and trade ministries, in the foreign and trade ministries of Canada, France, Germany, the UK and Australia. It identified the features of Canada that make DFAIT's HR processes and international priorities unique, as well as differences between countries in the ratio of employees in the field and HQ serving trade policy, foreign policy, internal services, consular, political and cultural promotion functions.

The overall conclusion from the benchmarking with other foreign ministries was that DFAIT staff levels were somewhat low in policy and diplomacy, considerably lower in international commerce and consular affairs, and higher in internal services. The capacity assessment also found that the proportion of country-based staff at DFAIT HQ was significantly higher than that of the UK, France and Germany, yet slightly lower than that of Australia. The capacity assessment also used 13 OGDs in Canada of equivalent size to DFAIT as benchmarks. It indicated that DFAIT's allocation of HR to internal services is generally high in comparison with both Canadian OGDs and other foreign ministries. It was noted, however, that this greater proportion of HR to internal services is due to Canada's whole-of-government delivery approach.

Although the capacity assessment did not propose across-the-board reductions, it did advocate reductions in specific areas. The benchmarking with OGDs and other like-minded foreign and trade ministries led to recommendations that closely resemble the themes and projects of the TA, including:

- alignment of policy activities with government priorities;
- transfer of policy activities and leads to OGDs to focus on core business;
- establishment of an appropriate balance between policy and multilateral/bilateral relations;

¹⁷ Kelly Sears Consulting Group. "Advice to the Minister Related to the Strategic Review: Foreign Affairs and International Trade: Capacity Assessment." (November 12, 2007).

- a re-examination of the Geographic bureau and the pros and cons of policy versus geographic lead;
- realignment of resources between HQ and the field;
- establishment of shared services for missions abroad;
- creation of a separate organization to deliver common services abroad;
- centralization of common services into regional hubs;
- reduction of relatively high internal services, such as HR management, information management (IM)/technology and facilities/asset management;
- exploration of new opportunities and models for delivering foreign affairs and international commerce activities;
- exploration of new models of service delivery;
- review of membership in international organizations;
- improvement of consular services;
- improved HR management, specifically streamlining of the FSDs, strengthened HR management for LES, and more in-depth analysis of HR activities;
- improved financial management; and
- enhancement of e-communications activities.

This summary of the main themes of the capacity assessment shows that the best practices of OGDs and like-minded foreign ministries were used as benchmarks that informed the design of the TA. However, interviewees have indicated that some of the changes identified in the international comparison and the capacity assessment were already identified or envisioned by DFAIT, such as the creation of the International Platform Branch (IPB) and the CFO Branch.

One of the most difficult decisions for reengineering the department that was informed by the international comparison was on how to organize the GeoGroup. An analysis of the pros and cons of devoting resources to policy areas (a product focus) versus bilateral/multilateral relations (a stakeholder/geographic focus) was conducted, as recommended by the international comparisons. The most relevant model was the Scandinavian, in which Geographics is one large group with no geographical distinction between policy groups. This presented a novel way to deal with horizontal issues and was instructive in the design and creation of the Geographic and Multilateral Groups at DFAIT.

International comparison with other countries, notably the Foreign & Commonwealth Office in the UK and the State Department in the US, where major change initiatives designed to consolidate functions, develop regional policy capacity, and redesign governance structures, suggested that DFAIT should take a similar approach, despite the very different characteristics and operating environments between these countries.

Of note for the future is that while DFAIT did a good job at exploring the experience of other OGDs and like-minded foreign ministries, it did not codify this work into metrics that it could use to monitor implementation. Identifying reasonable metrics to monitor change is always a challenge, and by not doing this at the start of the TA an opportunity was lost.

Finding 3: The grouping of a large number of change initiatives under the TA umbrella and the changes in the content of the TA led to a degree of misunderstanding in the department of the definition, scope and objectives of the TA.

The TA was conceived to perform a catalytic role and build the foundation for institutional renewal. At the launch of the TA there were 25 projects identified. The selection of projects under the TA was largely the result of how best they could contribute to achieving the objectives of SR1.

As the TA was being implemented more projects were added. In 2009, the TA had 33 projects/initiatives. Some key informants indicated that some of the initiatives would have taken place anyway as they had already been identified as priorities (such as HR renewal, which was identified as a result of the 2007 AG report, and the creation of the CFO Branch, which was a requirement under the *Federal Accountability Act* [FAA]). Most interviewees argued that the inclusion of these projects was prudent and provided the corporate support needed to achieve intended changes.

28 of the 33 projects were grouped under the 6 themes that were derived from the SR1, DFAIT 2020 and other planning documents. Projects had to be accepted by the TMC and then added to the TA. Some TA projects arguably overlap between themes or contribute to more than one theme. For example, the creation of the RCSCs was grouped under “Theme #2: Strengthening our International Platform”, but could also be considered to be helping the Department align with GoC priorities and focusing on core business (Themes 1 and 4).

The grouping of projects under themes thus served as a convenient way of organizing the transformative change process, aligning with SR1 and other planning documents, and setting measurable objectives for moving the TA forward. Some interviewees indicated that certain ADMs or other senior officials were particularly proactive in pushing for activities and initiatives to be added to the TA. Examples include the inclusion of the creation of the Multilateral Group (under Theme #4: Focusing on Core Businesses) and the FSAA under the HR renewal (Theme #6: Renewing our human resources).

The department also had to decide on how to roll identified TA projects into a coherent and communicable initiative. Several models were considered, ranging from creating a

large office with a centralized mandate to a catalytic small communication and engagement team. The latter option was chosen. FXIT was created to support the TA and projects were implemented in a decentralized model. Accountability and performance reporting and measurement were delegated to project leads.

When the TA communications strategy was designed, the idea was to demonstrate and reinforce the view that the department is undergoing an accelerated process of change and that the architecture to facilitate that change was being put in place. Therefore, other transformative projects, ranging from the PERPA Renewal and the LSP to the GCS and the Integrated Trade Model (ITM), were initially included under the TA umbrella. For example, in a communication document dated December 2009, the ITM, Canada's engagement in Afghanistan, the North Asia performance management framework, and the Gym at 111 Sussex were all identified as TA projects.

The grouping of this vast range of change initiatives under a single TA umbrella and the inconsistency in communicating the contents of the TA led to a degree of misunderstanding over exactly what the TA was, what projects constitute the TA, and how the various change initiatives were relevant to updating and realigning the department's priorities. This was recognized by FXIT and the TMC. In later communications and documents about the TA, the idea of the TA umbrella was downplayed. The PERPA Renewal, LSP, GCS and ITM for example, came to be explicitly identified as separate from the TA.

Interviewees generally indicated two reasons for this move away from the TA umbrella to the specific identification of 33 projects. The first was attributable to the issue of accountability. Because of their decentralized nature, reporting, performance measurement, accountability and financial requirements of TA projects were much different from other change initiatives that were undertaken by an identifiable group in the department, such as the PERPA Renewal. The TA delegated reporting and financial responsibilities to line managers. The second reason for the shift to the explicit identification of 33 projects had to do with the small size of the FXIT team. The stage of implementation and the vast number of stakeholders involved in other change initiatives made it too difficult for FXIT to monitor, drive and follow up on the implementation of all of them. This issue underscores the necessity of a coordinated and robust management control system for a change initiative the size of the TA.

Although there was some direction in the process of defining the TA and selecting projects for inclusion, the evaluators found no evidence of the development and application of criteria for determining which change initiatives and projects would fall under the TA umbrella. As mentioned above, SR1, the decentralized nature and management of the TA and the discretion of individual ADMs were all factors in articulating the scope of the TA. But the lack of a systematic and universal procedure for choosing TA projects led to a degree of misunderstanding in the department as to which

projects were Transformative and which were not. This misunderstanding was exacerbated by the simultaneous introduction and implementation of other change initiatives at DFAIT.

Finding 4: The NBM builds on and complements the TA. However, it was at times challenging to reconcile the NBM's focus on urgent short-term financial imperatives with the TA's long-term vision of change.

The NBM was introduced as a key component of the TA and aimed to identify new ways of doing business more effectively, focus on core responsibilities and further modernize the department's operations at home and abroad.

A central element of the TA was the rebalancing of resources between HQ and the field (SR-400). During the discussion to identify the 400 positions that were to be created at missions and (later on in ROs),¹⁸ it became clear that branches had difficulty agreeing on the rebalancing of resources and making long term decisions about the composition of the network of missions abroad. To move past this impasse, an agreement was reached to focus on the first two years of the rebalancing for the time being and notionally set determined targets for each bureau (based on the size of the bureau). This approach led to an agreement on the identification of 205 positions to be moved abroad in the first two years (2008-2010).¹⁹

In spring 2009, the department experienced major financial difficulties. The Deputies tasked Strategic Policy and Planning (PFM) to find a solution. Not only would senior management have to identify the remaining SR-400 related HQ cuts, but they would also have to address the financial pressures facing the department. It was therefore half-way through the implementation of SR1 that questions were raised about the TA projects and the ensuing level of efficiencies and effectiveness. The NBM was subsequently conceived to find approximately C \$30M savings, C \$20M of which was needed to finish SR1 initiatives and the SR-400. The identification of savings thus facilitated the advancement of SR-400 while allowing TA projects to move forward simultaneously.

Because of the financial pressures facing the department at the time, the 22 NBM initiatives were designed in an atmosphere of urgency—conceived of quickly and without the benefit of analysis of long-term impacts. Some of the NBM's cost-saving measures were described by interlocutors as the “picking of low-hanging fruit.” For

¹⁸ At the beginning of the TA, the department lacked the framework to add positions to ROs as part of the strengthening of our network abroad.

¹⁹ Tranche one (2008-10) created 90 positions (61 CBS and 29 LES) and tranche 2 (2010-11) created 116 positions (45 CBS and 71 LES).

example, an arbitrary C \$1M was cut from travel expenses, while artwork at HQ and missions was sold in order to generate fast and easy revenue.

This need for urgency and the resultant implementation of reactive NBM initiatives to short-term imperatives are not necessarily ideal for transforming the department and creating the modern organization envisioned by the TA. There is also the risk that the NBM could have made cuts/reductions without creating improvements in efficiency and effectiveness of operations. For example, one NBM initiative entailed selling residences in some countries to cut costs and find quick cash. From a longer-term perspective, however, this real estate could have been viewed as an investment that would produce benefits in the future. Achieving long-term financial sustainability and promoting sound financial and human resource management are key elements of the TA. The NBM's objectives of regaining financial control and ensuring short-term financial sustainability need to be reconciled with the TA's long-term vision of modernization, financial sustainability and sound financial and HR management.

8.2 Relevance Issue 2: Alignment with Government Priorities

Finding 5: Many of the TA's individual projects, as well as the TA as a whole, enabled the alignment of departmental activities with GoC priorities. As a result, departmental priorities are now better aligned with those of the GoC.

The TA's first theme is the alignment of the department's organizations and the delivery of foreign and trade policy priorities with the priorities of the GoC. This is defined as shifting people and resources to priority files and restructuring the way the Department works and collaborates with partners. It also means aligning departmental policy and program priorities with those of the GoC.

To do this, the department needs to be sufficiently flexible to be able to quickly respond to and deliver on the international priorities of the GoC. The key for DFAIT is to position itself as a Department that not only responds by aligning its own activities with broader Government priorities (vertical alignment), but also leads the alignment of the Government's broader international agenda across departments (horizontal alignment).

In the initial stages of the TA, the department focused on the ITM, Canada's engagement in Afghanistan and managing international events such as the 2010 G8/G20 Summits and the Vancouver Olympics. The department now defines its priorities as greater economic opportunity for Canada and Canadians, with a focus on emerging markets; the US and the Hemisphere; and engagement in Afghanistan. The TA itself constitutes the department's fourth main priority. Fundamentally, the TA has enabled the department to take a more strategic approach to aligning resources with priorities.

The TA has thus far provided an opportunity to move positions to overseas missions and ROs in order to ensure that Canada has the right people in the right places serving Canadians and making a difference in the world. The engagement of missions in the TA has enhanced communications among missions and between missions and HQ, providing a more inclusive link between the centres of power in Ottawa and Canadians advancing national interests overseas. The creation of the RPCs in Oslo, Panama, Lima and Jakarta has transferred important expertise and policy capacity to priority regions, ensuring that core Canadian interests and priorities are represented and communicated to international partners.

To demonstrate the role of these policy networks, Canada has, through CICAR, led in the recent development of an Arctic Council (AC) Communications Strategy and the development of criteria for AC observer status for non-Arctic nations. Further, CICAR in collaboration with other partners has been successful in cultivating a better understanding between Canada and the European Union (EU) Parliament on elements of Canada's Arctic Foreign Policy Statement, particularly with respect to the role of indigenous people.²⁰

The creation of the trade offices (e.g., in India and China) has increased the department's capacity to focus on emerging markets and provide services to Canadians in priority regions across the globe. The design of the trade offices will enhance the congruence between OGD and DFAIT priorities and facilitate a more coherent whole-of-government approach. Furthermore, the regional provision of common services means that OGD operations can be executed overseas even if DFAIT does not have missions on the ground, thereby instilling a degree of flexibility in the whole-of-government approach to international engagement. As the RCSCs have not become fully operational yet, it was not possible to assess their contribution. Suffice to say that in theory, this is one of the expectations of the Centres.

As a result of the creation of the IPB, the GeoGroup and the Multilateral Group, DFAIT is positioned to better understand and respond to GoC priorities. In the messages of the department's senior managers, emphasis was placed on growth in emerging markets, the Americas and Afghanistan. SR1 included a review of the countries that DFAIT needs to focus on, and the TA is helping to align the department's resources with those priority countries through the HQ-field rebalancing project and the opening of new missions, for example in China and India. The IPB has overseen the establishment of a horizontal interdepartmental committee that brings senior managers from OGDs into the process of identifying key global, regional and national issues and formulating whole-of-government foreign and trade policy responses to these issues. The Emerging Issues

²⁰ The efforts were done in conjunction with our mission in Brussels and involved engaging the EU-Arctic Forum – an EU Parliamentary group providing input into the EU Arctic policy process. This successful work is evidenced by a draft report on “A Sustainable EU Policy for the High North,” which makes several favorable references to Canada's Northern Strategy.

Group represents another policy research and development network that brings OGD engagement into the foreign and trade policy process.

New MPR tools brought in through the TA require missions to follow country strategies that clearly demonstrate how Canada's presence abroad is aligned with departmental and Government priorities and the coherence of whole of government engagement. They also must demonstrate their value and use to Canadians through new public reporting systems. Missions abroad continue to refine linkages and reduce workloads to provide services to Canadians and maximize the benefits accrued by Canada's presence abroad.

The TA's measures to strengthen accountability, including the creation of the CFO Branch and the OCA and the establishment of the new Governance Structure and the PEWG represented new ways of providing effective stewardship of public funds and meeting TBS-mandated standards of accountability and financial management. Several interviewees underlined improvements in financial planning and in the role of audit and evaluation in informing decision making.

Finally, the TA's 6th theme, Renewing HR, was a departmental response to government-wide efforts at public service renewal. It is contributing to the objective of attracting the best and brightest to the public service by simplifying HR processes, enhancing foreign language training, and establishing strategies for the recruitment, retention and training of dynamic, innovative and dedicated employees. Hence aligning Departmental HR with the skills and expertise required to deliver on the GoC's foreign priorities.

TA projects therefore contributed in a variety of ways to the better alignment of departmental activities with government priorities. However, projects under the TA's first theme "Aligning with Government Priorities", including Communications Renewal, Engaging the Field in Transformation, and Multi-Year Business Planning, are not directly connected to the goal of alignment as articulated in the TA compared with other projects. This lack of direct links between projects and themes raises questions about the criteria used to categorize TA projects under themes. This issue is discussed later in the report.

8.3 Relevance Issue 3: Consistency with Federal Roles & Responsibilities

Finding 6: The TA helped the department to focus on its core business while reducing its roles and responsibilities in those areas best left to OGDs.

Through the TA, the department endeavoured to focus on its core business and concentrate its resources on the policy and program activities that are critical to its mandate, including peace and security, trade and investment, international law and human rights. At the same time, the TA sought to reduce DFAIT's involvement in areas that fall within the competencies of OGDs.

On the program side, evidence of DFAIT commitment to reduce its involvement in areas better left to OGDs manifests itself in transferring its roles and responsibilities in the heritage and culture program area to Heritage Canada. Other examples include transferring or reducing involvement in files such as on environment, sustainable development, biodiversity, multilateral chemical conventions, and forestry to OGDs.²¹

Reducing or transferring responsibilities to OGDs presupposes that OGDs have the capacity to assume these responsibilities, which have traditionally been under the purview of foreign affairs. Focusing on core businesses is an issue that is shared by all foreign ministries in a world that is increasingly integrated, interconnected and complex. Even for OGDs with explicit international mandates, the overlap between defence, diplomacy, development, security, climate change, health, energy and many other aspects of international relations will continue to require increased interdepartmental consultation and clarification of roles and responsibilities.

The creation of the IPB has supported the department's role as a whole-of-government mission network. Created on April 1, 2008, the IPB acts as a single platform for common service delivery for all government departments and agencies operating within the diplomatic, international and consular framework. It has become an effective source of support for OGDs in the delivery of international programming, thereby using DFAIT expertise and resources to better align OGDs with their core priorities while allowing DFAIT to focus on its own core business.

The IPB's common service governance structure brings representatives of partner agencies, departments and provinces into the delivery of CSA through three interdepartmental committees: the DM Subcommittee on Representation Abroad, the ADM Council on Representation Abroad (DMC), and the Interdepartmental Working Group on Common Services Abroad (IWGCSA). Meanwhile, the creation of the

²¹ The department eliminated the Environment and Sustainable development Division in 2010.

Missions Board through the governance structure and the IPB has provided a forum for senior management to conduct strategic whole-of-government planning, avoid duplication between departments in international programming, and include domestic partner input in the governance process at missions.

These committees have increased OGD collaboration, reduced misunderstandings about sensitive issues between departments and built confidence and trust between senior managers with overlapping portfolios. That being said, there remains a lack of clarity and focus on the policy side. There continues to be disagreement among DFAIT and OGDs about who administers funds, manages and delivers programs. Partner organizations have emphasized the need for more clarity on whole-of-government priorities that inform decision-making for representation abroad.

8.4 Performance Issue 4: Achievement of Expected Outcomes

As mentioned in the methodology, in the absence of a logic model and a performance management strategy, the assessment of the achievement of the TA is based on the declared objectives of the 6 TA themes. Progress made in the initiatives under the themes was used collectively to provide the evidence. Projects are regularly monitored and assessed, and deemed 'operational' or 'graduated' from the list. At the time of writing, there were 23 graduated projects and 10 ongoing.

I. Alignment with Government Priorities

Finding 7: TA projects have helped the department to better focus on the GoC's international policy priorities and to put in place mechanisms and institutions to be able to respond quickly and flexibly to new and emerging priorities. Projects placed under the thematic heading of Alignment with Government Priorities only indirectly contribute to this objective.

One of the key drivers behind the TA was the need of the department to ascertain its relevance and value added. Aligning the department's priorities and work with that of the GoC was therefore one key theme of the TA.²² As mentioned, the TA was designed to achieve the commitments made under SR1 and advance its 2007 alignment review results. The alignment review was guided by 6 main principles: better aligning the Department with government priorities; strengthening the platform abroad; providing high quality services to Canadians; streamlining and focusing HQ; meeting the highest standards of accountability and financial management; and renewing HR. The TA

²² The objective is to align the work of the department to focus on the delivery of the GoC's foreign and trade policy priorities: greater economic opportunity for Canada with a focus on growing or emerging markets; the US and the Hemisphere; and Afghanistan.

themes echoed these principles and were described as transformative changes that will equip the department to respond to GoC priorities and the needs of Canadians at home and abroad.

To achieve the alignment objectives, the department identified 6 main initiatives. They include: engaging the field in Transformation, communications renewal and ICBP. Other projects were also implemented to advance alignment, including the representation abroad TBS submission, reallocation to the IAE, implementation of alignment review and SR1 budget reductions at HQ for 2008-09.²³

Engaging the field in Transformation is one of the projects placed under the alignment TA theme. However, its objectives and activities are more consistent with communication and will be discussed later in the report. It will suffice here to underline that significant progress has been achieved. All missions have named a Transformation Champion and identified and implemented TA related projects. The Transformation at Missions wiki is a forum for exchange of TA ideas and helped in communicating TA activities among missions.

Communications renewal was intended to combine/centralize all communication resources in the department so that efficiencies can be created and to develop a Department-wide model to increase coordination among all communications activities, including products and strategies.²⁴ Research indicated that savings could be realized by streamlining the procurement process for communications products and services through the Communications Group. Nevertheless, out of approximately 100 positions identified for combining resources, only a few FTEs were migrated from current positions. Concerns that were raised about removing existing subject-matter expertise resources and communication specialists from Branches, including in areas such as Consular where service delivery to Canadians is the focus, have delayed the implementation efforts, as potential efficiency losses from losing expertise could offset cost savings achieved and affect service delivery standards.²⁵

While progress has been slow, the MAF reports suggest that high-level engagement across the National Capital Region (NCR), with ROs, and at overseas missions has been achieved through direct communication by the Deputies and the Chief Strategist, using enabling technology to expand real-time access to Governance Committee

²³ As mentioned elsewhere in the report, the number of projects has changed. Some have been completed and others have been packaged under different themes.

²⁴ The Communications Renewal initiative extends beyond consolidation and includes the redesign of the communications function in the department. All departmental communications resources involved in the delivery of communications policy related work are to be consolidated into six divisions reporting to DMs through two DGs.

²⁵ TMC meeting notes. June 2010.

meetings and Armchair discussions. The use of e-collaboration tools, the establishment of a network of Transformation Champions, the provision of teleconference access to quarterly Deputy-led armchairs and Transformation discussions, the holding of monthly staff breakfasts with the Deputy, the creation of a Transformation at Missions Wiki site, and the Chief Strategist's monthly distribution of "sneak peaks" that outline TA best practices, are all examples of communications renewal.

In addition, the department embarked on a process to incorporate its governance structure, Program Activity Architecture (PAA) and Departmental priorities into corporate business planning. It also incorporated enabling functions such as risk management, human and financial resources, and communications. The DFAIT governance structure has underlined horizontality in resources management and decision making. The effectiveness and success of the new structure manifests itself in the capacity of management committees to make informed and timely decisions to implement 30 NBM initiatives. The development of the NBM has led to significant improvements in departmental structures and the management of DFAIT's financial sustainability. NBM initiatives were approved by the Deputies and integrated into the 2010-11 ICBP. Specific plans and accountabilities for the implementation of NBM initiatives at the branch level were approved, highlighted in the executive group PMAs, and peer reviewed through an extraordinary committee process.²⁶ The department is currently working with partner department to develop a coherent planning and performance strategy across departmental Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs). This was done in the case of Afghanistan and other priority countries. This also includes multi-year planning exercises.

Other initiatives have also contributed to the alignment objectives. In the SR-400 rebalancing exercise, the Department has started to focus on core priorities and reallocate those 400 positions strategically across priority countries and regions, international organizations, and where they will have maximum impact on Canada's economic agenda and objectives in Afghanistan – see Table 1: SR400 Personnel Reallocations. SR-400 has also sought to invest in positions abroad to bring programs to a level of sustainability in delivering their mandate. Furthermore, the department allocated funds internally to strengthen its focus on Afghanistan (through the creation of the Afghanistan Taskforce), to monitor United Nations (UN) voting patterns, to change the government's position on the Middle East, and to align resources with the GCS.

²⁶ Transformation MAF VIII – 2010/2011. "The Planning Cycle for FY 2010-11." P. 12.

Table 1: SR-400 Personnel Reallocations

SR400 - Tranche 1 and 2 - Statistical Summary			
Tranches	Tranche 1 2008-10	Tranche 2 2010-11	To Date 2008-11
Total (incl. common services)	90 (113)	116 (135)	206 (248)
PERPA	32	46	78
Trade	13	40	53
Consular	17	12	29
Other (HOM, HR, etc.)	28	18	46
CBS	61	45	106
LES	29	71	100
North America	18	15	33
South, Southeast Asia & Oceania	9	16	25
Latin America & Caribbean	7	18	25
Europe and Eurasia	6	18	24
Afghanistan	18	0	18
North Asia	11	6	17
Middle East and Maghreb	11	4	15
Multilateral	6	3	9
Africa	4	2	6
Other (language training)	0	12	12
Domestic	0	22	22
Common services (4-1)	20	17	37

Source: *Geographic Strategies and Services (GLB) 2011*.

DFAIT is the mandated lead department for the GoC in its response to international crises. The creation of the new Emergency Watch and Response Centre (EWRC) was devised to align the department with GoC priorities and enhance capacity to respond to crises that affect Canadians and Canadian interests abroad.

As the sole and primary delivery mechanism for all the GoC's international short or long-term priorities, DFAIT provides the international platform for Canada's international engagement and its international policy agenda. By creating and strengthening the IPB,

the department has centralized scattered corporate and common services under one branch to enhance its capacity to mobilize resources more flexibly and efficiently. This has also contributed to the alignment of DFAIT's policy and program priorities with those of OGDs by shifting people and resources to priority files and restructuring the way the Department works and collaborates with domestic partners.

At the mission level, the TA has supported the creation of RPCs to enhance policy coordination and coherence among OGDs active in the field. The objective is to better use the mission network by developing networks of policy expertise that can enhance capacity to lead on policy work in the field, provide timely information and intelligence, and foster regional collaboration on policy issues. DFAIT now has a model that helps in its alignment of priorities, performance measurement, ability to marshal policy expertise and creation of flexibility in resource allocation. In addition, the TA has enhanced mission capacity by moving positions from HQ to the field and by streamlining mission reporting and joint regional reporting as part of the renewal of the GeoGroup.

II. Strengthening our International Platform

Finding 8: The establishment of the IPB contributed to strengthening the management and governance of our mission network and enhanced Canada's presence abroad in areas that matter to Canadian interests.

DFAIT maintains a global network of missions worth approximately (C) \$800M, which is considered a whole-of-government asset that provides the common services required to maintain Canada's representation abroad. As of March 31, 2010, just over 7,730 personnel were working in Canada's missions, including both CBS and LES. Approximately 66% of them were DFAIT employees, and the remaining 34% were employees of 32 partner departments,²⁷ crown corporations, provincial governments and other organizations.²⁸ Approximately 25% of total DFAIT staff at missions are CBS.

²⁷ Currently the network is comprised of 32 partners (co-locator) programs including 22 federal departments: Agriculture and Agri-food Canada (AAFC), Canada Border Services Agency (CBSA), Canada Revenue Agency (CRA), Canadian Food Inspection Agency (CFIA), Canadian International Development Agency (CIDA), Canadian Space Agency, Citizenship and Immigration Canada (CIC), DFAIT, Department of National Defence (DND), Finance Canada (FC), Health Canada (HC), Department of Justice Canada (DJC), Natural Resources Canada (NRCan), PPTC, Public Health Agency of Canada (PHAC), Public Safety Canada (PS), Public Works and Government Services Canada (PWGSC), Royal Canadian Mounted Police (RCMP), TBS, Transport Canada (TC), Industry Canada (IC), Privy Council Office (PCO) and Veterans Affairs Canada (VAC).

²⁸ Crown Corporations and provinces include: Québec, Ontario, Alberta, Bank of Canada (BoC), Export Development Canada (EDC) and Canadian Commercial Corporation (CCC). Others include programs of foreign countries such as Israel.

DFAIT's IPB was created on April 1, 2008, as a single window for common service delivery for all government departments operating within the diplomatic and consular framework. The objective was to create a platform that serves the needs of all federal departments, agencies and integrated partners, and maintain a mission network of infrastructure and services to enable the GoC to achieve its international priorities.

IPB is headed by an ADM, who reports to the DM of Foreign Affairs (DMA). The ADM, IPB is a member of DFAIT's Executive Council. IPB includes seven bureaus, each headed by a DG who reports to the ADM, IPB.²⁹ The DG of each IPB bureau has established internal management structures and advisory groups, as required, supporting his/her efforts to achieve the performance and financial commitments agreed upon with the ADM, IPB. Financial support and advice is provided to each IPB bureau by IPB's Branch Corporate Services which works very closely with and is supported by DFAIT's CFO. The key senior management structure within IPB is the IPB Management Committee, which includes the seven IPB DGs. The committee is chaired by the ADM, IPB, and meets weekly.

The common service governance structure includes representatives of partners and consists of a number of committees that can be grouped into two streams: an interdepartmental and a DFAIT stream.³⁰ The interdepartmental stream is tasked with overseeing the delivery of common services, advising on and overseeing the cost recovery process, and advising DFAIT on necessary decisions. The DFAIT stream is tasked with the management and oversight of operations and support to the network of missions abroad.

DFAIT support to the network of missions abroad consists of the infrastructure, staff and services required to maintain Canada's representation abroad and includes the following:

- The provision and maintenance of office space, official residences and staff quarters;
- The hiring and supporting of LES; and

²⁹ The seven IPB bureaus are: Branch Corporate Services; Infrastructure Technology; L ES and HQ Workforce Programs; Information Management and Technology Bureau (AID); Mission Client Services and Missions Operations; Physical Resources; and FSD Services and Policy.

³⁰ The interdepartmental stream of the Common Services Abroad (CSA) governance structure includes three committees: The Deputy Minister Sub-Committee on Representation Abroad (DMC); the ADM Council on Representation Abroad; and the IWGCSA. There are three internal DFAIT committees included in the CSA governance structure: the Missions Board and its sub-committee, the Missions Operations Committee; the Committee on Representation Abroad (CORA); and the Costing Policy and Procedures Committee (CPPC). Another sub-committee of Missions Board has subsequently been created: the LES Governance Committee. Its operations were not part of this evaluation.

- The management of financial and personnel administration, contracting services, IM and technology, security, transportation services and other support services.

Under the Platform, several initiatives were implemented: the opening of new missions; the closure of lower priority missions; the transfer of positions from HQ to missions; a new governance structure to reflect the significant presence of OGDs and partners in overseas operations; the introduction of new delivery mechanisms for the management of Canada's missions; and the transfer of DFAIT common services budgets from program budgets to IPB and the updating of key common service policies. In addition, the Platform has developed the Common Service Investment Plan (CSIP) to invest an amount of approximately C \$9M to further enhance the Platform's capacity to support clients in the field. These initiatives support compliance with the TBS *Policy on Common Services* and contribute to improved clarity and transparency in costing, an increased ability to respond to partner needs, and to better whole-of-government coordination.

An evaluation of the governance of CSA in 2009 confirmed that the CSA governance committees "work fairly well" and that "key results intended for improving the governance structure have been achieved". The evaluation remarked that partner organizations indicated general satisfaction with services provided and that they are receiving better value-for-money than in previous years before the establishment of the IPB. They underlined the need for better information on whole-of-government priorities that guide decision-making on CSA; clarity on the decision-making structure; reviewing the costing framework; developing a service directory, clarifying the criteria for the allocation of CSA funding; improving communication; and developing a more comprehensive performance management framework.

One issue that was raised is that DFAIT, on the one hand, is legally mandated for the provision of CSA, while on the other, DFAIT's programs are treated as one of the Platform clients. This creates a double role for DFAIT: one is that of the provider of common services and the other is that of a client, which could be conflicting and raise problems related to governance. Increasingly, the IPB is performing many of the roles commonly associated with a special operating agency, like PPTC. While the department has addressed this issue by using a governance model that has two complementary streams, DFAIT GeoGroup still has concerns that DFAIT priorities are not being given sufficient consideration in decision making for resourcing of common service support at missions abroad.

Further, the department needs to re-examine the role of HOMs. The fundamental challenge is that operational resources have been taken away from HOMs even though they are still obligated to take a leadership role on the ground (policy, operations, etc.) without being in a position to decide on the allocation of resources. Another point is related to their role as the head of whole-of-government missions and whether OGDs should be contributing to the costs of the HOMs.

Finding 9: The establishment of the RCSCs was expected to achieve savings, however the initiative is in a nascent phase of implementation and a variety of organizational and management challenges render the return on investment unclear at this juncture.

The establishment of the RCSCs is one of the strategies employed by the department to improve the effectiveness of the delivery of common services to Canada's network of missions.³¹ The model was a specific deliverable under SR1. The business case for the establishment of the RCSCs highlighted three main drivers: the growth of the IPB and representation abroad, the reduction in the Platform's base from previous cumulative cuts and the lack of adequate funding in a rising cost environment.³²

The purpose of RCSCs is to develop and maintain regional capacity to help with the administration of missions with a focus on reducing repetitive types. The centres are to provide a range of backup support services such as financial services, procurement, IT and HR through the regionalization of some common services positions. In effect, the establishment of the RCSCs is a step towards the reconfiguration of the framework for reporting relationships, authorities and accountabilities between HQ and missions by allocating more resources to the field. The proximity of RCSCs to missions and the appropriate delegation of authority will increase HQ responsiveness to the needs of missions. Given that there are gaps in areas such as procurement and financial planning and control, the RCSCs are expected to rationalize the allocation of resources.

Two of the four RCSCs were established in Thames Valley and Washington. The new RCSCs are expected to be brought up to full strength by the beginning of Fiscal year (FY) 2011/12. For example, the Centres have finished their staffing of CBS, while recruitment of LES is underway.

The establishment of RCSCs is facing numerous challenges related to the standardization of processes and practices, new business tools and process that need to be developed for budget planning and resource tracking, delegation of authority, determining the ratio per missions in terms of RCSC officers, and service standards.³³ In addition, there are areas that still need to be clarified, such as the mandate and role of

³¹ The other strategy is the development of the common service model.

³² DFAIT. "The Regional Service Centre Initiative: Business Case for Europe, Middle East, and Africa: Draft" (2009).

³³ Currently the Department is in the process of finalizing an agreement with property business, assigning to the Director of facilities equivalent delegation for construction and leasing authority.

Corporate Accounting, Finance, Policy and Systems (SMD) in the CFO Branch and its relationship with the RCSCs.³⁴

The establishment of the RCSCs was expected to achieve savings (bulk procurement, centralized processing of invoices, standardization of processes, enhanced expertise in service delivery, and freeing up of other resources to focus on core competencies). The expected savings were C \$1M in FY 2009-10 and C \$3M in each year thereafter. In addition, the Centres will contribute toward the consolidation in the IPB of C \$7M in 2009-10, C \$9M in 2010-11 and C \$11M each year thereafter.

Some key informants questioned the value-added of the RCSCs, arguing that it is not clear what they are accomplishing. The evaluation did not find an assessment of the difference between the needs of missions against the corporate needs of the RCSCs. Furthermore, the Centres were established in regions where there is a harmonized legal system, a single currency and similar banking systems and HR regulations. This raises a fundamental question about the challenges of designing and operationalizing RCSCs in other regions that may have a variety of legal systems, banking systems, currencies and HR regulations that are incompatible.

As the RCSCs being established in two regions (US and Europe) are still works in progress, the evaluation could not determine whether the anticipated savings have been achieved at this stage. It is worth noting that although the fast relocation of staff to the field may be an indication of progress made, it has also raised questions about the effectiveness, value and credibility of the process. The time required to set up the Centres seems to have been underestimated, reflecting the need for a comprehensive analysis to inform their design and implementation.

Finding 10: The reallocation of positions between HQ and missions has met targets set for 2010 and, as a consequence, enhanced Canada's presence abroad. Further progress will depend on a number of challenges being addressed.

Resource allocation is an ongoing challenge at DFAIT. Between 2005 and 2007, the Department transferred over 130 positions from lower to higher priority missions. The reallocation exercise continued under the 2007 SR1, which has identified an ambitious plan to rebalance 400 positions from HQ to the field over the FYs 2008-09 to 2012-13. The objective is to rebuild DFAIT capacity outside of Ottawa, improve service delivery to Canadians, better align the network abroad with GoC priorities and increase field resources by 8% (rebalance the ratio of staff at HQs to those in the field). Annual

³⁴ SMD is responsible for dealing with international financial operations, providing support on financial transactions, conducting banking reconciliation, cash management, and year-end support to missions. It also acts as a type of rapid deployment team support for missions on immediate and medium term basis. The RCSCs are to undertake similar financial responsibilities.

reports on positions created and progress have been prepared and an audit of DFAIT commitments under SR1 assessed the progress of positions created.

However, the reallocation exercise of SR-400 experienced challenges:

- while the direction of the Government was to get people out to serve Canadian foreign and trade priorities, deciding on common services positions (using the 4 to 1 ratio) was raised as an issue. For example, the department started to discuss how many HR and financial officers should also be posted and be part of the 400 positions;
- the database at that time was not very organized. So the Department had to count bodies (using the pay system) at HQ. The ratio between HQ and missions was first determined to be 2 to 1 and then the decision was made to reduce it to 4 at HQ to 1 abroad.³⁵ The count did not take into consideration vacant positions;
- the distribution and location of the positions were ascertained fairly quickly and with little analysis of how they would be distributed. The result was that the first 200 rebalanced positions were much easier to figure out, as, consistent with the priorities of the GCS, the trade side had specific ideas to send people to particular regions. Furthermore, the creation of policy networks in a number of regions and adding value to missions were factors in the allocation of positions abroad;
- because of the manner in which savings and reductions were calculated, the cost of new field positions was presumed to be neutral regardless of geographic location. The cost-implications of the rebalancing exercise were not fully calculated and validated before the implementation;
- originally SR-400 was to have 60% LES and 40% CBS over 5 years. However, the Department's inability to realize previously-anticipated savings; the exacerbation of growing financial pressures on the Department due to the timing gaps between SR cuts and Reference Level reductions; the need to clarify whether the ROs are parts of the missions' network; and the Departmental authority to invest in positions within Canada delayed agreement on moving positions and led to a change in the CBS/LES ratio.³⁶ Currently it stands at 51% CBS and 49% LES. The ratio was also affected by the long delay in getting the submission for the TB approval;
- expected savings in SR have not materialized because some of the measures proposed, such as closure of missions, have not taken place. Given the financial situation of the Department, a greater emphasis on LES positions was pushed back past FY 2010/11; and,

³⁵ Because it was realized that the 2 to 1 ratio is unattainable.

³⁶ The position with respect the ROs was later clarified and the TBS authority was granted in fall 2009.

- challenges getting approval for the positions to be moved abroad because of the need for multiple layers of approval, particularly through the various governance committees of the IPB.

The rebalance was planned to take place in four phases. In the first year, 100 new field positions were created in priority countries and regions, and the three RPCs in Oslo, Lima and Jakarta were launched. These include CICAR housed in Oslo, the Andean Unit for Democratic Governance (AUDG) located in Lima and a strengthened Association of Southeast Asian Nations (ASEAN) network led from Jakarta. In addition, 75 positions were established in FY 2010-2011 to bring the RPCs up to full strength, to provide better consular services for Canadians, and to strengthen delivery of Government priorities in priority countries.

The rebalancing exercise for Fys 2008/09 and 2009/10 identified 160 HQ positions to be affected. The plan for deployments cumulative to FY 2008/11 (tranches one and two) entailed creating 243 positions in the field, 106 of which are CBS and 37 of which are CSA. The Department has put the remaining proposed two phases on hold because of financial pressures and the forthcoming Strategic and Operational Review (SOR).

Under the NBM, the decision to cut 130 positions in the GeoGroup was intended to free up resources and reallocate them to missions. But not all missions get extra resources, and demands for reporting have remained the same or have increased. The result is that missions do not have the extra resources to perform functions and services previously handled at HQ while simultaneously taking on additional bilateral work. The impact of the TA, then, is the perception that most of the missions are now asked to do more work with the same amount of resources or less.

Finding 11: The TA's Reinvestment in the Foreign Languages program has increased access to training for all employees and contributed to enhancing the foreign language capacity of Canadian representatives. The project is on target and achieving its objectives.

In recognition of the importance of enhancing the foreign language capacity of Canadian representatives, the Reinvestment in the Foreign Languages Program was included in the 2009 Strengthening Canada's Mission Network TBS submission and was identified as a TA initiative.³⁷ The decision to invest in foreign language training was made to meet the increased demand for training, expand program offerings for the language spoken in regions of strategic priority to Canada, offer language maintenance

³⁷ A 2007 report from the Office of the Auditor General (OAG) noted that only 16% of foreign language designated positions were filled by employees with the required linguistic competencies.

and short-term intensive courses, and serve a sort of talent management succession planning function to provide short-term foreign language training for senior employees.

Though arguably an initiative more aligned with the thematic heading of HR Renewal, the Reinvestment in the Foreign Languages Program has made significant progress as reported in detail on the wiki. MCO and Administrative Assistant foreign language strategies were outlined and piloted in January 2010. Funding for the Centre for Foreign Languages (CFSL) was stabilized in 2010. Programs identified in the TBS Submission related to talent management, in-country immersions, mission-based training and specialized flexible programs are all operational. The testing of the foreign language capabilities of all new recruits was completed in FY 2009/10 along with a plan for all new recruits to have their identified foreign language capacity assessed before starting in Ottawa. All of the projects have review and evaluation components integrated into their annual cycles. An analysis of foreign language maintenance of DFAIT Regional Staff was concluded in April 2010.

The Foreign Language Assessment Strategy (FLAS) (to measure existing capacity in DFAIT) is fully operational, with 406 employees assessed in FY 2009/10 and plans for 500 more assessments in each of FYs 2010/11 and 2011/12 to complete the FLAS by March 2012. The general compliance rate against positions with tested employees is 44% and the general compliance rate against all language designated positions is 20.6%.

The project is tracked and monitored by the Foreign Language Committee (FLC), which is chaired by the ADM, HR, includes GeoGroup DGs in its membership, and meets every three months. The Canadian Foreign Service Institute (CFSI) updates the committee regularly with progress compliance rates.

III. Improving Service Delivery

The implementation of the TA is expected to improve services to Canadians by undertaking reforms in Consular, Trade Services and PPTC.

Finding 12: Under the TA, mechanisms and institutions have been put in place to improve the timely and effective delivery of services across Canada and abroad.

As Canadians are becoming more globally engaged and their expectations of DFAIT's services have increased, more attention was directed to the quality and quantity of services provided. Over the last 10 years, the demand for passports, consular cases

and support to Canadian businesses has increased dramatically.³⁸ This required a more strategic and targeted approach to improving services to Canadians. To improve services to Canadians, DFAIT established a new CSEM Branch, undertook a review and streamlining of PPTC governance and processes, and enhanced the role of ROs to increase direct client service across Canada.

As part of the TA, a decision was taken to upgrade the existing Consular Affairs bureau to a full CSEM Branch under the direction of an ADM. An authority of ongoing spending in FY 2010/11 of approximately C \$17M was granted by the TBS in 2009. The increased resources will help the Department to improve its capacity to meet the standards for the provision of consular and passport services abroad and will facilitate the conduct of a more systematic assessment of client satisfaction through multiple channels including post-service questionnaires. In addition, the department has committed to improve the provision of consular services through an enhanced dialogue with key partners and with countries (e.g., US, Mexico and China) where there is a growing Canadian presence. The creation of the CSEM Branch redefined and led to a whole new thread of work for OGDs involved in Canada's network abroad.

With the establishment of the CSEM Branch, the department received in 2010 the TBS approval to create a new EWRC. DFAIT is the mandated lead department for the GoC in its responses to international crises. The EWRC has been established as a whole of government, 'all hazards' response centre to provide consistent core response to the full range of international crises. It is envisaged that the EWRC will eventually have four ROs to increase the Department's rapid deployment capacity to provide services to affected Canadians. Two Regional Emergency Management Offices (REMOs) have already been established: the first REMO was inaugurated in summer 2009 in Ankara, with responsibilities for Europe, the Middle East and Africa; the second office was opened in the summer of 2010 in Panama with responsibilities for Central and South America and the Caribbean.

The EWRC and its satellite offices are expected to increase the Department's surge capacity and provide the flexibility needed to deploy resources in times of crisis. At the time of writing, the EWRC was still waiting to move into its new quarters, tentatively scheduled to be ready in September 2011, and was functioning without formally approved Standard Operating Procedures (SOPs). Despite these handicaps, the EWRC demonstrated its worth, responding effectively to a series of international crises. Further, the REMO in Ankara was reported to have played a key role assisting missions affected by the recent political upheaval in North Africa and the Middle East.

³⁸ Over the last 10 years, consular cases (based on the reviews of the 2004 Asian Tsunami and 2006 Lebanon crisis), demand for passports (based on forecasts by the Conference Board of Canada as well as the coming into effect of the 2009 US travel requirement), and support for Canadian business in different and new market areas have significantly increased.

Notwithstanding these achievements, securing the desired surge capacity is reported to remain a challenge.

Under the NBM, the Canada Bureau's mandate is to better connect the Department to Canadians and to use the strength of the Department's network of ROs to provide quality services to business clients and local partners.³⁹ The new Bureau maintains a robust Trade Commissioner Service (TCS) mandate while aiming for strengthened domestic engagement to support foreign and trade policy. The vision of the Canada Bureau is to develop and leverage DFAIT's domestic expertise and networks to enable targeted, coherent and aligned stakeholder engagement and service delivery. The Bureau now delivers three primary business lines:

- Advancing Canada's GCS
- Advancing the Department's priorities through outreach and engagement
- Strengthening the Government's foreign and trade policies and programs

Strengthening the domestic network included expanding the resources of ROs beyond their total current complement of 132 TCS resources. Under the TBS approved Domestic Network of SR-400, the ROs were to receive 32 new positions. In addition, a total of 11 new Virtual Practice Leads were to be co-located within industry associations and economic partners across Canada to complement the Structured Practices.⁴⁰ Not all of the 32 new SR-400 positions have been funded and staffed. To date 22 positions have been created. The creation of the rest of the positions was expected to be completed in FY 2011/12. Furthermore, work still needs to be done in costing and governance models and in administration and common services at Ros.

The ROs remain primarily trade offices. The ROs are moving forward on strengthening the domestic engagement mandate through bolstering their policy development capacity, improving the focus and effectiveness of the Speakers' Program, ensuring regional input into departmental outreach activities, establishing Domestic Visit Service Standard Guidelines for travel to the regions, working with key players both inside and outside of the department to develop a targeted and coherent client attraction strategy, and refining policy and best practices on effective collaboration with Canada's other

³⁹ The Canada Bureau (BSD), part of the International Business Development, Investment and Innovation Branch (BFM), unites the Regional Office Strategy and Operations Division (BSR), DFAIT's network of 12 ROs and six satellite offices, the Intergovernmental Relations Division (BSI), and the Consultations and Liaison Division (BSL).

⁴⁰ Other resources are also embedded in the Biodiversity Secretariat, the Munk Centre, the Canada-India Business Council, and the Canadian Forces College. Each cyclical rotation of "embedded" incumbents will allow for a retuning of the position's functions and other partners may be approached for co-locations in the future. Six new trade controls verification officers will strengthen the department's administration of import and export trade controls related, inter alia, to Canada's agricultural supply management system and the Canada-U.S. Softwood Lumber Agreement.

levels of government. It was noted, however, that the strategy is linked to what GeoGroup is doing and that the mandate of the ROs does not include interprovincial relationships, which could complement efforts to improve services to Canadian businesses.⁴¹

There is an underlying assumption in this that improving services to Canadians requires more resources, but the real question is how the department can focus its resources and priorities to do better, as the financial constraints facing the Government and the department mean that resources will simply not be available in abundance in the future. NBM restructuring did not cut from the corporate side, but mostly from functional and geographic areas. This has enabled the achievement of efficiencies in these areas as well as in governance with a reduction in duplicate committees that allows key planners to focus on departmental priorities.

Finding 13: PPTC has completed its governance review and streamlining of processes, including portfolio/investment alignment, a new strategic roadmap, and a new executive governance structure. The governance review and streamlining has been particularly important for the ongoing rollout of the ePassport.

DFAIT supports PPTC projects that increase the ability of Canadians to travel outside Canada for business, leisure and diplomatic purposes, ensure that Canadians are satisfied with commercial, consular and passport services, and provide additional security to international travel while minimizing risks and illicit transnational activities.⁴² The inclusion of PPTC's governance review and streamlining of processes as a TA project has enabled the delivery of more innovative, reliable, timely, consistent, efficient and accessible passport services to Canadians.

There were two drivers behind the new PPTC governance structure and internal processes. The first was the introduction of new user fees in 2008 during a time of fiscal and economic austerity. Increases in user fees had not occurred since 2001, and consultations on the user fee increases revealed a need for new capabilities to maintain client satisfaction amidst the new requirement for Canadians to carry a passport for travel to the US. The second driver was the announcement in 2008 and the commitment in 2010 to introduce a Canadian ePassport in line with international standards and best practices. Both drivers called for a maturation of governance and a streamlining of processes to advance these service delivery priorities effectively and efficiently.

⁴¹ Provinces and Territories usually do not share their perspectives on foreign policy and contact with DFAIT is mainly commercial.

⁴² ePassport Steering Committee. "Terms of Reference." Last revised March 23, 2011.

PPTC's new governance structure ensures that the essential conditions of internal coherence, corporate discipline and alignment to outcomes are in place to provide strategic direction, support to the Minister of Foreign Affairs (MFA) and Parliament, and the delivery of results. The structure includes departmental DG- and ADM-level committees for governing a particular strategic project or investment, interdepartmental committees for large strategic initiatives with a Government-wide interest (such as the ePassport), and TBS-led committees for oversight of IT enabled projects.⁴³ PPTC also developed an Agency Strategic Direction and Roadmap, which mirrors the structure of a departmental PAA, to better achieve strategic alignment and communicate its strategic direction.⁴⁴

It must be understood that the increased effectiveness of governance as a result of the review has a direct line to achievement of policy outcomes and results. For example, the introduction of the ePassport, a massive and IT-intensive project which will enhance travel documents and improve passport services for Canadians, is being designed, tested and implemented in just 18 months. The governance structure for the ePassport consists of an interdepartmental Senior Project Advisory Committee (SPAC) chaired by PPTC's Chief Executive Officer (CEO), a Senior Review Board chaired by PPTC's Office of Primary Interest for Service Management, a PPTC Executive Committee comprised of executives representing each Bureau responsible for delivering specific program activities, and an ePassport Steering Committee that provides direct oversight for the ePassport project.⁴⁵ The project also receives advice and recommendations on IT initiatives related to the ePassport from the interdepartmental Executive Project Oversight Committee (EPOC), which operates from TBS's Chief Information Officer (CIO) Branch.⁴⁶

As a result of the new governance of the ePassport project, it is currently tracking to the approved schedule for rollout, although there is some uncertainty regarding its contracting phase due to the May 2011 election.⁴⁷ The project exemplifies how the PPTC TA initiative is helping in improving passport services to Canadians. The effectiveness of the new governance structure and streamlined processes at PPTC are further bolstered by a high client satisfaction rate among Canadians who receive passport services.

⁴³ Passport Canada. "Agency Executive Governance."

⁴⁴ Passport Canada. "Agency Strategic Roadmap."

⁴⁵ Passport Canada. "Agency Executive Governance."

⁴⁶ ADM EPOC. "Terms of Reference."

⁴⁷ "Project Summary: ePassport Project." (April 30, 2011).

IV. Focusing on Core Business

Finding 14: The department has made progress in reducing its involvement in areas better left to OGDs while strengthening its capacity to perform a whole-of-government coordination role.

As remarked earlier in this report, DFAIT has taken steps to reduce its involvement in areas better left to OGDs, evidenced by the transfer of leadership on matters relating to heritage and culture as well as on environment, sustainable development, biodiversity, forestry and multilateral chemical conventions to OGDs. The ability of DFAIT to shed responsibility for certain files to OGDs is, however, constrained by the limited absorptive capacity of OGDs - an impediment likely to be aggravated by strategic review exercises being undertaken across the federal government.

At the same time, the IPB's common services governance structure, which brings together partner agencies, departments and provinces, has increased OGD collaboration, built trust and confidence between the same, and contributed to a more effective whole-of-government engagement. Though not a discrete TA initiative, these efforts nonetheless contribute to the realization of the objective of enhancing the department's renewed focus on its core business by freeing up resources to concentrate on those areas most closely aligned with its core mandate and competencies. This said, tensions between DFAIT and OGDs persist, particularly where the international priorities of certain OGDs are not fully aligned with those of DFAIT or where domestic priorities at times conflict with foreign policy priorities.

Finding 15: The creation of the GeoGroup, and its subsequent renewal, has played a key role in the alignment of activities and resources with GoC priorities and, as a consequence, service delivery, though continued progress is encumbered by administrative and financial constraints.

The creation of the GeoGroup is a key Transformation initiative borne out of SR1 which affirmed that the department's core asset was its network abroad. The reallocation of resources between HQ and the posts not only called for a major rethink of how HQ would henceforth relate to the posts, but also a major rethink of how HQ itself is configured to manage and support bilateral and regional relations. Announced in September 2008, the creation of the GeoGroup saw the merger of three branches (bilateral, political and commercial) under one group with four ADMs, each responsible for a geographic portfolio (Europe and the Middle East, Latin America and the Caribbean, North America, and Asia and Africa) and accountable for the collective leadership and vision of the Group. A major component of this integrated model was the creation of horizontal teams, headed by DGs, which were to cooperate and collaborate

on both foreign and trade policy files. It was expected that this model would support the following:

- more integrated intelligence;
- more integrated advice and opinions on country and regional issues;
- increased policy capacity and responsibility of missions;
- rebalancing of resources and responsibilities between HQ and missions;
- more equitable, aligned allocation of resources to foreign policy and international commercial interests;
- better horizontal coordination, including with functional branches; and
- more coherent advice to clients within and outside the GoC

The newly constituted GeoGroup developed a Transformation Action Plan which focused initially on consolidating the new governance structure, clarifying roles and responsibilities, modifying planning and reporting instruments, developing a communications and outreach strategy, and laying the foundations for the establishment of the regional policy/program network. By the summer of 2009 the governance structure had been firmly established, roles and responsibilities clarified and formally documented, Trade and PERPA budgets consolidated, mission planning instruments revised, four RPCs (Oslo, Lima, Panama, Jakarta) identified and launched, and a Wiki (GeoConcerto) website established. The launch of the NBM in 2010 has, in some ways, added momentum to the process of HQ/Mission rebalancing, along with the attendant structural reorganization, but with an accent on achieving greater efficiencies, thus giving rise to GeoGroup Renewal.

In the context of the NBM, GeoGroup Renewal saw further steps taken to streamline decision-making through mergers and functional realignments leading to fewer bureaus and divisions. For example, the two European bureaus were brought together under the direction of one DG. The responsibilities of country task forces (e.g., the Haiti Task Force) under this model will be reintegrated with their relevant geographic portfolio/group. Ultimately, the vision engenders fewer “desks” at HQ with HQ becoming more focused on regional planning, surge capacity and ensuring that missions have a heightened understanding of Canadian client and stakeholder perspectives.⁴⁸ To this end, GeoGroup teams at HQ are expected to engage with domestic stakeholders, Departmental (financial divisions and ROs) and extra-departmental (OGDs, central agencies, academia), to better communicate Canadian interests to missions. This is to be supported by an Operations Coordination Committee and a Policy Coordination Committee.

⁴⁸ The idea of surge capacity relates to the team model whereby resources are not tied to a particular desk, but to a team. Under this model resources are mobilized around a particular event, such as a visit, the development of a bilateral or multilateral agreement, or a cross-cutting advocacy project.

Another dimension of the GeoGroup Renewal relates to the streamlining of business processes and the development of services standards. More specifically, the GeoGroup renewal initiative envisaged, among other things: the introduction of one standard bilateral and thematic brief format to be posted on the Departmental Wiki; the creation of an e-mail notification system under the Ministerial Correspondence Management System (MCMS); revised guidelines for the preparation of communications products; revised guidelines, for both content and form, for mission reporting; the development of a shared vision/responsibility matrix with the trade and function divisions to support the assessment of the political impact of trade policies and programs; revised guidelines and briefing material formats for both outgoing and incoming visits; revised roles and responsibilities, guidelines and procedures for the production of policy products; the introduction of a new on-line MPR System; the delegation of authority to missions to recruit; and the consolidation of advocacy expertise through the merger of advocacy units into one and the creation of a mission one stop connector for advocacy requests and information.

As discussed elsewhere in this report and in accordance with GoC decisions on adjusting representation abroad the department saw a reduction of 202 positions (84% of the intended target for end of 2010). In 2010, 6 missions were eventually closed and ten new offices opened.⁴⁹ Further, by the end of 2010, all 4 RPCs had been established and staffed. Teams at CICAR in Oslo, AUDG in Lima, the Regional Office for Peace and Security (ROPS) in Panama City, and the ASEAN Network in Jakarta had developed, or were in the advanced phases of developing, strategies and new partnerships in their respective regions to strengthen the development and implementation of Canadian foreign and trade policy.

Notwithstanding the foregoing, progress on reallocating resources to the field encountered a variety of difficulties. Delays in executing mission closures as per the original SR1 commitment deprived the department of resources for reallocation. The abandonment of the original ratio between LES and CBS positions (60% LES and 40 % CBS) similarly placed financial pressure on the department. Additionally, timing gaps between SR1 cuts and Reference Level reductions compounded financial pressures on the department which have had adverse impacts on the pace of SR-400 implementation, including SR-32 – see Finding 10 for further details.

As previously stated the cost-implications of the rebalancing exercise were never fully calculated and validated. The cost of positions was presumed to be the same regardless of geographic location, which is clearly untenable. These factors considered, it is not surprising that the rollout of SR-400 has run into financial constraints. It is reported that many missions abroad have already reached their maximum absorptive capacity and that without significant new investments in infrastructure further progress

⁴⁹ These include a new embassy in Mongolia, six new offices in China, and three new offices in India.

in meeting SR-400 targets will be a challenge. Further, progress in strengthening the capacity of the ROs to contribute domestic intelligence to Canada's foreign policy objectives is reported to be slow, especially on the political side which was part of the original vision.

Progress towards increasing policy capacity and responsibilities at missions has been uneven, depending on the mission. Larger missions, with access to greater resources, have demonstrated an ability to assume more policy responsibility, while smaller, less resourced missions have not. There is a growing understanding that "one size does not fit all" and that a more calibrated approach to delegation of authority to missions is required – one which takes into account GoC and departmental priorities and the different circumstances of missions.

Further, while progress in adopting a regional approach to diplomacy and advocacy has been made, evidenced by the creation of the RPCs, the RPCs are, for the most part, thematic in orientation and therefore circumscribed by their respective mandates. Though missions abroad are, through their own initiatives, reaching out to other missions within their region to adopt a coordinated approach to diplomacy and advocacy, these initiatives are reported to be uneven and *ad hoc*. There is a perception that what is required is greater direction from HQ that would, in a sense, oblige missions to cooperate along thematic lines. Further, resource reallocation, which would support the foregoing, is reported to be frustrated by the high costs (established by the IPB) of moving FTEs from one mission to another which acts as a disincentive to intra-regional resource reallocation.

Regarding initiatives launched under GeoGroup Renewal to streamline business processes and introduce service standards, these are, at the time of writing, at various stages of implementation. Standardized bilateral and thematic briefs have been developed and posted on the Departmental Wiki and compliance therewith is reported to be around 80%. Efforts to standardize mission reporting formats and protocols are alleged to have met with some resistance from the posts, largely for the reason of the differences between missions and their circumstances. These differences include varying levels of access to resources, themselves a product of alignment with GoC priorities, though demands on missions are the same across the board. Further, efforts to delegate responsibility for HR management, including recruitment, have also met with some resistance, again for the reason that the current plan does not take into account the different circumstances at missions, which may result in some missions assuming a burden they are ill equipped to sustain. Overall, apart from the savings obtained from the elimination of positions, it is not clear at this juncture whether the measures being taken to streamline processes and introduce service standards are contributing to greater efficiencies or better service delivery.

Finding 16: The creation of the Multilateral Group is reported to have contributed to some administrative efficiencies. However, opportunities to enhance synergies on policy issues and to reallocate resources remain limited.

The Multilateral Group brought together two existing branches - the Global Issues (MFM) and the International Security (IFM) Branches - along with creation of a new branch dedicated to programming and departmental security. The new Multilateral Group was to be managed by the ADMs of these branches, who were charged with setting and monitoring overall strategic direction and acting as the senior link to stakeholders and the Department's corporate governance boards. The merger was expected to better support integrated intelligence service, advice and options on multilateral issues; increase policy capacity and responsibility of multilateral missions; foster a more equitable, aligned allocation of resources to multilateral issues; cultivate greater accountability for programming; and facilitate horizontal coordination and more coherent advice to clients within and outside government.

In a broadcast message from the DMs in May 2010, it was announced that the position of ADM, Programs and Departmental Security in the Multilateral Group would be eliminated with programming responsibility being returned to IFM under two bureaus. The merger is reported to have contributed to certain administrative efficiencies: both branches now operate under a single financial model which has helped to streamline financial planning and reporting; planning between branches is now fully integrated; and, both branches operate under a common human resource plan and management framework. This said, the expected synergies between the two branches on policy issues has not been fully realized, largely on account of the very different policy portfolios between MFM and IFM. Further, because a very high proportion of the Group's resources are fenced (Assessed Contributions and Gs&Cs programs) the room to move resources around is limited. Further, the work of missions with a significant multilateral dimension to their mandates is reported to be frustrated by the absence of a commonly accepted and consistently applied set of service standards.

Finding 17: E-Collaboration technologies have played and will continue to play an important role in supporting the department's goal of transforming itself into a modern 21st century foreign ministry.

Delivering on the mandate of the department requires a robust, flexible and connected network of employees in Canada and abroad. Over the last few years, the department has seen improvements to its IT infrastructure (e.g., C5 network, InfoBank, SIGNET), although the most significant technological development has certainly been the

introduction of Web 2.0 technologies launched under the TA's e-collaboration initiative.⁵⁰ The initiative was introduced by the IPB to support the department's network of missions and improve internal communication. Among the technologies launched under the e-collaboration initiative were the departmental wiki and Connections. The Wiki allows multiple users to add, remove and edit web content, thus presenting an effective tool for mass collaborative authoring. As an open platform, it supports employee engagement, open discussions, and knowledge sharing. On last count, there were over 10,000 contributors to over 30,000 pages on the department's Wiki.

Another e-tool in use in the department is the social networking platform called "Connections".⁵¹ Connections supports a variety of online functions including: the creation of blogs, which allows individuals to share information and post opinions; the creation of personal profiles, which supports access to expertise; the creation of communities, which provides a means for users to share information and opinions around a common theme: the creation of "dog ears", which allows the user to save, organize and share internet and intranet bookmarks; and the creation of activity sites, which allows users to pull people together to work on a particular activity. Originally piloted with the MCO community in 2009, subscribers now number over 2,650 with over 218 online communities having been established.

That the E-Collaboration initiative was introduced by the IPB to support the department's network of missions is of no coincidence as such interactive technology is critical to the efficient and effective delivery of the department's mandate by allowing employees to find, build and share information, and cultivate relationships unconstrained by time and geography. The Wiki, for example, was used to create a virtual secretariat in the lead up to the implementation of the G20 Summit, allowing senior policy makers to share content and connect with each other. Connections was reported to have been extensively used in the 2009 "policy jam" as part of the DFAIT Leadership Conference.

Notwithstanding the foregoing, investments in technology and training have not kept pace with demand. Corporate IT systems remain antiquated, both at HQ and missions, with interoperability challenges (e.g., missions to not have direct access to the corporate IMS). Video conferencing equipment is only gradually being introduced across the department and at missions, with many missions being unable to benefit from this

⁵⁰ Examples of other systems improvements, although not TA initiatives on their own, include the development of the LES Corporate Payroll Management Solution, designed to facilitate the delivery of LES HR payroll based on an automated and standardized platform, and the development of the IMS-SAP system which is designed to better track and manage material goods at HQ and missions.

⁵¹ In April 2009, DFAIT launched the *Managers' Network* to recognize, engage and equip middle managers to perform their jobs effectively and to foster a sense of community. Also created in 2009 was the *Globe-Trotters Network*, to support new Foreign Service Officers and management and consular recruits. These are but two of the 218 communities supported by Connections.

technology. Further, there is a perceived need for a secure wiki in order to support effective dialogue between HQ and missions for policy development purposes.

Finding 18: While there has been some progress in rationalizing business processes and products, there is little evidence to suggest that measures adopted have generated significant efficiencies

The creation of the Corporate Services Secretariat (DCD) recombined the Executive Services components of International Trade and Foreign Affairs that had hitherto been two distinct units. Charged with managing the department's governance structure, coordinating activities that enable the department to fulfill its obligations under the Access to Information and Privacy (ATIP) Acts, and ensuring quality and timely advice is provided to Ministers and DMs, DCD was also mandated to develop harmonized work processes and products between the trade and foreign policy sides. This resulted in the creation of five divisions responsible for five core functions, namely: briefing material; correspondence; Parliamentary Affairs; ATIP; and Cabinet Relations.

The first phase of simplifying business processes launched by DCD focused on: transitioning from Word Perfect to Microsoft Word; bridging CCM Mercury and InfoBank; the piloting of paperless correspondence dockets; modifying the briefing book format, including introducing an e-briefing book format; simplifying Q&A templates, and; streamlining business processes (e.g., MPR templates) in collaboration with the Geographic Strategy and Services Bureau (GLD). At the time of writing, most of these initiatives had been completed or were in the advanced stages of completion. For example, standardized briefing material, both country specific and thematic, are now in use, supported by the Wiki, though there is a growing awareness of the need for a secure wiki to support this function.⁵²

Notwithstanding the progress made, there appears to be either some misunderstanding of the roles and responsibilities between HQ and missions regarding briefing materials or some resistance from missions to assume greater responsibility for the content of briefing materials. As remarked elsewhere in this report, this resistance can in part be attributed to a lack of capacity at missions to assume these responsibilities. The same challenge was raised with respect to reporting – missions complain about being overwhelmed by current reporting requirements, which includes not just HQ but OGDs as well. Efforts to expedite the processing of ATIP requests are reported to be encumbered by outstanding challenges relating to the procurement of ATIP services.

Overall, it would appear that expectations that the measures adopted to simplify processes would in some way reduce volume were optimistic. Indeed, interviewees

⁵² The C5 Network currently presents the only platform that allows for collaboration between missions and HQ in a secure environment.

remarked that demand for products (ministerial and deputy ministerial briefings, Parliamentary requests, ATIP requests, cabinet documents, etc.) have increased or simply remained the same, without a commensurate increase in resources to support the delivery of these products.

V. Strengthening Accountability

Finding 19: Reforms to the Department's governance structure support greater efficiency, transparency and accountability.

In April 2008 DFAIT's corporate governance was restructured to align more closely with the department's PAA and to support the attainment of ongoing and key priorities. The new governance structure consists of an Executive Council, mandated to provide strategic direction and oversight to support the achievement of DFAIT's three strategic outcomes; two-sub-committees (the RMC, mandated to provide strategic direction and oversight on the alignment of financial and other resources with departmental priorities, and the TMC, mandated to provide strategic direction and oversight to DFAIT's TA), as well as four boards (the Policy and Program Board, the External Services Board, the Core Services Board, and the Missions Board).

The expected results of the changes to the governance structure were:

- decisions made more quickly;
- decisions aligned with strategic outcomes;
- more efficient use of executive time;
- broader representation of employees in governance activities; and
- greater transparency and communications of decisions.

A Preliminary Survey of the new governance structure was conducted by the CAE in 2009. This internal report remarked that the new structure had contributed to greater transparency and increased inclusiveness and efficiency in decision making, though the report also identified several areas for improvement. More specifically, the CAE report highlighted that the governance structure would benefit from clarified roles and responsibilities, an accountability framework, a formalized decision making framework, a stronger challenge function, and better communications. Recommendations were reviewed by senior management and appropriately actioned. In 2011 a new governance structure was announced to increase collaboration, improve alignment and streamline decision making.⁵³

⁵³ The new governance model includes an Executive Council, Resource Management Committee, Policy and Program Committee and Operations Committee.

Improvements in the governance structure were noted in the FY 2009/10 MAF report, stating that “DFAIT’s corporate management structure has all the components for an integrated corporate system of decision-making for allocation of resources to priorities, alignment of activities to outcomes, and the management of accountabilities.” This said, the MAF Report goes on to say that “the absence of a robust financial system, a departmental culture that does not support financial management discipline, and the presence of silos that act as independent units, undermine the effectiveness of the corporate management structure.”

Finding 20: The creation of the offices of the CAE and the CFO jointly establish the framework for more effective comptrollership of and accountability for departmental resources.

As a result of the increased focus on accountability, DFAIT adopted the CFO model, establishing an independent body in the department charged with ensuring the effective and efficient financial management of resources coupled with demonstration of results and transparent reporting. More specifically, the CFO is responsible for: the complete range of financial management accounting and planning services; sign-off on all new initiatives; departmental oversight and challenge functions; audited financial statements; ongoing objective assessments and professional advice to DMs and the management team; and leading a fully functioning financial organization, supported by qualified people and appropriate governance, processes and Information Management IM/IT. The CFO reports directly to the Deputies.

The CFO model also assumes the establishment of a CAE position and an independent committee to provide assurance of audit and internal controls. The CAE is responsible for: conducting the complete range of internal audit services; providing ongoing objective assessments and professional advice for Deputies; and leading fully functional internal audit organization, supported by qualified people and appropriate governance processes and IM/IT. The CAE reports directly to the DM on an annual basis, with opinions on the adequacy of controls, processes, and measures to mitigate risks. The model also requires that a majority of the audit committee members come from outside the public service.

As part of the department’s CFO model, and to further strengthen resource and financial management, DFAIT is implementing the FMA structure in all branches. FMAs are intended to augment the capacity of the Area Management Office (AMO) function by providing expert and accredited financial services to branches across the Department.⁵⁴ FMAs are to perform a role akin to the CFO at the branch level. Having FMAs embedded in branches is expected to: improve the accuracy and reliability of financial

⁵⁴ The AMO is mandated to provide management and administrative services to branches including financial services, though they are not necessarily accredited financial experts.

information; support the development of consistent planning, forecasting and reporting processes; enable the alignment of accountability and functional control; and increase independence necessary for a stronger challenge role and provision of financial strategic advice.

The CFO has improved awareness of financial policy and best practices through its launch of a revised CFO website, which includes tools to assist clients in complying with financial policies, procedures and best practices. Improvements have been noted in internal controls and quality assurance over financial reporting through the creation and dissemination of Financial Statement Audit Binders, the conduct of financial statement discussion and analysis, and the conduct of detailed trial balance variance analysis on a regular basis. Other measures adopted which support improved reporting were the production and dissemination of instructions for monthly FINSTAT reports. In the latest MAF report, while noting that there have been significant improvements in financial comptrollership, the report also noted that there is room for improvement, particularly with respect to strengthening the quality of internal controls over financial reporting.

Shortly following the creation of the Office of the CAE, the CAE created an internal audit charter and developed a multi-year risk-based audit plan. The CAE published its first annual report in December 2008. In FY 2009/10 ten audits were planned and ten completed. Each audit report, along with management's response to recommendations and action plans, is reviewed by the Departmental Audit Committee (DAC) on a quarterly basis. In FY 2009/10, the CAE, in response to a request from the DMs, undertook a Financial Resource Management Risk Assessment (FRMRA) which produced 49 recommendations, 37 of which were completed by April 2010.

Finding 21: The merits of establishing a PEWG remain untested with support from the programs variable.

The idea of establishing a centre for program support was in part borne out of an audit report of the Global Partnership Bureau conducted in 2006 which remarked that "corporate management and administrative systems [then in place] were never designed to support an international project and program management environment" – an observation that led to the creation of the Program Services Division (IXS). Housed within the International Security Branch (IFM), IXS was tasked with providing support for: financial, legal, data management, planning, policy and contracting functions; spreading best practices across programs; and offering a single point of contact with the Departmental Planning, Program Analysis and Budget Division and with TBS.⁵⁵

With many of these services being provided in one form or another by other functional divisions within the department, consideration was given to creating a working group

⁵⁵ Functional Review: Program Services Division, (Sussex Circle, October 1, 2008)

that would bring together expertise in the aforementioned fields to foster consistency and coherence to the provision of program support. This deliberation resulted in a recommendation to explore the merits of establishing a PEWG, which subsequently became a TA project.

Although the PEWG exists in name, support for the body among its constituents remains ambiguous and its ambition to perform the role of a fully operational support service network remains unrealized. It would appear that other initiatives pursued to strengthen program excellence and accountability, some of which are TA projects themselves, have overtaken elements of the original vision for the PEWG. The adoption of the FMA model, which sees financial advisors embedded in programs, is a case in point, rendering redundant the idea of the PEWG managing this service. The creation of the Working Group on Gs&Cs has similarly rendered redundant the idea of the PEWG playing any significant role in the coordination of services relating to the administration of Gs&Cs. Though there may still be merit in the sharing of lessons learned and best practices among corporate service divisions, the case for establishing a formal body to support this has not been made.

VI. Renewing our Human Resources

Finding 22: DFAIT, under the TA umbrella, has launched a variety of initiatives intended to address HR challenges identified in the Auditor General's (AG) Report on HR Management (2007).

The AG's report on HR management at DFAIT (2007) highlighted several deficits which required immediate attention to meet the challenges of the future, notably: 1) the need to develop a comprehensive HR plan that clearly defines the department's current and future HR needs; 2) the need to develop strategies to fill current and projected gaps in the workforce; 3) the need to strengthen the management of LES and CBS managers; and 4) the need to strengthen incentives for staff assigned abroad.

In response, DFAIT developed a Departmental HR Plan (2007-2010) which includes a gap analysis (staff shortages, employment equity, Official Languages, skills and competencies, career development, staff support) along with action plans to respond to each, many of which became TA initiatives. For example, it recognized challenges for the MCO stream (mid-career gaps, changing roles, group structure, inconsistent recruitment and promotion, and training). DFAIT created a new ADM-led MCO Governance Committee and an MCO Champion to address these issues, which, in conjunction with the MCO Consultative Committee, drafted a vision and mission statement for the MCO community. The MCO Renewal is comprised of five elements: resources, community renewal, career development, enhanced work environment, and communications.

Related to the MCO renewal is the LES Renewal Initiative. Again, following the AG's report, DFAIT transferred responsibility for LES management from HR to the IPB and created a high level governance committee, an LES Management Committee Board at missions, and a secretariat to oversee development and implementation of the LES Renewal. The LES Governance Committee endorsed an action plan for LES Renewal involving, in the first instance, a compensation review, followed by the development of a salary adjustment formula and the development of new tools to assist management.

Further, DFAIT launched the FSAA renewal initiative to improve recruitment, retention and career development for this cadre of staff. A champion was assigned to the task and an FSAA Consultative Committee formed to develop a strategy and steward the renewal process. Further, a FSAA Assignment Board was established.

In addition, DFAIT launched several other initiatives to address outstanding issues raised in the AG report. For example, DFAIT created the SESO to develop policy on spousal employment aimed at fostering a supportive environment to encourage families to go abroad and a telework policy to support the same.

The FSD Services and Policy Bureau (AED) was charged with reviewing the FSDs and developing a portal to enhance the automated administration of the FSDs, improve client service, and improve data integrity and comptrollership. The HR Operations Services Division (HMO) undertook a study to review the HR governance structure of the department which called for the centralization of HR management, the creation of an HR governance committee and the adoption of a community (pool) approach to managing the department's HR resources.⁵⁶ HMO further began work on simplifying HR management procedures supported by the development of a variety of online tools, including the HR portal.⁵⁷

Collectively, these varied initiatives, launched under the TA umbrella, established the infrastructure and strategic framework for addressing all of the HR challenges identified in the AG's report (2006), and by extension the basis for HR renewal of the department as a whole.

⁵⁶ "The Way Forward: HRM Transformation Excellence", RHR Consultation Inc. (otherwise known as the Boudrias report).

⁵⁷ Renewal of the department PMP was a TA initiative situated within the HR Renewal theme, but in the opinion of the evaluators is an initiative better suited to the TA theme of Accountability, and is addressed under that heading accordingly.

Finding 23: DFAIT has made considerable progress in its goal to renew the department's HR, though implementation challenges still remain.

Under the direction of the MCO Governance Committee, several important initiatives have been launched which have strengthened the capacity of MCOs. Examples include the recruitment and training of over 70 new MCOs since 2008; the development and implementation of a MCO Mentoring Abroad Program, which involved over 40 pairs of MCOs; and the development and launch of a new Leadership at Missions Course, which attracted more than 50 MCO recruits. This said progress has been slow in addressing one of the MCO community's long standing demands - that of reclassifying MCOs from the AS group to the FS group. Further, the placement of part of the budget of MCOs under the IPB has imposed new challenges. In the past, MCOs enjoyed a certain level of autonomy to manage their budgets, however under the current arrangement all budgets are vetted through the IPB which has undermined the ability of MCOs to cash-manage. Further, reporting requirements are alleged to have increased – FINSTAT requires reports on a monthly basis, whereas before it was quarterly.

As part of LES Renewal, DFAIT launched a review of LES compensation packages and terms and conditions of employment for all missions. This itself was novel since in the past salaries were only subject to review. At the time of writing, roughly 20 reviews had been completed. As a result of this new strategy, new salary adjustments were announced in April 2010 for the vast majority of missions abroad. Further, a number of new tools were developed and published, including an HR Plan template (94% completion rate by missions), a step-by-step Guide to the LES Classification Process, an LES Staffing Toolkit, and a Labour Relations Guide to managing LES. Further, online training courses and other distance learning initiatives have been launched to support LES career development.⁵⁸

In contrast to the foregoing, the FSAA community has not fared as well. Despite the creation of the FSAA Consultative Committee, and the designation of a Champion, which has had some success in improving FSAA access to training, FSAA renewal has made little progress towards achieving its declared objectives. Recruitment efforts have not kept pace with existing and projected demand, and the issue of reclassification, which is urgently required to align job descriptions with actual work performed, remains outstanding. The FSAA was never properly resourced to deliver on its mandate.

Following the creation of the SESO in 2009, three new policies have been advanced: a spousal employment policy, a telework policy, and a non-advertised recruitment policy. Further, HMO has created an extranet site which allows spouses direct access to spousal employment support and other posting service information. HMO reports

⁵⁸ Many LES are PERRPA officers, and thus part of the New Way Forward initiative which, though not a TA project, indirectly supports the LES community through the provision of training.

improvements in the level of spouses employed as well as an increase in the number of spouses engaged in telework (from 30 to 40). Challenges remain for the spouses of LES, who are not covered by the *Public Service Employment Act*, as well as the spouses of HOMs for reasons of conflict of interest. Further, coverage of incremental costs for spouses engaged in telework overseas remains a matter to be resolved.

Progress has been made in extending the pool system of HR management to other cadres of staff within the department, notably the EC/CO groups. Though in its early stages, the system does introduce added flexibility to better position the department to fill vacancies in a timely and efficient manner. Progress has further been made in enhancing support services to managers, evidenced by refinements to the Human Resources Management System (HRMS) self-service system and the creation of the HR Portal, which is now accessible on-line through the department's Intranet. Notwithstanding these innovations, the centralization of decision-making is alleged to have created bottle-necks and attendant delays in HR approvals.

Finding 24: Efforts to strengthen the department's PMP, while noting some success, remain challenged.

Although renewal of the department's PMP was placed under the TA's thematic heading of HR Renewal, PMP is arguably more closely aligned with the thematic heading of accountability, particularly with respect to the alignment of activities with departmental priorities and the reporting on results achieved. Strengthening the department's PMP became a priority following a low MAF rating, ultimately resulting in the renewal of the PMP becoming a TA initiative. Dissatisfaction with the PMP was confirmed in an online survey which was conducted in early 2009, the results of which demonstrated that though the value of PMPs was understood and accepted, there was a need to strengthen guidance, training and assistance for PMP users.

In response, a PMP "Ginger group" was formed, composed of employees and managers, to assess what was required and to come up with a plan for renewal. That plan called for the development of: a PMP Communications Strategy to impress upon managers and employees the importance of PMPs; a PMP Tool Kit to assist managers and employees in completing timely and effective PMPs; and a PMP Coaches Network to support managers and employees in completing PMPs. By June 2009 the PMP website had been revised and provided access to these tools. By fall 2009, all bureaus at HQ had PMP coaches in place, supported by a PMP wiki which was designed to provide tools for coaches and an open electronic platform to share best practices. The coaching model was extended to missions in June 2010, supported by new training tools and a revised wiki.

Although approximately 80% of DFAIT employees who need PMPs have them in place, and notwithstanding a mid-year completion rate of 80%, year-end completion rates for

PMPs are reported to still remain low – around 57%. While training constituted an important component of the PMP renewal initiative, it was reported to have never been adequately resourced to properly service clientele.⁵⁹ Take-up on training that was offered was also reported to have been below expectations. Plans to establish a central registry for PMPs was never realized, possibly due to financial constraints. Ongoing challenges in inculcating a results-based management (RBM) culture among staff were affirmed in a recent study on the state of performance measurement in DFAIT conducted by ZIE.⁶⁰

VII. Culture Changes

Finding 25: As a result of the TA, the department has established the foundations for a culture change. There remains in the Department, however, areas that have been resistant to change.

The department has adopted through the TA an approach to create a modern, flexible, innovative and agile organization that can adapt to a fast-changing world. This vision of the future has required a fundamental re-examination and change to the focus of the methods used and form of the department's representation abroad. The TA was envisioned in the communication plan and other documentation as a culture change.

Before the TA, the culture of the department was described by many as a culture of excess, rigidity and risk aversion. The department was also described to be hierarchical and lacking capacity to manage its financial resources tightly. Accordingly, a "culture change" (values, norms and ways of doing things) was perceived as being necessary to position the department to be able to respond to the challenges of the 21st century.

There is no doubt that the TA has fundamentally reshaped the way the department is functioning and interacting with others. The following are some examples that can illustrate the culture change:

- The HQ-mission divide is much smaller than before. The role of missions in policy development has increased. The capacity of missions to take a leadership role in a number of policy priorities of the department has been enhanced with the establishment of RPCs and the redeployment of resources to missions. Creating a surge capacity for policy development and analysis is a novel approach. Through the RPCs, resources are flexibly allocated to priorities and marshalled to respond to emerging needs. Further, being on the ground and

⁵⁹ Allocation of resources for training requires the authorization of the Portfolio Management and Strategic Planning Division (HSP) of the HMO.

⁶⁰ Report on the State of performance Measurement at the Department of Foreign Affairs and International Trade, Evaluation Division, Office of the Inspector General, (March 2011).

close to key interlocutors fosters Canadian capacity to collect timely information and increase Canadian influence. For example, the AUDG oversees resources that can be moved between five countries and serves as a communications hub through which HOMs can contact the head of the Andean Centre about the situation in particular countries in the region. The RPCs possess resources that can be focussed on an urgent regional issue and HQ has the expertise in place to bring the issue into perspective.

- Consistent with international trends, HQ is getting smaller while more responsibilities are being devolved to missions. The SR-400 is one of the largest efforts for the redeployment of resources to achieve an enhanced collaborative process in policy development and analysis. It reflects a major rethinking in the way the department is configured and the way in which its bilateral and multilateral relations are managed.
- One of the main goals of Transformation is to foment a culture that is more focused on results in the delivery of services to clients. Client and citizen services have greatly improved and the department is better able to respond to emergencies. With the establishment of the CSEM Branch and changes made to the governance of PPTC, the department has developed a more client-oriented culture for service delivery. This was evident in the departmental response to the recent crises in the Middle East, which demonstrated the ability of the department to lead and deploy surge capacity to respond to emergencies affecting Canadians and Canadian interests. The increased resources allocated to the CSEM Branch, the establishment of services standards for the provision of consular and passport services abroad, and the conducting of a more systematic assessment of client satisfaction constitutes a change in the way the department provides services.
- The financial system is changing to provide real-time budget information and to facilitate better financial control. The creation of the CAE and the CFO Branches has come in response to government wide policy and legislative requirements as well as the need to have better control over financial resources. They were tasked to bring attention to administrative and financial high risk areas and enhance the capacity of the department to manage its finances within its means.
- DFAIT is becoming more innovative and welcomes the use of social and communication media tools. A new culture that allows every employee in the Department, regardless of seniority or position, to share and recommend new ideas without being muted has been established. The use of the Wiki and other e-collaboration tools represents innovative ways to share information, increase collaboration and break the rigid structure and silos that existed in the past. The adoption of Web 2.0 technology is also impacting on corporate culture. Web 2.0 technology has allowed the department to democratize and remove bureaucratic, hierarchical, generational and administrative obstacles to the implementation of

good ideas. The amassed knowledge of the department's constituent parts does not get stifled by the department itself. In this sense, the department has become a public space for sharing information - every employee has the capacity to contribute to organizational change and champion ideas through to fruition.

- The creation of the IPB represents a significant step in fulfilling the department's mandate and responsibility to manage Canada's network of missions abroad and improve service delivery to OGDs. It is also critical to the alignment of the department's priorities with those of the GoC. As a single window for common service delivery for all government departments operating within the diplomatic and consular framework, it represents a major cultural shift away from window-style service delivery and the often difficult relationships with OGDs. Charged with establishing service standards, an interdepartmental Memorandum of Understanding (MoU) for common services delivery, and a more collaborative governance structure for CSA (among other things), the IPB has spearheaded major changes in managing and consolidating common services resources, improving partner relationships, enhancing communications and service delivery, and monitoring changes affecting our network abroad.
- The TA has transformed the relationship between LES and CBS, two groups that bring very different perspectives to the department's work on a rotational basis. The unique contributions of LES have been institutionalized by the TA through the reforms made to LES management. Meanwhile, the creation of RCSCs constitutes a move away from the department's traditional "boutique" mentality to a more regional provision of common services that makes better use of new communications and information technologies and changes the way a Canadian foreign ministry does business. This aspect of the TA will require more time to see a culture change, however, as DGs remain reluctant to delegate authorities to posts and HOMs are sceptical that the RCSCs represent a loss of control at their own posts. Such a drastic change to the nature of the department's governance abroad is sure to produce some resistance and strains.
- The creation of DCD was critical in applying a more corporate culture to the department's decision making processes. Through the governance structure, ADMs have more forums to discuss wide-ranging corporate issues; make decisions from a holistic, corporate perspective; support effective collaboration across bureaus, branches and OGDs; and improve alignment of committee work with departmental priorities. The department's governance structure and harmonized work processes (e.g., between the political and trade sides) enabled the department to fulfill its obligations under various acts (e.g., the *Access to Information Act* and the *Privacy Act*) and ensure the provision of quality and timely advice to Ministers and DMs. Further, the availability of records of governance committees to all employees on the intranet has improved information sharing and collaboration across the department and enhanced transparency and accountability in corporate decision-making.

- The GeoGroup Renewal, while an NBM project, represents a major transformation in the way the department manages its international political and commercial relationships. The integration of the political and trade portfolios, standardization of bilateral and thematic briefs, streamlining of business processes and introduction of service standards will improve the gathering of more integrated intelligence and the development of interdisciplinary advice. Efforts to standardize mission reporting formats and protocols, to align the allocation of resources with foreign policy and international commercial priorities, and to have a broader corporate view of the allocation of resources has enhanced the role of missions and horizontal coordination in ways that were not available before.
- The suite of HR initiatives launched under the TA are laying the foundations for culture change in the way in which HR is managed, but also in the way that the department conducts its business. Initiatives launched under the TA in support of the MCO, LES and FSAA communities stand to have a significant impact on how these groups are perceived and engaged by peers. On a departmental level, the TA's HR initiatives validate and formally affirm the important contributions that these groups make to the delivery of the department's mandate and more actively engage them in the department's core business. Efforts underway to diversify and strengthen the department's complement of subject matter experts reflect the changing nature of the department's work. New people with new skills are redefining not only what the department does, but how it does it. The increase in the number of non-rotational staff marks a significant culture change in a department that was formally focused almost exclusively on policy development and diplomacy. Indicative of this change is the recent inclusion of the EC/CO group among rotational staff. The creation of the EC/CO/FS pool will allow, for the first time, incumbents within each stream to move more freely between streams, which both affirm the equivalence of competencies between the streams and simultaneously break down barriers to career development. This again marks a significant culture change within the department. Other initiatives launched under the TA designed to create a more supportive environment for staff, such as the spousal employment and telework policies, provide evidence of a more flexible and inclusive approach to HR management.

These are all manifestations of culture change that have affected the department, its functions, its bilateral and multilateral relationships as well as its HR. Through the TA, the department has challenged its values, work standards and the traditional roles of its missions and staff. Some key informants emphasized however that there is still work to be done in some areas such as the financial and IM system, policy development and in programme excellence. Programming itself did not advance as expected as a result of the TA, which was a catalyst to give impetus to the PEWG and other departmental efforts to improve management of Gs&Cs.

However, less has been achieved in fostering a culture of change that redefines the work of the department and propels Transformation forward on the policy side. The department continues to struggle with the dilemma of whether to decentralize or centralize policy functions. The delegation of policy development to RPCs conflicts with the traditional way in which policy is developed at HQ and implemented at posts. If the policy development process is to be more inclusive of RPCs and the network abroad, then more coordination is needed between HQ and posts as well as with OGDs. Although the increased use of e-collaboration tools has begun to facilitate the development of greater policy expertise in the field, the overall improvement in policymaking is slow. The decentralization of policy development to the field is a difficult process that requires new thinking and a willingness at HQ to relinquish at least partial control over the policy side. Advancing policy development would require the establishment of issue focussed policy networks that include GeoGroups, missions and OGDs. In fact, combining all geographic related policy expertise would yield greater efficiencies and pay dividends in terms of whole of government coordination.

Another area where progress has been limited is in performance measurement. ZIE's March 2011 Report on the State of Performance Measurement concludes that inculcating a RBM culture among staff at DFAIT continues to be an ongoing challenge. The challenges reported in studies of the Results-Based Management and Accountability Framework (RMAF), such as senior management involvement, organizational capacity and availability of support for managers are as evident today as they were in 2002 and 2008. When key informants were asked to characterize the current culture of RBM in the department, most agreed that performance measurement was met with resistance, indifference or irritation. Performance measurement templates are viewed as a difficult, time-consuming administrative burden that diverts the time and effort of "important staff" away from more urgent and important core responsibilities.

The current culture relies on the knowledge and experience of staff to conduct diplomacy and advocacy, not on performance measurement data. Furthermore, many informants noted that they are apprehensive about how performance data will be used, and indicated resistance to being held accountable, especially regarding outcomes. Most staff and management at HQ and missions alike perform performance measurement because they are required to and not because they want to, need to, or find the data useful. Attitudes within the department regarding PM are indicative of a culture that wants to insulate itself from evidence-based results.

It was noted that the culture change visible at HQ has not taken hold at missions, where the perception remains that Transformative culture change is an HQ-specific project that is merely a response to central financial pressures dressed up in transformative language. Further, the department should have made efforts to clearly demonstrate how the new approaches, behaviours and methods have helped improve performance—one of the principles of successful organizational change.

Despite the shortcomings of the TA in cultivating a tangible cultural change in decentralized policy development, service delivery and performance measurement, the TA has laid a strong foundation for DFAIT to constantly innovate and improve itself. The department will continue to change through an increasingly interconnected and dynamic process. The innovative initiatives of the TA have made the department and its structures and employees more flexible, open to change, and collaborative in solving problems and finding efficiencies. The internalization of a culture of change in parts of the department means that the entire department is forced to continuously keep pace and adapt.

VIII. Increase Innovation

Finding 26: *InnovAction* has successfully established an open Departmental forum for engaged employees to connect, collaborate and generate innovative ideas. However, *InnovAction* has lost momentum and the generation and implementation of ideas has plateaued.

Change management literature places an emphasis on the necessity to create a “feeling of belonging” and empower employees to be agents of change in the organization in which they work while creating a space for the dedication and creativity of employees to flourish. This is exactly what *InnovAction* is about.

The *InnovAction* Working Group is an organic group of interested individuals who volunteered to take part in DFAIT's evolution and growth. *InnovAction*'s mission is to create an empowered, collaborative, global and voluntary network of employees in support of a DFAIT of the future that is working to identify drivers for improvements that are transformational, innovative and action driven. It responds to a recommendation of the Working Group on Next Generation Issues to the Strategic Review Steering Committee (2007) to empower staff in order to motivate them and increase general productivity. It is also a model that has been presented to OGDs and shared as a best practice.

At its outset *InnovAction* was a single group, but so many ideas were generated that there arose a need for organization, leadership and coordination of the ideas. This led to the grouping of *InnovAction* into 6 clusters, each of them led by a Sherpa and involving employees at missions. In view of the synergy among clusters and between clusters and existing groups dedicated to innovation in the department, *InnovAction* became a network through which any employee dedicated to innovation and organizational change could participate on the wiki. Put simply, *InnovAction* became a network of like-minded people that could connect and collaborate to generate ideas for improving the department. It served as a mechanism for choosing ideas, prioritizing them, and adding critical mass to them for action.

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InnovAction grew over the last three years to a critical mass of over 250 ideas involving over 100 staff. The rapid growth of *InnovAction* forced senior management to take notice, especially since it was presented as an element of the TA and developed as part of the TA communication strategy. The wiki has been used to track progress and share information on *InnovAction* ideas. Each of the 6 clusters have generated and implemented a number of innovative ideas:

- **Greening DFAIT:** As of May 2010, all network printers at HQ were set to print double-sided, with printers at missions following shortly thereafter. Consumption of paper decreased by 10-15% between FYs 2008/09 and 2009/10.⁶¹ Another cluster initiative has offered the delivery of direct-deposit payment statements emailed to employees as a pdf file as opposed to paper form. The measure saved paper and reduced the time spent by delivery staff or mail clerks on pay stub delivery. Employees can choose to receive electronic pay stubs by following a link to TBS posted on the Greening DFAIT Wiki page. Initiatives such as this also generate efficiencies and operational savings. In the Greening DFAIT Idea Garden, 22 ideas had been seeded, 3 were germinating, and 7 were reported to be sprouting, while 2 were said to be hibernating.
- **Workforce of the Future:** Cluster members informed DMA of the progress of two leading ideas to emerge from the Idea Garden. The first is the launching of a mentoring webpage that inventories all mentoring initiatives in one location, including guiding principles and resources. The second is the attempt to increase use of departmental e-collaboration tools to encourage mentors and mentees to connect. In this cluster, 2 other ideas were being cultivated, 6 were germinating, and 46 are seeded.
- **Making Technology Work for Us:** Major ideas implemented by this cluster include the certification of Signet to store information up to Protected B in order to save time and money, the expansion of the PeopleSoft Platform to LES to bring LES management in line with modern computer-based tools, and the creation of an IT script to centralize templates for Microsoft Word, Excel and Powerpoint. The cluster works in close collaboration with the CIO to leverage *InnovAction* ideas related to IT and IM in the department. The cluster also had 4 ideas cultivated, 7 germinating, and 40 seeded.
- **Working More Intelligently:** This cluster has implemented numerous ideas that simplify business practices and cut red tape in the department, including the improvement of the briefing book process, the implementation of electronic filing system, the consolidation of departmental forms in one location, and the creation of a primer on Canada for all employees. In total, 25 ideas had been

⁶¹ http://wiki/index.php?title=Double_Sided_Briefing_Material.

implemented, 15 were in progress, and 16 others seeded. The cluster meets on a monthly basis, and the Wiki is updated regularly.

- **Workplace & Work/Life Balance:** This cluster has morphed into the DFAIT Wellness Network, led by a steering committee that meets every six weeks and supported by a dedicated group of volunteers and a Champion at the senior management level. The Wellness Network has opened a gym at 111 Sussex, obtained a corporate price for DFAIT employees who are members of the *Goodlife Fitness Centre*, organized ongoing wellness events and activities with special guest speakers, and done charitable work with those who are less privileged. Some of its other major accomplishments include the holding of a Health and Well Being Fair, the creation of a “Daily Wellness Initiative” page on the Wiki that shares information and links on mental health issues such as stress management, and the organization and administration of various Departmental sports and fitness activities. The Wellness Network is continuing, in partnership with corporate planning and HR, to lead initiatives that relate to the TA’s six themes, in recognition of the fact that corporate wellness and employee health is a key element of sustaining employee satisfaction at DFAIT. The cluster wiki page identifies 16 “employee-driven initiatives” underway and 19 “great ideas that need your leadership”. However, it has not been updated since April 2010.
- **Policy Excellence:** This cluster aims to expand DFAIT’s policy network in the spirit of global empowerment, knowledge sharing, problem-solving and challenging traditional ideas. A few of its main initiatives have been the presentation to DMA of proposals for a Departmental Best Practice Scan, a Transparent Resource and Results Management Project, and a “DFAIT of the Future” E-Book Competition. The cluster, working closely with POL, also has an ongoing dialogue on Connections through the Policy Innovation at DFAIT Community and is discussing with other divisions the feasibility of creating a talent management database. There are five ideas underway and another 13 seeded.

InnovAction and the ideas that it produces is related to at least one of the themes of the TA, including improving services to Canadians, focusing on the Department’s core business and strengthening the network of missions abroad, and renewing HR.

DFAIT demonstrated innovation in its use of technology during the G20 Summit through the creation of a virtual G20 Secretariat. It has been used by all Sherpas and their policy teams – before and during the Toronto G20 – as a closed social networking community for senior policy makers to share content and connect with each other. DFAIT has also demonstrated innovation by its social media campaign in which Twitter, Facebook and YouTube have been used to engage target audiences and host online public e-discussions on key issues. The department conducted an innovative analysis of social

activity leading up to and during the G8 and G20, reporting directly to PCO and the Prime Minister's Office.

Despite the participation of employees throughout the DFAIT network and the generation and implementation of numerous ideas, *InnovAction* has lost momentum and no longer carries the critical mass needed to turn ideas into action. This can be seen in the decrease in updates to the cluster wiki pages, the decrease in cluster memberships, the less frequent convening of cluster meetings, and the tendency of seeded projects to remain in a nascent stage. Despite the dedication of Sherpas, without increased communication, wider engagement and participation, and financial and human resource support from senior management, *InnovAction* is in danger of fizzling out.

8.5 Performance Issue 5: Demonstration of Efficiency & Economy

6 areas of the performance of the TA are addressed in this section including design, communication and engagement, performance management and measurement, business processes and implementation instruments, governance and oversight, and cost and savings. This section also addresses the quality and consistency of objectives and Transformation logic.

I. Design of the TA

The overall purpose, logic, search for alternatives, internal consistency, compatibility (and synergy) with other work, and feasibility of implementation are important variables in designing a quality program for change. The key question that this section explores is whether the department has taken the right decision with respect to initiatives and what synergies have been achieved.

Finding 27: The TA was designed to respond to challenges facing the department. But between the design and implementation of the TA, there was little time devoted to planning, including an examination of implementation methodologies, risks and overall potential impacts. Sequencing of initiative implementation and an exit strategy are critical issues.

The TA is a large scale and ambitious undertaking, and its design was informed by analyses of various challenges impacting on the department. In this sense, the department has taken the right decisions in the selection of many of the initiatives. The evaluation did not find significant gaps or evidence of major change initiatives that the department should have undertaken but did not. Some informants felt, though, that the department did not go far enough in some areas, such as information and data management, performance measurement, HQ-field rebalancing and RCSCs. As

mentioned elsewhere in the report, these initiatives are facing different sets of challenges that are delaying their implementation.

Some of these challenges could have been addressed or flagged if more attention was paid to their design. Between the start of the implementation of SR1 and the announcement of the TA, there was little time devoted to designing and planning for the proposed changes. Interviews with project leads and review of documents suggest that many of the decisions were made up-front without examining the impact of the proposed change scenarios, and the department moved into implementation mode as soon as these decisions were made.⁶² This has created considerable challenges many TA initiatives had to be operationalized and implemented at the same time.

As indicated early in the report, much has been accomplished and significant progress has been made. However, allowing more time for consultation with those most involved in planning and designing change management initiatives – regardless of whether they are required by central agencies or identified by senior management to ensure the health of the organization – would optimize and ensure the effective use of resources.

The limited examination of impacts of changes on the department has greatly reduced its ability to identify and manage risks and ensure the overall direction of changes. For example, the creation of the GeoGroup was seen simply as the transfer of non-program budget allocations to the newly created IPB. The renewal of the GeoGroup under the NBM was intended to reorganize and streamline operations under four ADMs, encourage bilateral missions to take increasing ownership of policy work, and increase resources for mission operations. This was highlighted as an area that could have benefited from more analysis and examination of the needs of the department, trends in other foreign ministries and the merits of other alternative models.⁶³

In terms of risks, the department experienced several challenges implementing a number of TA initiatives, such as the FSAA Renewal, Communications Renewal and the RCSCs. These challenges are related to corporate risks (organizational functioning and priorities), financial risks, and the unique risks of working in an international context.

The objective of HQ-field rebalancing and the SR-400 was to reallocate HQ reductions to missions. At the time that reallocation decisions were made, the location and distribution of positions were determined without the benefit of a comprehensive analysis of the optimal locations of these positions, the cost and impact of the reallocation and the carrying capacity of missions. The initial breakdown for the

⁶² This was particularly true of decisions related to the NBM.

⁶³ Another model that could be considered is collapsing geographic regions into only two areas—Western and Eastern hemispheres—and focusing primarily on short and medium term planning ranges.

rebalancing was 60% LES and 40% CBS. However, later in the implementation, this ratio was changed and, as a result, the cost has increased. The situation was further compounded as some of the expected savings were not realized. This led to an increase in financial pressures to a total of (C) \$11.1M.⁶⁴

The sequence in which projects are implemented is critical to the success of any organizational change initiative. The implementation of all TA initiatives essentially started concurrently, resulting in some unintended consequences. For example, efforts to integrate corporate business planning are being made simultaneously with the simplification of business processes. The latter is complicated by the GeoGroup renewal, which is an NBM project. Another example is related to the automation of business processes before, or at the same time that, they are being changed and streamlined.⁶⁵ Furthermore, RCSCs are being established before their mandates and requisite delegated authorities by region are determined.⁶⁶ Proper scheduling and sequencing of initiatives would have minimized implementation risks and the need to constantly adjust plans and schedules.

The design of the TA did not include an exit strategy from the implementation phase, which should have been identified from the beginning. The evaluation found that it is not clear to many employees when the TA will be completed. In its third year of implementation, the TA does not have a known sanctioned exit strategy. Projects are identified by FXIT and the responsible bureau as simply graduated/completed without considering the status of the TA as a whole. A smooth and well executed transition out of the TA is critical “to avoid devaluing the achievements of the TA” and to ensure the continuity of initiatives. Part of this transition should be an examination of “what change has occurred and what is the impact” using a RBM approach.

Finding 28: The TA outcome mapping exercise was a welcome attempt to develop a performance management strategy for Transformation. However, it was not completed and did not help in illustrating the TA’s design logic and internal consistency.

To ensure that the design and implementation of the TA is aligned with the department’s PAA and the Management, Resources and Results Structure (MRRS), FXIT had started a process to develop an outcome mapping and risk assessment registry for the six themes. The outcome mapping was to provide a logic model and a framework for performance measurement and risk management.

⁶⁴ Some factors were beyond the control of the Department. See: ZBD. “Strategic Review Reductions – implementation update.” (June 2010).

⁶⁵ Source: interviews with Project Leads.

⁶⁶ These issues are in the process of being resolved, while RCSC staff are already in the field.

The outcome mapping was developed by theme and included relationships and linkages between various outputs achieved under each of the themes. It identified outputs, indicators, and timelines, as well as what can be measured and assessed by Project Leads.

The maps illustrating the outcomes under each of the themes were quite convoluted to follow and far from being user friendly. Input-output logic was difficult to follow. Output and outcome descriptions are in some areas mixed up, which rendered the tables and maps difficult to use. In addition, the mapping did not help in clarifying the synergies and internal consistencies between themes and how each is contributing to the others.

Unfortunately EXIT had limited resources and was unable to complete the outcome mapping exercise. Notwithstanding the limitations described above, the mapping was a welcomed attempt to develop a performance management strategy for the TA, and should have been completed and utilized to monitor and measure progress made. This would have been a worthwhile investment and is indeed a lost opportunity. As a result, no attempts were made to measure impact or examine the horizontal effects of all initiatives implemented together. For example, it is difficult to determine how much progress has been made by the 33 TA projects as a whole toward the DFAIT 2020 vision for the department, which was articulated as part of the SR1 process. One of the principles of organizational change calls for the formulation of a clear and measurable vision that takes into consideration the risks and costs of implementation.

Finding 29: The inclusion of projects in the TA was not based on the application of clearly agreed upon criteria for selection. Projects were included because either they fulfill commitments made under the SR1 or they require strong senior management support.

Projects were the key tools used by the TA to achieve the desired objectives. In such a context, project selection is critical. Unfortunately the criteria used for the inclusion of initiatives/projects into the TA were not made clear and there was no attempt to prioritize them. Projects directly related to the implementation of the SR1 (e.g., the creation of the IPB, the HQ-field rebalancing exercise) were arguably necessary to fulfill commitments made by the department. So with the exception of the initiatives identified in SR1, the rest of the initiatives were later add-ons. Examples include most of the initiatives implemented under the HR theme, which were previously identified to respond to the AG's report, and the establishment of the governance structure, which is part of the ongoing business of the department.

In the absence of clear criteria for TA project selection and filters to determine eligibility for project inclusion (e.g., relation to TA objectives, impact, nature and level of transformation), initiatives were included under one of the 6 themes. The basic principle was to select and focus on initiatives that lead to a maximum pay-off and necessary

change. Some were included as a result of strong leadership and support from senior management. This has been the case for projects that had already started or had been previously identified as a result of other internal analyses, such as communication renewal, the FSAA renewal and the LES renewal. As missions and other parts of the Department became more involved, additional projects were added to the TA such as the Transformation Engagement Strategy.⁶⁷

Between 2008 and 2009, various projects were added and removed, either because they were deemed to be complete or because needs had changed.⁶⁸ As mentioned, it was only late in 2009 that the TMC agreed to stick to 33 projects. Adding projects - especially those that were added outside their normal life cycle - to the TA at various stages not only complicated the management of the TA as a cohesive initiative, but has also called into question the focus of its objectives and presented it as an ongoing and evergreen initiative.⁶⁹ Change in any organization is an ongoing process as it tries to improve the management and delivery of services. Tying it to a particular timeline, such as that of SR, may have shrouded the TA and cast it as a programme, without its typical elements, which may not be appropriate for a change management initiative.

II. Communication and Engagement

Communication and engagement (participation) are two management concerns that are of the highest priority when attempting an organizational transformation. There are few successes found in the literature on transformation that do not include good communication and engagement. This is a lesson identified by DFAIT's own evaluations. The PERPA Renewal evaluation found that effective communications were necessary to heighten awareness of PERPA's core services. In the evaluation of the Governance Model for Support to Missions Abroad, improving communications was highlighted as a key to improving operational efficiency. Similarly, the third principle of organizational change clearly articulates the need for constant consultation, engagement and dialogue with employees at all levels in order to demonstrate that the entire organization is participating in the change initiative as opposed to having it imposed on them.

⁶⁷ In previous communications, this project was called "Engaging the field in Transformation."

⁶⁸ For example, the ITM, Canada's engagement in Afghanistan, enhancing policy capacity, and the new gym at 111 Sussex were all included as TA initiatives in 2009.

⁶⁹ For example, the interdepartmental review of Canada's membership in international organizations was to be undertaken in the normal course of business. The project would seem to be a better fit for the Aligning with Government Priorities theme.

Finding 30: Significant efforts and attempts were made to communicate the objectives of the TA to all levels of the Department. However, a common understanding of the TA's objectives is not shared by all employees in the Department, while missions and ROs were not engaged at the outset.

Following the launch of the TA a consultation and engagement strategy was prepared for the purpose of engaging all DFAIT employees. FXIT has undertaken over 140 communication events using multiple communication channels (e.g., information sessions, information materials, DM-led armchair discussions, town hall meetings, focus groups) across the department and at missions and ROs.⁷⁰ A TA module was integrated into the DFAIT 101 introductory course and introduced to new employees and the TA was made a main theme in the department's 2009 leadership conference. Through these events, FXIT tried to pitch the message to every level in the department, from senior management to working level staff. The ADM and Chief Strategist were the departmental TA Champions. In general, consistent with the principles of organizational change, senior management was actively involved since the outset of the TA and the department communicated the change efforts constantly and through multiple channels.

Unfortunately, most of the communication efforts in FY 2008/09 were focused on HQ, with missions and ROs receiving less attention. In FY 2009/10, the Department started to engage missions and ROs through the implementation of the TA@missions initiatives.

In February 2009, a message from the Deputies to all HOMs was sent to inform them of the TA objectives and to ask them to name a Transformation Champion and identify at least two projects related to the TA's 6 themes. Two regional champions were put in place (Europe and Latin America and the Caribbean). Their role is to guide missions and support TA champions at missions. Transformation was then integrated into HOM meetings, RO Head meetings, and other staff training and retreats. A wiki page and an intranet site were developed and continually monitored and updated with success stories, tools, blogs and resources.

Since DFAIT assumed responsibilities for the 12 ROs from IC in 2003, they have undergone a realignment exercise to focus more on serving Canadian citizens and businesses. One factor that had delayed engaging ROs was the definition of the ROs as not being part of the mission network. In FY 2008/09, strengthening the ROs was a TA project and the capacity of the offices was augmented by 30 FTEs as part of the SR-400. At the time of writing, 22 positions had been created. The Canada Bureau was established to clarify the vision and support the ROs.

⁷⁰ Deputy Armchair discussions never existed before.

The use of e-collaboration tools, the establishment of a network of Transformation Champions, the provision of teleconference access to quarterly Deputy-led armchairs and transformation discussions, the holding of monthly staff breakfasts with the DM, the creation of a Transformation@Missions Wiki site, the launching of a *Manager's Network*, the handing out of the Osez Award, and the Chief Strategist's monthly distribution of "sneak peaks" that outline TA best practices, are all examples of communications tools that were used to engage employees, share success stories and communicate the TA. A review of the Wiki pages showed that over 80% of missions have identified at least two TA projects to implement.

Similarly, some TA initiatives had their own communications plan. For example the RCSCs developed a proactive strategy to communicate objectives and progress which was presented to common services committees (e.g., the Missions Operations Committee and the DM intergovernmental Committee). Meetings were also held with the GeoGroup to introduce the RCSC model and its mandate.

Notwithstanding the work undertaken to communicate the TA to all employees, the evaluation found that the TA is not a well understood story among middle managers and did not resonate with the day-to-day work of many employees. It appears that the TA was better understood at the senior managers' level. As mentioned, the TA was a main theme at the 2009 leadership conference and all senior managers had the TA as part of their PMAs. But it is not clear why the concept of the TA did not filter down to all levels of employees. This could have been addressed by ensuring that TA activities were incorporated in PMPs and by developing specific communication packages to target working level employees.

From the mission perspective, the TA was perceived, and remained, to a certain extent, a HQ initiative. Several interviewees highlighted that the TA did not impact on the day to day operation of missions; the exception being the establishment of the RPCs in some missions and the use of the wiki in preparing briefing notes. The RPCs were seen as part of the ongoing process of redefining the division of labour and identifying who takes the leadership role. Further, some felt that the changes brought up by some Transformation initiatives led to more work and less HQ support. This was particularly felt after the introduction of the NBM, which was seen as simply a cost cutting exercise.

The communication and engagement strategy identified a number of risks. Key risks included the need to focus on engagement at all levels; the need to provide employees with a clear sense of where the department is headed and how it will get there with consistency in messaging; and the possibility that there is Transformation 'fatigue' in the department. Continuously communicating a clear message, sharing success stories that demonstrate the impact on the department, and describing the challenges that are facing the TA could have helped in mitigating some of these risks.

Finding 31: The absence of explicit criteria for selection of projects under the TA, as well as inconsistencies in communicating the TA as distinct from other change initiatives (e.g., NBM) contributed to a lack of clarity as to the link between them. It has also hurt the branding of the TA as a management improvement process as opposed to a cost cutting process.

The communication concerns identified in earlier findings are being magnified by the introduction of the NBM. The interface between the TA and NBM is a critical one. Several departmental broadcasts and FXIT briefs highlighted that the NBM is part of the larger TA, so there were clear efforts to explain and clarify the links between the two in terms of design and implementation. Nevertheless, it seems that not everyone in the department understood that the genesis of the TA was in the commitments made under SR1. Announcing the NBM in the second year of the TA (April 2010) and presenting it as part of the TA added to the complexity of the messaging.

The TA was communicated as a means to facilitate the implementation of SR1 and present an innovative way to create a flexible and an integrated modern DFAIT. Similarly, the NBM was introduced to help the department to focus on the realignment of its operations and streamlining of its management structure in light of the financial pressures that the department was facing. While the NBM was communicated as an element of the TA, it was presented in a framework of reductions, cuts and reconfiguration in response to financial imperatives. In this process, the branding was affected in two ways. First, the objectives, content and links between the TA and the NBM were not communicated early in the process, which left many to wonder about the links between the two initiatives. The delay might have been justified in order to maintain the integrity of the decision making process, as positions were to be cut. Second, when the decision was made to communicate the NBM, the evaluation learned that a comprehensive communication strategy was developed. However, just a few armchairs and broadcasts were arranged, and the links between the TA and the NBM were nuanced to the extent that people did not understand the distinction between the two.

The result is that TA objectives were to a certain extent colored by the objectives of the NBM, which were mainly to accelerate savings and achievement of efficiencies. Some indicated that there was a sense of cynicism that the department is simply trying to couch the cuts into Transformative language.⁷¹ This was one of the risks identified in the communication and engagement strategy: “the challenges may influence negatively the optics of the TA”. However, it is not clear what mitigation measures were taken.

⁷¹ Some argued that the Department should have called what it actually is: ‘a budget cut’.

Finding 32: **With strong initial support from senior management and a dedicated group of employees eager to improve their place of work, *InnovAction* was a useful grassroots engagement mechanism for generating innovative ideas. There is a risk, however, that the group is losing energy and support from senior management.**

InnovAction represents a grassroots, decentralized model for employees at all levels to develop new, dynamic and innovative ideas for improving and transforming the place in which they work and for taking part in DFAIT's evolution and growth. *InnovAction* provides an innovative and interactive forum to enable and empower employees to think creatively and champion the implementation of their ideas. To date this has been a successful engagement strategy for DFAIT employees to connect, collaborate to generate ideas for improving the department, and then choose, prioritize and add critical mass to those ideas for action. Details about the Transformative successes and accomplishments of the *InnovAction* group can be found in Finding 26 under the Achievement of Expected Outcomes section of this report.

InnovAction was originally not a TA project, and some members continue to view it as separate from the TA, but it came to be an official part of the TA's engagement strategy. The Chief Strategist and Head of FXIT at the time of *InnovAction*'s genesis were the key sources of energy and support for driving it forward and served as the influential link between employees and senior management.

Unhindered by bureaucracy and hierarchy, *InnovAction* members volunteer their time to improve their work environment. Ideas are presented to the TMC and FXIT, prioritized for presentation to senior management, and then brought to DMA for final approval. The support of senior management was therefore usually required for *InnovAction* ideas to be implemented, but the ideas were developed and driven from the bottom-up.

InnovAction also provides a means for employees at missions and ROs who feel "away from the action" at HQ to engage in the Transformation of the department. *InnovAction* serves the TA in a number of direct and indirect ways. Directly, it engages the field in Transformation, provides a new way of developing and sharing ideas, promotes innovation and improvements in efficiency and economy, and in theory fosters a more collaborative and dynamic culture committed to ongoing change. Indirectly, it contributes to the TA's goal of retaining the best and brightest by offering employees at all levels a means of taking control of a project through an informal channel.

The underlying theory of *InnovAction* - to have a volunteer base of innovative employees dedicated to improving their work environment - represents value-added to the department. However, the future of *InnovAction* is uncertain, and the promise it showed in its early stages has plateaued. The fact that *InnovAction* is volunteer-based

and decentralized means that it lacks a communication plan and coordination role, and conflicts with the day-to-day work and responsibilities of employees involved. One *InnovAction* Sherpa noted that there was a lack of awareness among employees throughout the department that the Sherpa role was a volunteer undertaking, not a job. This underscores the need for more communication, support, resources and FTEs from senior management.

InnovAction members noted that silos had built up between clusters, thereby encumbering the accumulation of the critical mass needed to drive an idea forward, and that sustained individual employee actions have not attracted continued support from senior management. They recommended that FXIT facilitate the establishment of a volunteer network, that the vision and objectives of *InnovAction* be redefined, and that *InnovAction* resources be renewed by rotating cluster leaders and doing more outreach for *InnovAction* participation. At the same time that support from senior management and FXIT must be increased, *InnovAction* must also avoid becoming heavily-mandated, institutionalized and structured by rules and bureaucracy.

InnovAction is a pertinent mechanism to work toward the TA's desired outcome of a shift in the department's culture to one of continuous innovation and improvement. If the group is not given increased support, resources and commitment, and is further dispossessed of its grassroots nature by institutionalization and bureaucracy, then the risk to achieving the TA's desired change in culture would likely increase. There is a definite need in the department for a dynamic and creative mechanism for grassroots innovation like *InnovAction*.

III. Performance Management and Measurement

Creating a process of strategic plans, work plans, monitoring and evaluation that incorporate useful measurement tools is becoming the centrepiece of many new public management initiatives.

Finding 33: FXIT developed action plans and attempted to develop a performance measurement strategy for the implementation of the TA. The attempt was abandoned.

Performance management involves setting clear strategic objectives, annual measurable objectives, work plans to meet objectives, and monitoring and reporting systems. The TA was envisioned and conceived as an ambitious initiative to transform the department. The broad and fundamental nature of the change required a clear logic model and a performance management strategy to ensure proper monitoring and effective management.

FXIT had developed action plans, key deliverables and a work plan. They also created a status report that includes benefit realization and project implementation review. Each project has a work sheet that tracks progress. Emails were sent periodically to project leads to update the information on the wiki and bring questions and issues to the TMC agenda. It is worth noting that project tracking was simply a process of updating the wiki page by Project Leads.

There were no indicators against which performance was measured and projects vary in the details and description of progress made. Progress in project implementation was designed as a self-reporting process. Labelling projects at different implementation stages allowed people to act and identify future activities and milestones. At the time of writing there were 9 initiatives (about 28% of initiatives) that were still under implementation.⁷² Some of the initiatives were considered low/moderate risk while one project (communications renewal) was considered high risk. There is generally little information available on the performance of the various initiatives. Information available on the wiki more often than not cites the activity pursued as evidence of Transformation in action. Best practices and principles of successful organizational change emphasize the need to set a framework for performance measurement that includes feedback loops to inform decision making.

Some TA projects have developed their own performance measurement indicators. For example, the RCSCs included, in the initial planning phase, some performance indicators and logic alignment and the use of a Managers' Dashboard to feed in performance management regimes.⁷³ Also, the EWRC has devoted its attention to develop a performance measurement framework. In terms of NBM initiatives, specific plans and accountabilities for implementation at the branch level were developed, highlighted in EX PMAs, and peer reviewed through an extraordinary committee process.⁷⁴

Finding 34: Although the adoption of the thematic approach to the TA had its advantages, it has led to implementation and reporting challenges.

As remarked elsewhere in this report, the TA was born out of a perceived need to bring strategic direction and coherence to the large number of disparate change management

⁷² Projects include: Communications Renewal, Transformation Engagement Strategy, HQ-field Rebalancing, RCSCs, ROs, Simplifying HR Processes, LES Management Reform, FSAA Renewal, and MCO Renewal.

⁷³ The Managers' Dashboard is an integrated management tool that allows for monitoring of performance on an ongoing basis. It helped to better inform decisions on the allocation of resources. (<http://intranet.dfait-maeci.gc.ca/news-nouvelles/2011/01/0126-PFM-StrategicPolicyPlannBranch.aspx?lang=eng>)

⁷⁴ MAF 2010

initiatives that were at different phases of design and implementation in 2008. The framework that was adopted, in the form of the six themes, was based on several of the principles articulated in the DFAIT 2020 document and the commitments made under SR1. The six themes had the advantage of presenting a convenient and pre-authorized framework within which to group and brand initiatives.

However, themes generally are not time-bound and do not provide a good framework for priority setting. All initiatives that demonstrate alignment with a theme were notionally accorded equal weight, even though priority setting is fundamental to an effective change management exercise. Organizational change occurs incrementally, beginning with adjustments to the organization's architecture and followed by other initiatives that build on that foundation. The TA did not proceed in this measured and linear fashion, but rather as a simultaneous implementation of disparate initiatives, each addressing to varying degrees a host of financial and institutional imperatives.

Further, the themes proved to be a less than optimal framework for performance monitoring and results reporting. As remarked earlier, no clear criteria for project selection was developed to align projects with declared thematic objectives, thereby rendering ambiguous, at least in some cases, how project outputs specifically contributed to TA outcomes, which themselves were never clearly defined and operationalized. This is most pronounced with respect to projects selected under the thematic heading of Alignment with Government Priorities. Challenges encountered in developing and implementing a performance monitoring and results reporting framework for the TA attest to this difficulty.

In fairness, endogenous and exogenous shocks to the department during and shortly after the launch of the TA placed the department in a reactive crisis mode, thereby precluding and rendering a luxury the kind of forward planning that was arguably needed to fully transform the department along as envisaged in the DFAIT 2020 document.

Finding 35: Progress has been made at DFAIT in the areas of performance management and measurement. However, these are areas that are still under development and require more attention.

With the implementation of the ICBP initiative, there is evidence that the planning process is being linked to the 77 key planning commitments in the RPP and aligned to elements in the PAA. The ICBP planning template requires identification of activities that contribute to achievement of outcomes.

Some key informants indicated that this was a positive step forward to having performance measurement information inform the planning process and that output data generated from performance measurement systems helped inform operational planning

in areas such as trade, consular and passport services. The establishment of a Results Based Network (RBN) and reporting on MAF assessments have been described as positive changes.

Most of these performance measurement strategies require the regular collection of data on activities, output measures and outcomes. Responsibilities for performance management therefore rest with program managers and branches. Some internal corporate divisions have responsibilities for facilitating or coordinating departmental performance measurement efforts through the ICBP process but do not have authority over the performance measurement function in the department.

Since 2008, 11 of the 18 evaluations conducted by ZIE have either recommended on improving performance measurement systems or recommended that performance measurement systems be implemented for the programs evaluated. Also, out of a total of 35 Mission Inspections conducted in 2008 and 2009, five had recommendations regarding the further development or implementation of performance measurement tools. The general lack of performance measurement information has led some key informants to raise concerns regarding the availability of performance data to support SOR.

There are also few tools and support services for performance measurement available to departmental staff and management. A recent ZIE analysis on the state of performance measurement in the department underlined the lack of training, internal capacity or expertise at DFAIT to design, implement and manage performance measurement systems. The report also noted that the department needs to develop a RBM culture which requires increased support and messaging from senior management on the importance of performance measurement.

IV. Business processes and Implementation Instruments

Finding 36: The use of technology as an instrument in the implementation of the TA has played an important role as both a driver and an outcome of the TA.

Creating a foreign and trade department that is flexible to respond to emerging challenges and priorities, serves the Canadian public at home and abroad, and generates continuous innovation and new thinking requires the technical infrastructure to support these objectives. As discussed in Finding 17, renewing the department's technological infrastructure, though not a distinct TA project, underlies many of the initiatives launched under the TA umbrella, notably the adoption of Web 2.0 technologies such as the wiki and Connections. The department's wiki has been and is being used for many business purposes, including collaboration on document drafting, multi-stakeholder project development and delivery, and event management, while

Connections allows users to share information, facilitates access to expertise in the department, enables users to organize and share internet and intranet bookmarks, and pulls employees together to collaborate on a particular activity.

Despite the shortcomings in IT investments and training noted in Finding 17, the adoption of Web 2.0 technology is not only impacting on the speed and efficiency with which business is routinely conducted in the department, but also impacting on corporate culture. As an open platform, employees are able to communicate with each other on a level playing field without any cultural, hierarchical, generational or administrative barriers. For a department that has been rigidly hierarchical with functions siloed, this marks a significant change in corporate culture and a step in the direction of a more horizontal, task oriented, approach to service delivery.

Finding 37: The department has employed a number of approaches and instruments to both promote and support the TA with varying degrees of success.

The implementation of the TA has relied on a number of other instruments and tools to engage employees, track changes, and advance the TA in the department. These include communication tools, the use of PMAs for executive cadres, and the use of TA Champions at missions and ROs.

Engaging all levels of the department was a key objective of the TA Communication Strategy. Several communication tools were used such as the DM-led armchair discussions, video-audio podcasts from DMs, DFAIT wiki pages, broadcast messages, Osez Awards, articles on Our World; mission webinars on Transformation activities, and TA blogs. These tools represent a mix of face-to-face engagement and e-tools and have played a critical role in advancing understanding of TA initiatives and objectives. The use of multiple channels of communication has also contributed to enhancing awareness and understanding of the TA.

As mentioned, FIXIT made judicious use of the Wiki technology to promote and track the TA and its related projects. In addition to these web applications, FIXIT has used several other instruments to advance the TA. For example, it was decided early on to include TA commitments in PMAs of all executive level staff. Incumbents were required to report on all actions undertaken and results achieved related to the 6 TA themes in the FY. In addition, incumbents were required to report on actions taken to engage employees at all levels and external implementing partners supporting change management, as well as measures taken to promote innovation and new ways of doing business.⁷⁵ It was envisaged that by linking the TA objectives with executive level performance, incumbents would be motivated to support the TA.

⁷⁵ In later versions of the PMA, incumbents were also requested to report on actions taken in support of the NBM.

The idea of linking TA objectives with the performance expectations for executives was an effective instrument, though the impact has been reported to be mixed. Executives directly involved in the delivery of TA initiatives have had the easiest time responding to the TA section within their PMAs, while others have couched normal business activities in TA language to satisfy the requirement. Reporting is alleged to be activity focused, with little substantive information on impact. There is no evidence of any executive having been admonished or disciplined for not having adequately supported the TA, which could be interpreted to mean that all executives have successfully implemented their parts of the TA.

In addition to the foregoing, the DMs in February 2009 broadcast a message to all missions requesting them to identify two projects to meet the needs of the mission that relate to the six themes of the TA. Further, missions were requested to nominate a TA Champion who would be charged with increasing the visibility and understanding of the TA at missions, provide progress reports on achievements, and share mission initiatives and best practices through the use of tools such as the Wiki. In support thereof, FXIT created a Transformation Activity Handbook and a Step-by-Step Guide to Creating a TA Wiki page, both available on the departmental Wiki.

Since the initiative was launched, virtually all missions have identified a Transformation Champion. Although Transformation Champions were initially provided little guidance as to what was expected of them, missions have posted over 200 projects involving innovations in service delivery and policy advocacy, regional and multi-mission initiatives, use of new technology, LES and other HR renewal issues; and some forward thinking on changed roles and responsibilities.

Finding 38: While there was significant advancement in simplifying business processes, this is an area that requires further improvement.

Under Transformation, the department has implemented a number of much-needed projects to simplify business processes. The objective was to streamline processes such as harmonizing and reducing the number of templates and avoiding duplications of processes. Some of these projects include: the WordPerfect to Microsoft Word transition; the pilot project of paperless correspondence dockets; an improved, strategic briefing book format, including e-briefing book; collaboration with GLD for a streamlined business process; bridging CCM Mercury and InfoBank; a new, simplified Qs & As template; and strengthening the case for ATIP financing. The Core Services Board continues to address more broadly departmental opportunities for business process simplification, but the project is categorized as “graduated” on the Wiki.⁷⁶

⁷⁶ In October 2010, the Core Services Board replaced the TMC in following up on progress and in coordinating the simplification of business processes across the Department.

Although this project is considered graduated, there are no updates on the Wiki and it is unclear what an endpoint would look like. Business processes continue to face a serious criticism from across the department in terms of workload required. Reporting obligations at missions and various sectors continues to be described as onerous. In addition, there were unrealistic expectations in the Department that business process requirements to support the Ministers and DMs could be significantly reduced. In actuality, these requirements have not changed and in some cases they have increased.⁷⁷ To address these concerns and to achieve better coherence and streamlining, DCD is planning to conduct a forensic of all reporting obligations going to missions from different sectors and OGDs.

The creation of the IPB and CSEM branches, as well as other new bureaus in the department, while justified and responsive to well identified needs, did not take into consideration the impact on business processes in terms of the creation of new layers of management and coordination committees, the provision of additional templates and information, and the increases in lines of communications. For example, the creation or elimination of positions takes longer time and requires the approval of several committees, while reporting requirements by missions have also increased. The impact of similar major Transformational projects should be examined against their impacts on the level of activities, relationship between functional linkages, business processes, and alignment of responsibilities and accountabilities.

The selection and application of these instruments and communication and networking tools were put in place without the benefit of a department-wide vision of the objectives and how best and cost effectively they can be achieved. There is a need to have a fundamental look at the mix of instruments used and work processes to optimize their use in order to inform decision making and achieve the vision of a modern foreign and trade ministry. Some key informants indicated that the department is doing a better job of corporate business planning at the higher level. But more needs to be done at the operational level to ensure alignment of resources with objectives. This is important before any major investment in new technology or introduction of new instruments can occur, particularly in a department that has a footprint in different geographic regions and different time zones.

V. Governance and Oversight

Governance involves the processes used to provide oversight of the TA. It requires accountable group(s) to ensure that policies are being adhered to, risk is properly analyzed and results are being secured. In the TA, accountability was delegated and

⁷⁷ Support to the Minister's Office has not been reduced and requirements for timely preparation of briefings cannot be changed. This led to some tensions between the GeoGroup and DCD.

therefore there was a wide range of governance groups, with the TMC being the main coordinating and governance body.

Finding 39: The TMC initially played a critical role in providing leadership and advancing the TA. However, the TMC was seen by many as only an information sharing committee.

The TMC is the main governance body responsible for exercising a leadership role and providing oversight over the TA projects. The Committee is responsible for undertaking examinations of relevant issues; providing feedback on major initiatives and vetting all major related management initiatives; exercising a challenge function for operational strategies and approaches; ensuring alignment between DFAIT's Transformation strategies/objectives and business priorities; approving Transformation-related DFAIT annual corporate planning and reporting requirements; overseeing transparency of processes; managing related corporate risks; and developing and monitoring the implementation of Transformation initiatives, including the NBM.

The Committee was also responsible for forward planning; maintaining effective horizontal and vertical communications and consultations to fully inform and engage relevant affected interests within DFAIT, OGDs and relevant stakeholders; reporting to the Executive Council on progress; and developing and maintaining an effective decision-tracking mechanism, including the implementation and monitoring of deliverables.

In terms of oversight, the TMC served as a platform for championing the TA, validated the course of action and presented Project Leads with a forum to debrief members on the projects/initiative. The TMC debriefed DMs on the TA implementation, organized retreats on a quarterly basis where the state of progress and challenges were discussed, communicated with ADMs in relation to their commitments to the TA, and integrated the TA into departmental business plans.

The TMC was also responsible for the implementation of SR1 and a SR1 implementation working group (a subcommittee of the TMC) worked with branches within DFAIT to finalize plans for achieving SR1 reduction commitments. This working group was led by FXIT and had the responsibility to monitor and report on the status of implementation and support branches with their implementation.

The TMC was made up of senior departmental officials. However, the composition and the leadership of the Committee changed over its lifespan several times, as members changed responsibilities or left the department for other assignments. All members of the TMC were driven by their corporate responsibility to lead and advise on decisions needed to advance the TA as one of DFAIT's priorities. The composition led to some forms of competition and negotiation between various branches. For example, the

implementation of the communications renewal was challenged by the need to negotiate the transfer of positions with a number of ADMs as the managers of the initiatives did not have the requisite authority to implement. This highlights the need for a more senior level leadership. As a suggestion, responsibilities and ownership of the initiatives could be divided among ADMs.

The role of the TMC was not clear to many and was seen differently by different people in the department. The TMC was seen by many as primarily an information sharing body where they present their initiatives for discussion. This has had an impact on the level of engagement and support to the TA. Given the decentralized nature of the TA, there were several other committees (e.g., the Missions Board, RMC, Operations Committee) that are involved in supporting and guiding the implementation of TA initiatives. Managers leading TA initiatives sought to bring issues to other committees to get decisions and directions.

The TMC was seen as one governance committee among others where TA initiatives were discussed. Where decisions were sought, managers had little incentive to go to TMC. The result was that, overwhelmingly, the materials brought forward to the TMC were FXIT generated. There were a few exceptions, such as the performance management framework which was brought by the HR Branch and the ADM of POL. In general, TMC did not play an audit or evaluation role – hence the challenge function was an informal one.

In FY 2009/10, the NBM was announced to complete the TA. TMC did not play a major role in the design of the NBM and the Committee was briefed at the general level. However, once the NBM was announced and the NBM projects were added to the monitoring responsibilities of the TMC, there were regular updates on the status of the implementation of all TA and NBM projects. As mentioned, project tracking (for all 55 projects (the 22 NBM and 33 TA projects) was simply a process of self-reporting, including updates to the transformation wiki page.

The TMC was responsible for ensuring alignment between DFAIT's Transformation strategies/objectives and business priorities. This requires maintaining effective horizontal and vertical communications and consultations within DFAIT and with OGDs as they related to the TA. The evaluation found that the TMC focused its attention to this area. For example, the TMC facilitated and held discussions with relevant OGDs on transferring leadership on matters related to heritage and culture as well as on environment and sustainable development. The transition was followed by a discussion of lessons learned and areas for improvement.

Notwithstanding the foregoing, the evaluation found that the TMC did not have accountability mechanisms in place to hold responsible managers accountable for the implementation of their initiatives. The TMC, in its alignment role, did not attempt to

evaluate or examine the cumulative and holistic impacts of all TA initiatives taken together on the department. Hence the decentralized process and the diffused accountability framework limited the capacity of the TMC to effectively monitor projects and hold people accountable for their implementation.

Finding 40: FXIT has made significant efforts to drive the TA and acted as both a communications office and a technical office. However, resources devoted to the TA were inadequate and are diminishing.

In 2008, the FXIT was created as a Corporate Secretariat to the TMC, as the ADM for Transformation, and as a communications office. As a secretariat, FXIT was responsible for reviewing and assembling materials for meetings, advising presenters on the expectations of members, administering processes related to the Executive Council/Committee/Board, preparing meeting summaries, updating the record of decisions, communicating decisions and maintaining the Forward Agenda

As a communications and engagement office,⁷⁸ FXIT was mandated to instil a culture of change and generate buy-in for the TA in the Department. It was also mandated to guide the department through the implementation of the TA, monitor the delivery of changes and achievement of the goals, and communicate to DFAIT colleagues about progress made on the department-wide transformation.

Before FY 2010/11, FXIT did not have a dedicated budget. Prior to FY 2010/11 it received its funding from the PFM budget. Thereafter, FXIT's funding was renewed annually. The evaluation identified this as a fundamental weakness which limited the capacity of FXIT to fully carry out its mandate and fulfill its role. FXIT operated under a very limited budget and had to deal with a long pressure list (in some cases, FXIT had to seek approval to use the already depleted Reserve Fund).

In 2008, FXIT received an operational budget that was equal to about a third of the salary requirements for all of its positions. Half-way through the FY, an amount of money was approved by the RMC for operations and nothing was approved for FY 2009/10. Approving resources late in the FY (typically 3-6 months into the year) created tremendous uncertainty. Therefore, activities and professional services were always in stop-and-go mode. As mentioned elsewhere in the report, FXIT was unable to complete the outcome mapping exercise and develop a logic model which has significantly impeded the capacity of the office to undertake its role of measuring the results of TA projects/initiatives.

⁷⁸ 80% of FXIT time was spent on communication – several engagement and outreach activities.

Notwithstanding this situation, FXIT was successful in:

- developing a tool to track the progress of TA projects and engaging project leads to update the information regularly;
- developing communication materials and implementing several communication events including Armchair discussions;
- supporting and coordinating the activities of *InnovAction* and ensuring that ideas are brought to the attention of senior managers; and
- implementing TA @missions and supported TA champions in ROs and missions.

FXIT's role and mandate were not entirely clear to everyone in the department and its relationship with Project Leads was not evident. Some understood the role of FXIT to be support for implementation, when needed, and as a provider of information, while others understood the role of the FXIT as simply a high-level communications office for the TA brand (e.g., a motivator for change).

The evaluation found that FXIT had acted more as a technical office that worked on details and tried to "hand-hold" others to advance projects. This could be attributed to the underdeveloped culture of change at DFAIT at the time, as well as the challenging role of changing the *modus operandi* of many bureaus. While this was appreciated by some and required program management capacity (which FXIT was not set up to do), it diverted the focus away from key analytic activities, such as analyzing how decisions were being implemented at the macro and micro levels, and how overall efficiencies and value-for-money were being or not being achieved. In short, the focus should have been on examining how the department is changing and preparing for future strategic reviews.

As FXIT is directing its focus on the forthcoming SOR and on other strategic and alignment reviews and plays a monitoring role rather than an implementation role, there is a need to examine its configuration and skills set. The Office has grown substantially beyond what it was during the first three years of TA implementation. At the same time, resources devoted to coordinating and managing the TA as a whole have diminished.

VI. Cost and Savings

Finding 41: Resources for TA initiatives were allocated to the bureaus responsible for implementation, which deprived the Department of consolidated data on financial and human resources dedicated to the TA. This has limited the capacity of the department to monitor and report on improvements in efficiencies that could be attributed to the TA.

The TA was established as a cost-neutral change initiative. It has never had resources attached to it and the TMC was not mandated to make resource allocation decisions. The TA is implemented as a decentralized model and its projects and initiatives are carried out by Line Managers who have either received extra financial resources through TB submissions (e.g., the CSEM Branch) or through internal allocation (e.g., MCO Renewal). In general, funding for the implementation of TA initiatives was identified in Departmental budgets and was also allocated by "owners" of initiatives within their base funding.

As mentioned earlier in this report, attempting to map out the financial resources used to implement the TA proved to be a challenge. Indeed, both the CFO and CEA remarked that departmental financial tracking systems are not configured in such a way as to easily report on the costs or impact of TA initiatives.

From the limited financial data available, C \$18M was allocated in FY 2009/10 to CSEM for the creation of a new Branch, including the HQ and field positions. Also in FY 2009/10, approximately C \$32.6M were allocated to strengthening the network of missions (this amount will increase to C \$79.9M by 2012/13); C \$5M were allocated for Strengthening Representation in Domestic Regions; and (C) \$10M were allocated for the EWRC.

For the rebalancing of HQ-field resources (SR-400), TBS-approved funds are as follows (abroad and domestic portions combined): C \$34.6M (FY 2009/10); C \$52.6M (FY 2010/11); C \$58.7M (FY 2011/12); and C \$78.7M (FY 2012/13). Available financial data indicate that tranche one (FY 2009/10) in-year positions cost approximately C \$23M and tranche two (FY 2010/11) in-year position creations cost approximately C \$13.4M. The combined ongoing costs total C \$46.3M, with the remainder of funds assigned to priority projects as per the TBS submissions.⁷⁹ The funds identified in the TBS record of decisions for position creations were not fully allocated on an ongoing basis. This was mainly attributed to prudent management practices in the current financial environment and the completion of term positions created under this project.

⁷⁹ TBS submissions on Representation Abroad. The financial data was provided by GLB.

However, it was remarked that some level of flexibility remains in the future for the creation of selected network positions.

When a particular project was identified and required previously unplanned resources, FXIT searched for funding from different sources, including the Reserve Fund. For example, installing video conferencing facilities was identified and was consistent with TA objectives. The potential benefits of a Video Conferencing Network (VCNet) at DFAIT were presented to the RMC by the Information Management and Technology Bureau (AID). Funding was sought to increase VCNet access at missions and HQ. However, the RMC decided to further examine the proposal in the context of departmental IT priorities.⁸⁰ Currently, the video conferencing facilities are gradually being implemented in the Department.

DFAIT has faced challenges regarding financial management and reporting, as noted in recent MAF assessments. Major efforts have been made on multiple fronts such as the creation of the CFO and CAE Branches. However, the evaluation found that the department needs to continue to improve its internal control processes and develop accurate financial information. The existence and operation of several information systems that lack interoperability was cited as a main concern. The department also needs to be more rigorous on the project management side. Until now, it has not attempted to examine the savings achieved in all the TA projects or the overall impact on the financial health of the Department as a result of the TA.

For example, according to the relevant TBS submission, the RCSC centralization of the delivery of financial and administrative services for missions were intended to achieve a saving of about C \$3M each year (starting in FY 2009/10) and contribute toward consolidation in the IPB (C \$7M in FY 2009/10, C \$9M in FY 2010/11, and C \$11M each year thereafter). It was estimated that the operationalization of the RCSCs would achieve additional savings in terms of cost avoidance, providing centralized training, and maintaining better oversight and risk management.⁸¹ There is no baseline data, however, that could be used to examine the savings achieved. The money was taken off from the reference level as part of the SR1 reductions. The IPB is planning to measure the savings once the RCSCs are implemented and fully operational using a cost per client improvement measure.

⁸⁰ RMC meeting on August 31, 2010. Lately, the Core Service Board has endorsed the business case to install video conferencing at missions and DFAIT continues to perform related research work.

⁸¹ The cost/benefit analysis conducted for the creation of the RCSCs reviewed 50 cost categories, including cost avoidance, associated with the implementation of the first RCSC in Europe, the Middle East and Africa, and the quantifiable benefits articulated in the Service Model. It was argued that the RCSCs also entail a number of non-quantifiable benefits, such as more timely and responsive policy and operational support, improved client satisfaction, equity of access, standardization of business processes, dissemination of best practices, focus on value-added activities by missions, and employee competency development.

The CAE report points to the timing gap between the SR1 cuts and the reference levels updates which have created financial pressures on the Department and required the acceleration of the implementation of some TA initiatives such as the rebalancing of resources and the reorganization of some functions such as the GeoGroup Renewal which was identified under the NBM. Further, some SR decisions have been reversed, and actions taken to garner savings were different from those approved in the TBS decisions. For example, the reduction of direct training and reliance on consultants for ATIP were reversed and the functions are still being funded from the department's reference level. These changes in SR1 and TA project resource allocation, however, must be balanced against competing financial imperatives and subsequent reconsideration of management priorities. Further, the elimination of some internal functions such as the Area Management Advisors (AMA) was not realized.

The TA was intended to create a modern, flexible and nimble department and to build on its strengths and minimize its weaknesses. However, with the lead up to SOR, the evaluation found that the TA has done little to prepare the department for a SR process. The TA ought to have helped the department to clean up its systems, allowed a better understanding of weaknesses, strengths, and learned more about the health of the organization. Some argued that the TA did not go far enough - a lot of the old systems are still in place. DFAIT still does not have a good cost accounting system and instruments for forecasting and record keeping are still evolving. Many of these issues were not considered part of the TA.

9.0 CONCLUSIONS OF THE EVALUATION

The purpose of this evaluation was to ascertain whether or not the TA, in its design, governance and implementation, has moved the department closer to the vision articulated in DFAIT 2020 - that is, to transform the department into a modern, integrated, state-of-the-art, 21st century foreign and trade ministry that is flexible to respond to the future while focused on its core mandate, has the right people in the right places serving Canadians and making a difference in the world, and generates continuous innovation and new thinking.

The vision included a smaller and more streamlined HQ, new governance structures to promote horizontal collaboration, a refocusing of human and financial resources in emerging markets and priority countries, improvements in the delivery of services to Canadians, and a healthy work environment that attracts the best talent and offers new opportunities for training, advancement and innovation. While recognizing that such fundamental organizational change is an ongoing process that takes years, not months, to produce results, the TA represented a worthy effort to lay the foundations for, bring order to, and accelerate such change.

While it is not the first, and will indeed not be the last, change management initiative to be undertaken at DFAIT, the comprehensive and fundamental nature of the TA required strong leadership, a focused approach, sustained commitment at all levels, and stability and consistency in communicating the Transformative message. Over the course of the TA, the leadership, drivers and conditions under which the TA initiatives were implemented changed. Nonetheless, each of the initiatives played a critical role in the transformation of the department while at the same time intersecting and interacting with one another to have a more horizontal and global effect.

Given the decentralized nature of the TA, the lack of a performance measurement strategy and the paucity of financial information, the overall impact was difficult to measure. This said, the evaluation observed that the TA did contribute significantly to the better alignment of departmental priorities with those of the GoC while focusing the department on its core business. Canada's presence abroad has been strengthened and the strategic reallocation of resources between HQ and the field has progressed. The use of collaborative and web-based communications tools have helped to make the TA an inclusive initiative, and have fostered a culture of innovation and receptiveness to information-sharing and continuous change. The process of renewing, retaining and training DFAIT's HR has addressed gaps identified by SR1, such as LES management and renewal, FSAA renewal and MCO renewal, while making HQ smaller and more flexible.

With reference to the 7 principles of organizational change cited earlier in this report, the result has been mixed. With regards to the formulation of a vision, the ultimate

outcomes of the TA, inspired by the DFAIT 2020 document, were sufficiently clear. However, the means to achieving those outcomes needed operationalization. The absence of a clear criterion for project selection resulted in some projects being placed under themes for which they had only an indirect connection, thereby undermining coherence and rendering it difficult to assess the contribution of project/initiative outputs to thematic outcomes.

Despite the absence of a clear criterion for project selection by theme, individual projects and the TA as a whole have been responsive to well-defined and articulated departmental needs. It came, however, at a time when financial pressures on the department were mounting and separate change initiatives occurring simultaneously have challenged the coherence and unity of the TA's message and coloured the perception of the TA as not so much an exercise in change management than an exercise in cost-cutting. The implementation of urgent change management initiatives that conflicted with the long-term vision of the TA (such as the NBM) resulted in the loss of the initial enthusiasm for the TA. Notwithstanding the clarity and consistency of the message as well as numerous outreach efforts, the links between the TA, day-to-day activities and the vision were not clarified at all levels of staff.

Regarding the role of leadership and support of senior management, the TA clearly garnered the support of senior management in the department who moreover championed its cause. DMs, ADMs and DGs were given the opportunity to inform the design of the TA and were actively engaged in the selection of projects in support of the TA. The creation of the TMC, composed as it was by senior management representative, as well as a secretariat (FXIT), provided highly visible evidence of senior management engagement. The TMC provided strategic direction and oversight to the implementation of the TA, but was seen by many as simply a forum for information-sharing, and FXIT has operated on a very meagre resource base.

With regard to the empowerment of employees to own the process of change, senior management made demonstrable efforts to engage and empower the department's rank and file. As remarked above, the increased use of e-collaboration tools and the adoption of projects developed by *InnovAction* members provide evidence of this effort to engage and empower staff. Participation by employees at all levels has begun a process of cultural change that has fostered an attempt to find efficiencies and innovative ways of conducting the department's daily business. However, the buy-in of employees was inconsistent across the department. Missions and ROs came to view the TA as an Ottawa initiative and were not engaged on any substantive level at first.

The establishment of a Transformation Wiki provided an electronic platform to communicate to departmental staff on the progress of TA initiatives, thereby allowing the department to demonstrate short-term successes. However, the lack of a performance measurement framework for the TA, combined with the ambiguity of

reasons for the placement of projects within specific themes, precluded reporting on the contribution of initiatives to declared objectives in any meaningful way. Reporting was primarily activity-focused without an attempt to demonstrate impact, thus depriving staff of the “short-term wins” needed to boost the credibility of the change process and motivate employees to continue their efforts to promote change. This served to vitiate some of the gains in sustaining a culture of change and challenged anchoring changes in the organizational culture.

Based on the foregoing analysis of the TA and its varied initiatives, the following lessons learned are proffered for senior management consideration in moving forward with the Department’s ongoing efforts to manage change.

10.0 LESSONS LEARNED/RECOMMENDATIONS

DFAIT has experienced a great deal of change over the years and significant resources have been devoted to these changes. Lessons have been learned - whether through assessing major reorganizational efforts or drawing lessons from operational review. The first step is to learn from past experience and incorporate this learning into the design and implementation of future change efforts.

1. **Ensure the clarity and coherence of the design to support the linkage between initiatives and objectives.**

A change initiative as sweeping as the TA needs a unified architecture to bring clarity and coherence to how its projects contribute to its strategic outcomes. While individual projects may represent a necessary change in how business is conducted in the department, designers of transformational efforts need to better demonstrate how the projects link together to contribute to the TA's long-term vision of change. The development of a logic model connecting projects to themes to intermediate outcomes to strategic objectives would be useful in this process. Furthermore, there is a need for more programmatic elements with the requisite leadership, accountability and funding to facilitate the effective management of the change initiative.

Associated Findings: 1 - 3, 27 - 29, 31, 34

2. **Introduce a phased and gradual implementation approach with a dedicated unit to facilitate, track and report on progress.**

In the implementation of the TA, there was not enough sequencing of project launches and completions. A phased and gradual approach is needed with projects that lay the foundations for change first, upon which subsequent projects can build momentum and further advance the envisioned transformation. Such an approach would aid in demonstrating short-term wins and thereby drive forward the TA, setting benchmarks against which performance and progress can be measured.

A departmental wide, large change management initiative will need a dedicated unit to facilitate projects, communicate objectives, track and report on progress. If the change is a result of regular improvement in a particular branch or area, then the merits of having a dedicated unit for change management or transformation should be examined.

Associated Findings: 4, 9, 10 - 13, 17, 22, 23, 27, 28, 33 - 37, 39 - 41

3. Communicate a consistent message that clearly identifies the objectives of the change and differentiates it from other change initiatives.

The TA was undermined by the simultaneous undertaking of other departmental change initiatives such as the NBM, as well as inconsistencies in the timing and content of communications to the DFAIT network. The TA should be unambiguously differentiated from other change initiatives and its message should engage all levels and missions in the department to generate a common understanding of TA projects, themes and objectives. It should be branded in such a way that demonstrates its emphasis on innovation and culture change, so as not to be conflated with cost-saving measures such as the NBM. This entails an explicit recognition that change is ongoing. If the TA is designed to be an initiative with a definitive endpoint, then its branding needs to be changed to reflect a clear exit strategy without undermining achievements.

Associated Findings: 3, 4, 5, 7, 30, 31, 37, 40

4. Close attention should be directed to higher risk projects to ensure success and avoid adverse impacts.

Some TA projects, such as the creation and operation of the RCSCs and the FSAA Renewal, have experienced significant difficulties and pose a high risk of incompleteness. In order to ensure the success of the TA and accomplish the objective of ongoing change in the department, the design and implementation of high-risk projects need to be rethought and resources need to be reallocated. The failure of TA projects will subtract from the long-term vision of change in the short-term and undermine employee buy-in to organizational change in the long-term.

Associated Findings: 9, 10, 15, 16, 18, 21, 24 – 27, 29, 32, 35, 38

5. Maintain the active support of senior management and clarify lines of accountability.

The TA was actively supported by senior management and made a departmental priority to raise its profile and stimulate a sense of urgency and importance. DMs, ADMs and DGs were given the opportunity to inform the design of the TA and decide how to bring coherence to an expansive set of change projects. There was also a genuine effort to empower all employees at all levels. The active support of senior management needs to be maintained if the TA's long-term vision of change is to be realized. However, the decentralized nature of the TA blurs the lines of accountability and challenges the tracking of resources. In order to maintain the momentum of the TA, resources should be made available to support oversight, monitoring and reporting on the implementation of TA projects. With the necessary resources, a designated senior manager should be accountable for the completion of projects and the responsible

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management committees should be mandated to ensure that Project Leads are moving forward with projects and make decisions with respect to the implementation, reporting directly to the DMs.

Associated Findings: 1, 4, 6, 8, 9, 13, 14, 29, 20, 29 – 32, 37, 39 - 41

6. Put in place a robust performance measurement strategy.

Given the decentralized and diffuse nature of the TA and the lack of a performance measurement strategy, the impact of the TA, both as a whole and at a project level, was difficult to measure. Any change initiative of this size and ambition must be backed up with a robust performance management strategy and clear indicators to measure progress, taking into account cost and risks. Sufficient resources should be allocated to monitor progress and provide an oversight function at the senior management level. Furthermore, a logic model should be put in place that demonstrates how individual projects contribute to the strategic outcomes of the TA as a whole.

Associated Findings: 27, 28, 33 – 35, 41

11.0 MANAGEMENT RESPONSE AND ACTION PLAN

RECOMMENDATION 1:

Ensure the clarity and coherence of the design to support the linkages between initiatives and objectives.

Associated Findings: 1 - 3, 27 - 29, 31, 34

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Agreed. FXIT agrees with the recommendation to ensure clarity and coherence of corporate initiatives.</p> <p>FXIT acknowledges that complex corporate change initiatives, such as the TA, particularly require clarity of purpose and design coherence to increase their likelihood of success.</p> <p>Although results-based tools, including logic models and outcome mapping, were used in the planning phase of the TA, FXIT agrees that the department should better demonstrate, and communicate to staff, the vision underlying a change initiative, and how the projects within it are to lead to the desired outcomes.</p>	To be determined (TBD)	TBD

RECOMMENDATION 2:

Introduce a phased and gradual implementation approach with a dedicated unit to facilitate, track and report on progress.

Associated Findings: 4, 9, 10 - 13, 17, 22, 23, 27, 28, 33 – 37, 39 - 41

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Partially Agree. FXIT agrees with the report's recommendation regarding a more gradual and sequential implementation approach as it relates to the TA.</p> <p>Where appropriate and feasible, the department will adopt such an approach to identify early wins to build momentum and increase staff engagement and buy-in. However, a gradual approach may not always be possible. Change initiatives may have external drivers and timelines, requiring a more rapid implementation pace.</p> <p>The department agrees that a central dedicated unit would facilitate the planning and implementations of corporate / change initiatives. To this end, FXIT was mandated to lead the 2011 Strategic and Operating Review, and subsequently coordinate its implementation.</p>	TBD	TBD

RECOMMENDATION 3:

Communicate a consistent message that clearly identifies the objectives of the change and differentiates it from other change initiatives.

Associated Findings: 3, 4, 5, 7, 30, 31, 37, 40

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Agreed. FXIT concurs with the recommendation concerning the need for consistent and clear communication.</p> <p>FXIT acknowledges the communications shortcomings in the implementation of the TA, particularly in explaining the linkages between the TA, the Strategic Review, and the NBM, to staff at missions and the regional offices,</p> <p>The department responded to similar recommendations resulting from the evaluations of the Life Sciences Practice and PERPA Renewal by committing to institute more robust communications plans with adequate resources. The department will integrate these valuable lessons in the design of future communication strategies.</p>	TBD	TBD

RECOMMENDATION 4:

Close attention should be directed to higher risk projects to ensure success and avoid adverse impacts.

Associated Findings: 9, 10, 15, 16, 18, 21, 24 – 27, 29, 32, 35, 38

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Agreed. FXIT agrees with the report's recommendation that higher risk projects merit greater management attention.</p> <p>The department has made significant progress in promoting and implementing formal and systematic risk management across the organization. A corporate risk management strategy, including a departmental risk policy and profile, has been established. Branch management have been given training and coaching in how to conduct formal risk assessment of projects and activities. A culture of risk management has taken root in the department, and will play an instrumental role in the success of future change projects.</p> <p>The department will continue to emphasize risk-based project management in undertaking future corporate initiatives.</p>	TBD	TBD

RECOMMENDATION 5:

Maintain the active support of senior management and clarify lines of accountability.

Associated Findings: 1, 4, 6, 8, 9, 13, 14, 29, 20, 29 – 32, 37, 39 - 41

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Agreed. FXIT concurs with the recommendation to maintain senior management support and accountability in implementing change initiatives.</p> <p>The department will put in place the necessary mechanisms to ensure that corporate initiatives include oversight, clear roles and accountabilities, and instruments for rigorous monitoring and reporting on progress. The department will also engage the Internal Audit and the Evaluation functions to conduct periodic objective assessments of project implementation and achievement of objectives.</p>	TBD	TBD

RECOMMENDATION 6:

Put in place a robust performance measurement strategy.

Associated Findings: 27, 28, 33 – 35, 41

Management Response & Action Plan	Responsibility Centre	Time Frame
<p>Agreed. FXIT concurs with the need for a robust performance measurement strategy.</p> <p>This recommendation will be implemented as part of recommendation one (development of a clear and coherent design), recommendation two (a dedicate unit to facilitate, track and report on progress), and recommendation five (clarifying roles, accountabilities, oversight, monitoring and reporting).</p>	TBD	TBD