

# Report on a Functional Analysis of the Ministry of Foreign Affairs, Republic of Cyprus

Final Report

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## **Abbreviations and Acronyms**

GoC	Government of Cyprus
HRM	Human Resource Management
MoU	Memorandum of Understanding
MFA	Ministry of Foreign Affairs
PFM	Public Financial Management
TOR	Terms of Reference

# EXECUTIVE SUMMARY

## The origins of the Functional Analysis

NSGI carried out the Functional Analysis (review) of the Cyprus Ministry of Foreign Affairs at the request of the Government of Cyprus, and under Terms of Reference agreed at the start of the review. The work was carried out as part of the wider review of public administration in Cyprus, which aims to identify reforms required to improve the operation and delivery of public services. In the case of the MFA, there are several pressures for reform. In addition to resource pressures, the MFA has to find ways to adapt in an international context which is evolving rapidly. And there is a clearly expressed desire for reform amongst staff in the MFA.

## Principles and methodology

In carrying out the review, NSGI worked on the principles that the review would have to work within the existing resource envelope; and that the review would look at the process of policy formulation and delivery, but not the content of policy. In carrying out the review, NSGI worked closely with the Task Force, and other key stakeholders. NSGI used the framework of the 'Model of Capability' to examine how the Cyprus MFA performed against three key drivers of successful public administration – strategy, leadership and delivery. Recommendations have been based on these three key themes.

The NSGI team gathered information for the review using three week-long visits to Cyprus, and day visits to the Cyprus Embassy in London and the Cyprus Permanent Representation in Brussels. The team also worked from information and documentation provided by the Cyprus MFA and the Task Force. In drawing up the recommendations, the team consulted extensively within the UK Civil Service, and with other European diplomatic colleagues.

The purpose of the team's first visit to Cyprus was to conduct a series of structured interviews and meetings to understand the context and expectations of the work and identify priorities for the review. Later in the autumn, the team visited Cypriot missions in London and Brussels to explore the same questions, but from an overseas perspective. The second visit to Cyprus looked in more depth at the issues raised on the first visit and the weeks immediately following. The team conducted a series of seminars with different groups of staff to delve deeper into views previously expressed; and a series of meetings with outside stakeholders to explore perceptions of the MFA from the outside. The team also used the visit to explore perceptions of change management. The team then submitted a draft report, with some initial recommendations. On the third visit, the team discussed the report in detail with the MFA, to test and build on the recommendations, and agree a

mechanism for delivery. Throughout this whole process and in between visits, the NSGI team stayed in close email contact with the Task Force.

### Wider context of cross-cutting reforms

The Functional Analysis of the MFA was carried out in the wider context of the current work being carried out in the Cyprus public sector on two sets of cross-cutting reforms. Public Financial Management reform (PFM) will underpin control, flexibility, prioritization, accountability and efficiency in the management of public resources and delivery of services. These reforms have been agreed, and are being implemented across the public service. The MFA has started implementing some of these reforms already. The second set of proposed reforms would change the Human Resource Management (HRM) policies and processes which are applicable across the whole of the civil service in Cyprus, including recruitment, remuneration, promotion, performance appraisal, mobility and exit mechanisms. An HRM Reform Plan is expected to be approved by the Council of Ministers within 2015. The decisions to be taken by the CoM will critically impact on the degree to which many of the recommendations in this Functional Analysis can be acted upon.

### Current state of the Ministry of Foreign Affairs

The Cyprus MFA is small, and mostly focused on Europe and the MENA region. Staff seem to be hard pressed, with increasing workloads and limited resources. External stakeholders see the MFA as responsive and helpful, and its staff as talented, able and dedicated. But there are clearly some areas for improvement in the way in which the MFA conducts its business.

Strategy: The MFA has no ministry wide strategy, and no staff assigned to develop or maintain a strategy. There is little evidence of long-term planning, proactive policy making, or identification of risks and opportunities. There is no process by which the MFA can reassign resources to shifting priorities, and there is no culture of dropping low-priority work. In addition, the MFA tends to work vertically rather than horizontally, which inhibits cross-team thinking and working.

Leadership: The MFA makes the best of being a small, networked organisation. But as pressures grow from within the ministry and outside, structures and communications will need to become less informal. Staffing structures are skewed, and the MFA is relatively top-heavy. Senior staff spend time doing work which could be done by people with less experience. There are some cultural divides between different categories of staff, which inhibits cross-team working. Lack of performance management is a problem across the whole network. There is very little culture of learning or sharing knowledge in the MFA.

Delivery: The MFA appears to function reactively, responding to challenges as they arise. There are no business plans to underpin strategies, and no mechanisms whereby the MFA

can measure what it has achieved, or analyse how. The structure of the MFA – which has to deliver policy – has evolved over the years in response to immediate personnel requirements rather than longer term policy delivery needs. Cyprus has lots of single staffed missions overseas: delivery from a platform like this will only work if properly supported. NSGI found many processes (e.g. for payments) and infrastructure (in particular IT) dated and no longer fit for purpose. The MFA's budgets are hard to analyse because of the way in which data is presented; and as the MFA has a cash-based accounting system, while spend can be tracked, proper analysis or planning is virtually impossible.

### Recommendations. The MFA should:

#### Strategy:

- i) Establish a Strategy Unit to develop and maintain a strategy
- ii) Develop and maintain a MFA-wide strategy
- iii) Declassify elements of policy, and invite external policy challenge.

#### Leadership:

- i) Make appointments to the PS position fixed term, for a minimum of 4 years
- ii) Create a 'Chief Operating Officer' role to give strategic oversight to all HR, administrative and financial affairs
- iii) Decentralise and delegate decision making where possible
- iv) Create more formal structures and processes for communicating to all staff
- v) Mainstream managerial work into diplomatic careers
- vi) Regularise and make consistent the procedures for employing, developing and managing performance of local staff in overseas missions
- vii) Establish a dedicated unit for professional development in the MFA

#### Delivery:

- i) Review the structure of the MFA, based on requirements set out in the MFA's to-be-developed strategy
- ii) Conduct a 'Zero Based Review' of overseas missions and their staffing
- iii) Consider the requirements for a legal resource in the MFA, and create a position if required
- iv) Assess where co-ordination with other ministries can be improved, and develop mechanisms to address the need
- v) Rationalise and make consistent levels of service expected by other ministries
- vi) Ensure that all staff seconded overseas report through the Ambassador of the country in which they serve
- vii) Consider posting non-diplomatic home-based staff into process heavy slots

- viii) Review all MFA business processes to see what can be changed, improved or dropped
- ix) Consider widening systems of electronic payments for public services (e.g. visas)
- x) Assess options for reducing travel of diplomatic staff
- xi) Replace the current inadequate IT system

To implement all these recommendations, the MFA will need to establish a Change Management Team, empowered and supported by the Minister and senior leadership, to see through all required reforms.

## **Acknowledgements**

Our thanks go to the Minister, for inviting us to carry out the review and for the warm welcome he and his officials have given to us on our visits to Cyprus. We thank the Permanent Secretary for his leadership during this review and his senior officials for their time, their frankness and their openness to our ideas. This work would not have been possible without the support of the task force, members of which have given up their time to join all our meetings, ensured that our many requests for information have been met and worked with us to develop our report. We have sought to include as many MFA staff as possible, and we thank them for the ideas they have contributed at our workshops and meetings. Finally, we would like to recognise the support and challenge we have received from colleagues in the Ministry of Finance and PAPD throughout the review.

# 1. Introduction

## ***Report purpose and structure***

- 1.1 This report is divided into 8 Sections, each opening with a summary paragraph outlining its content.
- 1.2 Section 1 introduces the terms of references, the specific tasks and methodology. Section 2 outlines the 2 main current crosscutting reforms being implemented or considered by the Government of Cyprus (GoC) that have a significant impact on the work and structure of the MFA.
- 1.3 Section 3 describes the 'as is' - current leadership, strategy and delivery of the MFA, the pressure for reform and the ambition of the MFA going forward. It also describes its relationship with other ministries.
- 1.4 Section 4 summarises the main findings of the three missions to Cyprus, the visits to the diplomatic representations in Brussels and London, inputs provided by the Embassies in Moscow and The Hague and by the Permanent Representation to the EU whilst section 5 outlines the key trends and principles in diplomacy and management of public administration that have guided the thinking of this report.
- 1.5 Section 6 discusses the need for change management and Section 7 articulates options and recommendations for the MFA to consider.
- 1.6 Finally Section 8 provides an action plan for implementation of the report recommendations. This section has been completed in cooperation with the task force.

## ***Terms of Reference***

- 1.7 The Government of Cyprus (GoC) is implementing a set of fiscal consolidation reforms aimed to overcome short and medium-term financial, fiscal and structural challenges. For this purpose the GoC has agreed with EC/ECB/IMF a Memo of Understanding on Specific Economic Policy Conditionality (MoU). Both parties agreed in Section 3.9. of the MoU to launch an independent external review of the public administration which includes a horizontal and a sectoral element.
- 1.8 The sectoral element of which this review forms a part will examine the role, competences, organisational structure, size and staffing of relevant ministries, services and independent authorities. The GoC's main objective is that the independent external review will contribute to identify reforms aimed to improve the operation and delivery functions of public institutions.
- 1.9 A first phase of reviews examined the Ministry of Health, the Ministry of Education and Culture, the Ministry of Agriculture, Rural Development and Environment, the Department of Registrar of Companies and Official Receiver (under the competences of the Ministry of Energy, Commerce, Industry and Tourism) and the Local Government (under the competences of the Ministry of Interior). According to the MoU, the reforms of this first phase will start to be implemented by Q1 2015. Concerning the horizontal element (cross-cutting issues), a study has been undertaken by the World Bank and the UK public administration. Currently, the GoC, based on the recommendations provided by the independent reviewers, is drafting its own proposals, which are expected to be submitted to the Council of Ministers by end of June 2015.
- 1.10 In accordance with paragraph 3.9. of the MoU, a second phase of the reviews, with a scheduled start in Q3 2014 and completion in Q4 2015, will cover the remaining seven Ministries, separated in two categories: (a) the "political" Ministries, i.e. Defence / Justice and Public Order / Foreign Affairs, and (b) the "economic" Ministries, i.e. Interior / Labour, Welfare and Social Insurance / Transport; and Works / Energy, Commerce, Industry and Tourism. The results of the second batch will be presented by Q4-2015. They will include implementation timelines with detailed intermediate steps. The reform will start to be implemented by Q3 2016.
- 1.11 The National School of Government International (NSGI)<sup>1</sup>, under a Service Level Agreement between the Government of Cyprus (GoC), the British High Commission

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<sup>1</sup> The National School of Government International is an arm of Her Majesty's Government. It has a cross-government mandate to support public service capacity-building in overseas countries and thereby contribute to HMG's international priorities.

(BHC) in Nicosia and NSGI, has been contracted to carry out reviews of the three “political” Ministries (Defence, Justice and Public Order and Foreign Affairs. The full Terms of Reference (ToRs) for these studies are contained in [Annex 1](#) to this report.

1.12 The ToRs for the three ministries are generic in nature. Specifically in respect of the Ministry of Foreign Affairs the ToRs stated as follows:

*“ Foreign Affairs: Reorganization and staffing of the Ministry’s central administration and subordinate services and the Diplomatic Missions abroad, according to the Ministry’s strategic vision and objectives. Within this context, the responsible parties agreed that members of the NSGI review team will visit two Diplomatic Missions of Cyprus abroad, namely the Permanent Representation in Brussels and the High Commission in London. The scope of the visits is to get an understanding of the missions’ challenges and opportunities when delivering the Ministry’s strategy and policies. Moreover, the relationship between these missions with the centre will be explored and their views on key improvements will be taken into consideration.*

*“The reviews will take into account existing analytical studies conducted by the GoC and global good practices of countries with characteristics comparable to those of Cyprus. Particularly for the MFA, where applicable, the NSGI review team will provide comparisons and advice on current “practices” in other foreign ministries (e.g. professional training, induction, treatment and role of locally engaged staff, possible efficiency and effectiveness practices). In addition, where appropriate, the team will provide recommendations on the minimum number of staff in diplomatic missions taking into consideration a number of factors such as the location, ease of doing business and availability of suitable local staff.”*

### **Review Principles**

1.13 The review outlined in the ToRs was guided by principles agreed at the outset with the GoC, namely:

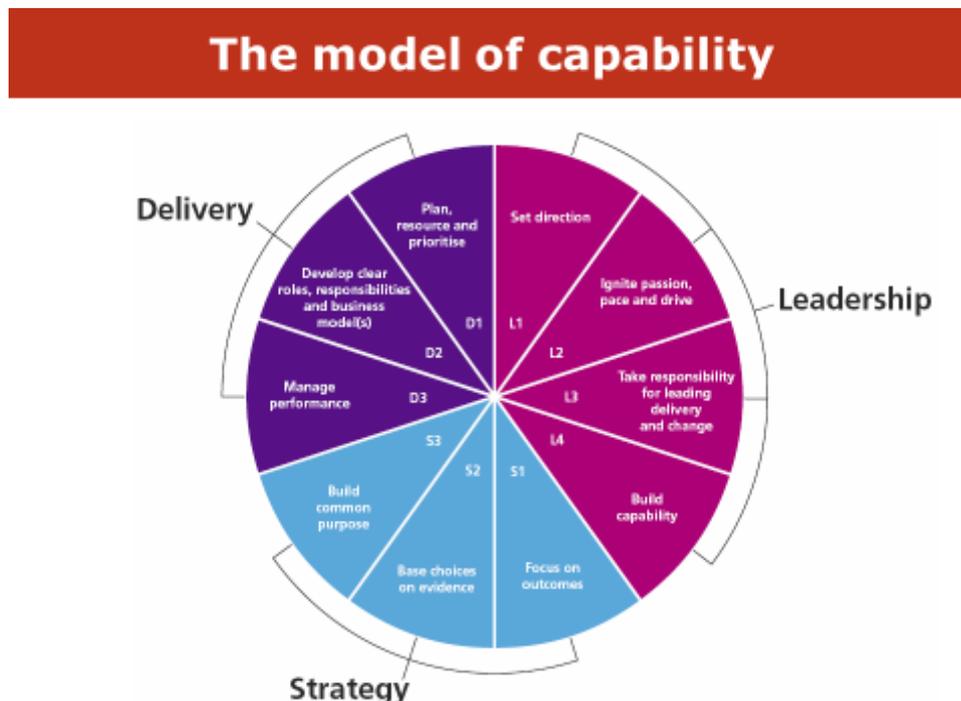
- All recommendations are to be resourced within the current resource envelope (budget and personnel).
- Priorities are determined by current MFA strategy – activities and services that are outside current strategic focus will need to be de-prioritised.
- Review should lead to enhanced ability of MFA to respond to a changing international landscape including the ability to adapt structures and working culture to meet changing priorities.
- Review need to understand and take into consideration current reforms in Public Finance Management and Human Resources Management and Development.

## Methodological Approach

1.14 The review, agreed with MFA colleagues from the outset, is based on the following approaches:

- Inclusive – the team has met representatives from all key stakeholders (staff, diplomats, union, locally-engaged staff) and a selection of external stakeholders.
- Collaborative – the team and the focus group composed of representatives from the MFA and other ministries is working in partnership to produce a review that is appropriate, feasible and affordable.
- Problem-driven – the team is focusing on problem areas and proposes solutions that are feasible.
- Context Driven – conclusions and recommendations will take into considerations current reforms being undertaken in Cyprus and current international trends relating to the specific sector.

1.15 The method is broadly based on the UK ‘Capability Review’ used to assess the capability of ministries to deliver their core business by reviewing their strategy, leadership and delivery. A summary of the model is represented below.



1.16 Strategy, leadership and delivery have been the themes through which the team has filtered information received in meetings and documentation.

1.17 In terms of leadership, the team has explored how clearly the MFA strategic direction has been set by the top of the ministry, from the minister downwards; the extent to

which the staff of the ministry, both diplomatic and administrative, are motivated and take responsibility for the delivery of the strategy and any changes that this implies; how capacity is built to ensure that staff have the right skills, knowledge, behaviours and support to deliver the strategy.

- 1.18 In terms of strategy the team has looked at the quality of strategic direction; its analytical underpinning; how its outcomes have been articulated; how the ministry proposes to measure its progress towards the outcomes; how inclusive the development of the strategy has been; and how well the strategy has been communicated to all MFA staff in Cyprus and in the missions.
- 1.19 In terms of delivery, the team has reviewed whether the current planning process, management structure and culture, systems and operations support delivery of the MFA strategy and ambition. Particularly the team was asked to look at the current IT and communications system and its suitability.
- 1.20 In order to do this, the team has supplemented structured interviews and analysis of documents and data with a series of facilitated workshops with internal MFA officials to test ownership of the MFA strategic direction, reflect on leadership and delivery, test perceptions of current challenges and blockers of change in the three broad areas and identify possible solutions. In addition, the team interviewed a number of clients of the MFA to receive a perspective from the 'demand side' including the parliamentary committee on foreign affairs, representatives from the private sector, and representatives from foreign delegations operating on Cyprus. Finally, the Action Plan was tested in detail with the task force at a workshop in June 2015.
- 1.21 The analysis has been conducted using the assumption of budget neutrality. This has been a constraint insofar as it limits the options for recommendations which require extra resource. However, it has also highlighted the need for the MFA to prioritise its functions in a way in which savings can be made and redeployed to higher priority areas.

## **2. Overview of Current Crosscutting Reforms in Cyprus**

- 2.1 Two crosscutting reforms, the Public Financial Management (PFM) reform currently being implemented and the Human Resource Management (HRM) reform currently under consideration have considerable impact on how all ministries function, how they are managed, organised and resourced. Ability of the MFA to successfully implement these reforms and reap their intended benefits is paramount to the delivery of the MFA strategy and ambition going forward.

### ***Public Financial Management Reform***

- 2.2 The PFM reforms that are currently being implemented will support aggregate control, flexibility, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives. To this end, the Government has enacted a Fiscal Responsibility and Budget Systems Law (FRBSL) as the legislative framework for the implementation of PFM in the public sector.
- 2.3 As part of the PFM reforms line Ministries will be asked to prepare medium-term strategic/business plan. A single strategic plan for each ministry will guide allocation of both financial and human resources within each ministry. In the same way, there will be a single set of objectives for the line ministries against which their performance would be monitored for the purpose of resource allocation (budget decisions) as well as for the purpose of human resource management (performance evaluation). The main sectoral objectives can be broken down to more specific performance criteria (KPIs) for budget and HR purposes.
- 2.4 Our understanding is that the strategic planning process was piloted in five Ministries (Agriculture, Finance, Transport and Works, Energy, Commerce, Industry and Tourism and Education) in 2014. The remaining Ministries (including the MFA) have started their strategic planning process within 2015. It is acknowledged that the new emphasis on strategic planning and the greater flexibility, responsibility and accountability that will accrue to line Ministries as a result of developed budget planning and execution will require new structures and capacity building measures. These will include the creation of a Directorate/Unit in each line Ministry to take on this responsibility, in no small part to ensure that somebody is actually the champion of the Strategic Planning process and its outputs. Currently, the Strategic Planning is dealt by the Task Force, which needs to devolve Unit/Directorate.
- 2.5 Currently, the accountants posted in line Ministries by the Treasury, undertake both budget proposal and budget execution. A proposal will be submitted to the Council of Ministers to be discussed and decided upon on 23.06.2015, which will ask from all ministries

to put in place Strategic Units, describing the role and functions of these Units. The Units, apart from taking over issues of strategic planning they will also be in charge of the reform process in each Ministry as well as other horizontal issues relating to growth initiatives. The proposal provides the flexibility to each Ministry to determine if administrative and accounting functions will also be included in the Strategic Unit, based on the size, particularities and structure of each Ministry. The re-organisation of line ministries following the functional reviews should therefore establish these directorates/units as soon as possible with a view to consistency with and reinforcement of an approach which integrates strategic planning, PFM and HRM.

- 2.6 Beyond the broad principles above there is no detailed prescription for these directorates/units and how they should relate to the rest of the Ministry. This was intended to be one of the outputs of the functional review. In respect of the MFA, we were concerned to note during our visits in 2014 generally low awareness at all levels of the general principles of the PFM reforms and the lack of thinking that had gone into how the Ministry should respond to the new requirements of PFM which were clearly laid out by the Ministry of Finance<sup>2</sup>, viz:

formulate strategic plans from which comprehensive statement of the strategic objectives are derived

- translate strategic objectives into key performance indicators (KPIs)
- allocating and managing resources to achieve objectives
- deliver on KPI against which outcomes will be assessed and funding for programs will be allocated.

- 2.7 Since those visits, we understand that workshops in the Ministry have been better attended, and when we visited in March we found a better level of awareness of the implications of PFM.

### ***Human Resource Management and Development Reform***

- 2.8 The sectoral reviews of ministries, of which this is one, were preceded by a review of the Human Resource Management (HRM) policies and processes which are applicable across the whole of the civil service in Cyprus. The Review examined the whole range of HRM policies including recruitment, remuneration, promotion, performance appraisal, mobility and exit mechanisms. The Review found that the HRM systems are highly centralised with control over both policies and transactions held centrally by

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<sup>2</sup> "Implementation of our PFM Reform Strategy", Budget Directorate of the Ministry of Finance, November 2013.

the Public Administration and Personnel Department (PAPD) and monitored closely by the Public Service Commission (PSC). Managers in government entities – even at the highest level – do not have full discretion to deploy staff in the most effective manner to deliver the objectives of the entity. The flexibility to deploy staff is limited to reallocating resources internally (flexibility to transfer interchangeable staff within each Ministry, and assign duties in the case of entry-level, non-interchangeable permanent staff).

2.9 The HRM report recommended wide-ranging reforms to HRM policies and processes the detail of which need not concern us here. However, underpinning all the recommended reforms was an overall emphasis on the delegation of responsibility for many HRM transactions to managers in ministries and other government entities with the PAPD and the PSC assuming more policy formulation and monitoring roles. This is wholly consistent with the changes that are being introduced as part of the PFM reform. Indeed, the PFM reform team are on record as asserting that, “Without public administration reform PFM reform will be severely hampered and we will not enjoy the full benefits of these reforms.”<sup>3</sup>

2.10 A similar argument applies in respect of the reviews of the sectoral ministries including this one. This report recommends a range of structural and organisational changes which will not deliver the full benefits envisaged unless concomitant cross-cutting reforms to HRM systems are implemented. Key among those enabling reforms are the increased delegation to managers of greater control over financial and human resources. In this sense our recommendations are both consistent with, yet dependent upon, wider reforms of the civil service.

2.11 Currently, the GoC is considering the recommendations provided by the independent reviewers in the HRM report. Based on the final political decisions, a Reform Plan is expected to be submitted by the Council of Ministers within 2015. The decisions to be taken by the CoM will critically impact on the degree to which many of the recommendations in this report can be acted upon.

## ***Pressure for Reform in the Ministry of Foreign Affairs***

### *External*

2.12 The recent financial crisis across Europe has impacted on public service everywhere. Radical adjustment, restructuring and cuts has occurred in the UK, Ireland, France,

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<sup>3</sup> “Implementation of our PFM Reform Strategy”, Budget Directorate of the Ministry of Finance, November 2013.

Spain, Latvia and others. These cuts have applied across the public sector, including in Foreign Ministries which only account for a small amount of total government expenditure. These pressures have been applied in different ways. Some diplomatic services (e.g. Ireland and Spain) have cut activity across their full range of activities. Others (e.g. the UK and France) have sought to do 'more with less' (although in practice this generally means the same output delivered with less resource). The FCO budget, for example, fell by 21% between 2009-2014.

- 2.13 Whatever the result of these cuts, they have all had one element in common: they have required changes to procedures, staffing and structures of ministries.
- 2.14 But there have been other impetuses to reform and change as well. Technological developments have dramatically increased the global flow of information, and the speed of communication. This has brought the challenge of an increasing demand for analysis and response to global situations; and increasing pressure to respond in real time. But new technology has also brought new opportunities, including the possibility to communicate strong messages to wide audiences. Finally, a range of other advances (for example in management theory, accounting procedures) have also spurred public sector reforms in Europe.
- 2.15 Culturally, all diplomatic services tend to be conservative on reform. But they are not immune from the sorts of pressures outlined above. Diplomacy is, to an extent, a competitive field. Diplomatic services need to negotiate the best for their country, and do the maximum possible to push out national messages. To be competitive requires diplomatic services to be flexible and adaptive. In short, to stay at the top of the field, diplomatic services need to reform and embrace change.
- 2.16 These pressures exist in Cyprus as well. Fiscal pressures have forced change across the public sector. These reforms will help individual ministries to adapt and be more responsive to customer needs, delivering better services at lower cost. Although it is more difficult for foreign ministries to identify clear customers and to cost outcomes, the MFA is not immune from these changes passing through the public sector more generally. Several stakeholders described the MFA as the best ministry in Cyprus: but other ministries, as they reform, will improve their performance and catch up. The MFA cannot afford to stand still.
- 2.17 The MFA has already been subject to substantial budget cuts (11% of its budget between 2012-2014), and it will continue to be vulnerable to calls for savings. There will also be a time when fiscal pressures ease, and ministries start to bid for more resource to increase their levels of activity. In both these scenarios, the MFA needs to be prepared to set out clearly to central government – in competition with other ministries – its priorities for resources, how these resources are linked to activities, and, most importantly, what the outcomes of these activities are. To be in a position to do this, the MFA needs to reform.

## *Internal*

- 2.18 We have now made three visits to Nicosia, where we have had extensive meetings with staff from the MFA. In addition, we have had meetings with diplomats and other officials in London and Brussels as part of the consultative process. In total we believe we have met with more than 90 MFA staff. This has given us substantial exposure to the views of a huge range of MFA staff, at all ranks and in all functions. And it is clear from these discussions that all staff have a burning desire for reform of the ministry – although reform means different things to different groups of people.
- 2.19 A number of reform themes emerged in our meetings with staff. Senior staff wanted to see reforms which devolved decision making to free up more of their time. Mid-ranking staff appeared to be more ambitious for their reform agenda. They wanted to see more devolution of power and responsibility; more transparency in decision making; and an improved allocation of workload. Junior staff, and those in specialised functions, wanted to see their work better integrated in the work of the MFA as a whole, and they wanted more consultation on decisions affecting them and the MFA as a whole.
- 2.20 We heard from individuals and from the Diplomats’ union that there is growing concern over terms and conditions for diplomats, in particular when serving overseas. Concern centres on recent cuts to allowances for those serving overseas, but also the overall structure of the package. There are real problems for diplomats serving overseas. These are not unique to the Cyprus diplomatic service, and what we heard echoes many of the problems that other European diplomatic services are facing. The key problem is that modern expectations in Europe are that families are composed of two working spouses. For families which are static, both spouses can pursue independent careers. But the mobility of diplomats can put huge pressure on working spouses. If the spouse’s career is not mobile, then they face periods of unemployment, low pay, pension loss and career damage. Over the long term, this can have a severe negative impact on the finances of a family. Diplomatic services – including the FCO – face a challenge in working out how to recognise and compensate for this.
- 2.21 For Cypriot diplomats, these problems seem acute, in part because there is no difference in the allowance package for married and single diplomats<sup>4</sup>. This is having a substantial impact on morale, and also appears to be impacting on the desire to serve

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<sup>4</sup> There is no difference in the allowances for married and single diplomats - the “general overseas allowance”, after the 15% reduction introduced since 2012, is on average approximately €2.830 per month for an Attache (the lower position of a diplomat) and €4.040 for an Ambassador. That allowance, in most cases, is adequate to cover the increased cost of living abroad for the Diplomat and his or her family. In addition, 85% to 90% of tuition fees of the children of a Diplomat is paid by the Republic, both in Cyprus and abroad. Also the amount of rent a Diplomat pays abroad, and therefore his / her rent allowance provided by the Republic, and increases according to the number of the members of the Diplomat’s family.

overseas. Ultimately, there are market forces at work. Individuals will have to calculate for themselves the costs and benefits – for their family as whole – in serving in Nicosia or overseas. If the balance is against working overseas, then diplomats will increasingly resist being sent overseas. This could become a long term problem, with demotivated and demoralised staff overseas. The MFA needs to look closely at these concerns, in close consultation with the Union, to see whether the MFA has the right balance of incentives for those serving at home and overseas.

2.22 Staff also expressed concerns about terms and conditions of service, and these were mostly echoed by the Union. This included a perception of lack of transparency in decisions taken on postings and transfers; the need for limits on the amount of time individuals can spend in Nicosia (the failure to apply consistently a mobility obligation on all diplomats); a need to ensure that individuals did a fair balance between hardship and non-hardship postings; and the need to give staff reasonable notice (i.e. at least three months and possibly six months for those with families) for overseas postings.

2.23 Although the staff of the ministry as whole are clearly dedicated to the MFA, committed to their work, and prepared to put in the long hours required to get the work done, they also have a large appetite for change. The MFA needs to respond to these pressures to maintain staff morale and motivation.

### **3. Background on the MFA**

3.1 The Cyprus Minister of Foreign Affairs has expressed his support for the work being carried out in this functional analysis. In a meeting with the review team on 10 November 2014, the Minister highlighted the strengths of the Ministry – its high-quality staff and flexibility given its small size. He outlined how the Ministry had broadened its work away from Cyprus’ dominant foreign policy priority to other priority areas including the EU and the Middle East. He made clear that he wanted the Ministry to continue to work within its current resource envelope, covering a wide range of activity, and he wanted to see the influence of Cyprus magnified through the work of the Ministry.

#### ***Current Strategy***

3.2 Overall, the Ministry functions reasonably well in a responsive, reactive way. But there is little evidence of strategic planning, and little awareness of the advantages to be gained from developing strategic thinking at all levels. There is no evidence of any process within which resources can be moved to meet shifting strategic priorities.

3.3 Under PFM, the Ministry is required to develop and implement a strategy, in a framework which will be shared across the Civil Service. For now, there is a draft strategy document which was produced in mid-2014 and revised in February 2015. This appears to have been centrally developed, with little consultation across the ministry. It is a good reflection of what the Ministry currently does, but does not address possible shifting priorities. The MFA has also been working with Ecorys consultants to review this strategic plan. This work has been focussed on mapping resources onto current activity, but has not fundamentally reviewed the MFA’s strategic priorities.

3.4 Within different divisions of the MFA, there are two lower level strategies. We have not seen the (classified) MENA strategy, but we have seen a translation of the EU strategy. From what we have seen and heard, we can draw the following conclusions.

- The strategy for the MENA region appears to have been developed consultatively across relevant stakeholders in the MFA. There is an informal review mechanism within the Division. The strategy aims to think proactively about the sort of objectives that Cyprus should – within realistic bounds – have across the MENA region. It considers which bilateral relationships should be prioritised, why and how. It considers a range of tools to draw on to reach the objectives set out in the strategy.

- The EU Strategy appears to have been developed jointly by the MFA and Cyprus' Permanent Representation to the EU in Brussels and other ministries. It aims to consider Cyprus' broad approach to EU issues, setting priorities and proactive objectives. Staff at working level, from all line Ministries in Nicosia, were fully involved in the preparation of the EU Strategy through consultations led by the EU Division. Although the strategy was agreed by line ministries, staff at a working level (in Brussels and in Nicosia) had a limited awareness of the existence or content of the strategy.
- The two examples above demonstrate that there is some internal capacity to design, deliver and monitor the implementation of a strategy – such capacity needs to be harnessed to inform the high level strategy and developed across the board.

#### Strategic Planning in the Irish MFA

The Irish Department of Foreign Affairs and Trade (DFAT) has an excellent [website](#) giving full and clear information on its strategy development and monitoring. DFAT publishes a 31 page [strategy document](#) which sets out the recent four-year strategy of the Ministry, covering five overarching 'goals'. These are then broken down into 'strategies' to achieve the goals, and each one is measured by a set of 'performance indicators'. We would strongly recommend careful study of the document: it may provide a model of the sort of structure that the Cyprus MFA could consider – although the level of detail it goes into might be resource intensive, and the Cyprus MFA might want to consider something with less detail.

The preparation of the strategy is supported by a Strategy and Performance Division, which reports to the Secretary General (PS equivalent) of DFAT. In addition, DFAT also maps resources onto its strategy, enabling it to declare how much money is spent on each of its high-level [objectives](#). All this information is publicly available.

- 3.5 Currently, although a task force team has been appointed, there is no Strategy Unit or directorate in the MFA as required by PFM (see 2.5 above). To date the development and implementation of strategies appear to have been piecemeal and dependent on individuals rather than on a centrally led systematic approach. Many staff complain that they are too busy, and cannot spend time on strategic planning. Work pressures are very high, and many staff spend too much time firefighting without ever being able to step back and consider their work at any distance.
- 3.6 There is limited evidence of embedded strategic thinking or practice in the MFA. While it is clear that the Ministry is good at responding to immediate demands and pressures, there is little evidence of planning for long term objectives or consideration of how the MFA could set the agenda proactively or how the MFA identifies developing trends, or potential risks. There is strong evidence to suggest that the MFA has a tendency to work vertically (within divisions), rather than horizontally (across divisions) leading to a limited sense of common purpose or direction. Staff work effectively in their 'realms', but do not necessarily see their efforts as part of a

contribution to a bigger vision or objective, thereby limiting potential for shared knowledge, better utilisation of resources and skills and innovation.

- 3.7 Information sharing seems to be ad hoc, and generally limited, in particular between divisions and between overseas embassies. There appear to be technological and cultural barriers to this. Technologically, the current system of IT does not facilitate easy information sharing – in particular for classified information which may require the use of Kleitos or the Automated Office System. But there is a cultural challenge too, where staff appear to have a preference for protecting rather than sharing information. While improved IT will have a multiplying effect, a change in culture to reward and incentivise increased information sharing is also needed.
- 3.8 In addition, the lack of clear strategic priorities underpinned by a business plan to implement them makes it difficult for the MFA to consider what areas of work might be deprioritised. This means that there is an ever increasing burden on high performing and dedicated staff, with no commensurate increase in achievement against high-level objectives. Overall we found that the performance of the MFA cannot easily be measured: officials are aware of their output (what they spend their time doing, in terms of meetings attended or phone calls answered); but there is much less evidence that staff consider outcomes (what they achieve against objectives).
- 3.9 Finally, the absence of a strategy and associated implementation plans means that it is very difficult for senior management to link resources to strategic priorities. This is clearly evidenced by the fact that the existing structure of the ministry seems to be developed to accommodate the requirements of personnel returning from overseas postings rather than supporting the achievement of the ministry's priorities. This is a substantial problem. The key resource of any Foreign Ministry is its people. If these resources are not allocated according to requirements, then the Ministry will always under achieve. While there has to be some flexibility in the system to allow for a managed timetable of transfers and moves between posts, the MFA should do more to minimise the number of vacancies at any one time. Vacancies sustained over time either mean that work has to be reallocated (thereby placing a huge burden on others); or that work is left undone, meaning either that the work is actually low priority and could have been identified as such, or that the Ministry is failing to deliver against its priority work.
- 3.10 The team concluded that developing and delivering a strategy not only would serve the requirements for the PFM reform but will allow the MFA to be proactive in setting and pursuing goals, and play a more prominent role in relevant areas of international affairs and measure its performance against a set framework. Strategic planning will allow the MFA to allocate resources (in particular staff) to high priority areas and work streams, while helping them to deprioritise others. Savings made from low priority work would fund extra activity in higher priority work which can then deliver policy success for the Government.

3.11 In terms of policy, a lot of work and thinking appears to be classified, and there is a sense of protection around many policy issues. There may be two factors underlying this. One is a feeling of a political sensitivity over some policy issues, and a desire to keep information tightly controlled within the MFA. There also appears to be a very limited appetite for policy challenge, or critical thinking. Opening up the policy debate can have benefits, as it allows a wider range of stakeholders to have a sense of ownership of policy objectives (so the MFA would get more explicit support from e.g. think tanks, academics, and the business community), and it can help prevent ‘group-think’ where small groups of policy makers reinforce each other’s’ mistakes and misperceptions.

#### Strategic Planning in the Slovakian MFA

The website of the [Slovak MFA](#) contains a number of relevant documents and links. The Ministry publishes a full strategy document ([‘Foreign and European Policy Agenda’ - 24 pages](#)). The structured title page gives a good, clear indication of Slovakia’s main priorities, which are then described in more detail in the narrative text, including some tools for delivering objectives. Again, this may be a useful example for the Cyprus MFA to look at: although the length of narrative and level of detail is probably more than would be required for the Cyprus MFA.

3.12 Opening up policy is of course sensitive, and the MFA would need to be able to manage the process. Clear limits would need to be set (e.g. not exposing policy on sensitive bilateral relations with other countries), and officials would need to be prepared for challenge. The experience of the FCO in opening up policy over the past 5-10 years has been positive.

#### Strategic Planning in the Estonian MFA

The website of the [Estonian MFA](#) provides a clear picture of the Ministry and its strategic priorities. The Ministry’s strategy is set out in a publicly available [document](#), giving the MFA’s five key objectives, then broken down into sub-objectives and activities.

The strategy is derived from a national level document, the [‘National Security Concept of Estonia’](#), which is submitted by the government to the Parliament, and aims to cover long-term trends and objectives. This can be adjusted at any time, making it a living document. The MFA strategy is also an integral part of the national budget plan, and so is tied to the national budget. The budgetary cycle includes a 4 year ‘Development Plan’, and within this a smaller cycle of one year ‘Action Plans’.  
(See Annex 13 for more detail)

## ***Current Leadership***

3.13 In a nutshell, leadership is about setting the direction of the ministry and then ‘having the right people, in the right place, doing the right things’.

### *Leadership: Setting direction*

3.14 During our visits to Nicosia and overseas missions we heard much about the benefits of being a small, well networked organisation. Officials take their policy direction from statements and speeches made by the Minister, rather than the ministry strategy, suggesting an implicit rather than explicit steer. Staff at all levels working in Nicosia have good and regular bilateral access to senior officials and the Minister, both for policy direction and decision-making. Meetings are often carried out in an informal way, as and when it is deemed necessary.

3.15 As a result of the strong informal networks within the Ministry, senior officials make little use of formal communication channels, they do not come together regularly as a group in Nicosia to discuss policy or corporate issues affecting the Ministry as a whole. A daily bulletin produced and circulated in the ministry highlights issues of political importance, and the administration issues circulars when changes to processes are being made.

3.16 Up to now this way of working has served the ministry fairly well and external stakeholders including foreign representations find MFA officials well-informed and up-to-date. However, it has become apparent that implicit setting of directions, bilateral decision making, informal networking is not as effective at a time of change, when fiscal restrictions impose a more rigorous and strategic approach to managing resources and crosscutting reforms in public administration require focus on outcomes, higher level of engagement by staff, more delegation of responsibilities and a higher level of accountability for ministerial performance.

3.17 It is in such times, like the present, that leaders are called to articulate explicitly the ministry’s strategic direction and priorities, continuously communicate the direction both formally and informally, and increase transparency and consistency of criteria for decision making regarding staff and policies across the board.

3.18 The leadership of the MFA, however, has little experience of change management practice and therefore risks to demotivate and alienate staff during a process of change. None of the officials the team met had an understanding of the complex nature of reform, nor of the skills, effort and commitment it takes at the highest level for it to be successful. It is of paramount importance that senior leaders are supported to build the capacity to manage a change process and expertise is

developed, possibly in the strategy unit, (soon to be established) to lead and manage the proposed changes necessary to deliver the strategic priorities of GoC.

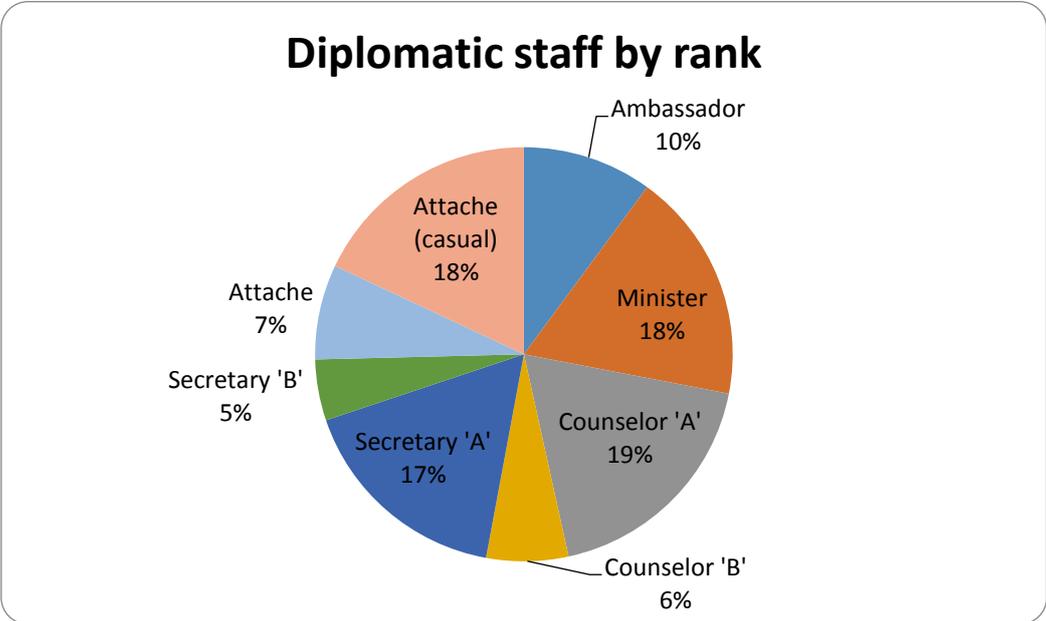
- 3.19 The role of the PS is therefore extremely important in leading and supporting change. However, we heard concerns expressed (including by the Permanent Secretary) over the staffing of the PS role. There is frequent turn over in the position, as Ambassadors are rotated through the post and then overseas. This means that there is a lack of continuity in the post, which has an impact on strategic decisions. Other Ministries in Cyprus rely on a cadre of domestic Permanent Secretaries who stay longer in post, and other Foreign Ministries in Europe post people into the senior position for longer periods (the average time in post for the PUS in the FCO is about 4 years). Longer tenure in this key position will allow longer-term and more coherent policy making on key resource and political issues and continuity in leading and managing change.

*Leadership: The right people, in the right place, doing the right things*

- 3.20 The staff in the MFA are very dedicated, have a culture of working long hours and feel constantly overstretched. The team would like to note and congratulate the Cyprus High Commissioner in London, Euripides Evriviades, who has received the “European Diplomat of the Year” award this April, a distinction granted by the British magazine “Diplomat.”
- 3.21 Like the rest of the Cyprus civil service (and other European diplomatic services at various periods since 2009), the MFA had been subject to a recruitment and hiring freeze since 2012. Looking at the staff distribution in Figure 1 below, it appears that more than half the diplomatic staff are of the rank of Counselor ‘B’ and above. The ratio between higher diplomatic staff and administrative and support staff is 1 to 2. To give a comparison, in the UK, the ratio between senior diplomatic grades and non diplomats is 1 to 10 - of 4,609 staff in the FCO, only 404 are senior grades and they engage mostly in policy related work.
- 3.22 There are some structural reasons behind this imbalance. At one end of the scale, rising retirement ages combined with the principle of seniority mean that more diplomats are reaching senior levels, and staying there. At the other end of the scale, the last recruitment into the MFA was in 2010 (and even that cohort of 35 are, due to a legal challenge, only on 15 day renewable contracts). This imbalance is a problem now. The problem will only get worse over the years as more mid-ranking diplomats work their way up the scale. This will present severe workforce planning challenges to the MFA in the years to come.
- 3.23 It is therefore surprising, given this top heavy structure in the MFA, that there is so little evidence of engagement in strategy and policy development. However, from discussions with MFA staff, it has become evident that higher level diplomats are

performing tasks that could be done by non diplomatic staff. For example, we heard of Heads of Division who were spending a large amount of time fielding telephone calls. In addition, diplomatic staff often find themselves posted in departments which are largely involved in process rather than policy (for example, Protocol). While there is clearly a case for leadership of these departments by diplomats, some of the process-heavy functions might be better carried out by a permanent cadre of non-diplomatic staff which would allow those staff to build up specialist skills, and free up senior diplomatic staff to carry out policy work. The highly centralised and hierarchical nature of public administration in GoC means that, overall, senior officials across the board are overburdened with administration and therefore have little time or experience of development and delivery of policies, of leading change and promoting innovation.

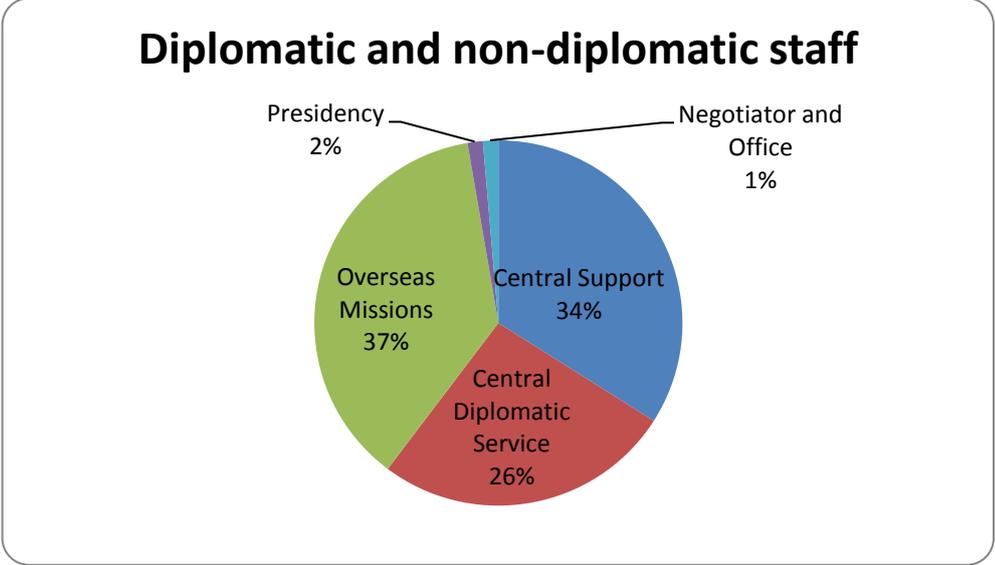
Figure 1



3.24 The diplomatic staff at home and overseas are supported by non-diplomatic staff who carry out duties such as finance, HR, IT and communications and archives as shown below. Almost all are based in Nicosia with the exception of 6 communication and archives staff who are posted overseas. (See Figure 2 below). There is a clear cultural divide between diplomatic and administrative staff, both in Nicosia and overseas. Although there are of course individual exceptions, in general most diplomatic staff appear to feel that administrative staff are unhelpful or do not understand the peculiarities of working in an MFA or overseas. And most administrative staff appear to feel that diplomatic staff are demanding, distant, and aloof. These cultural differences are damaging, and can lead to misunderstandings and tensions. Under PFM and the increased devolution of management responsibility, all diplomatic staff will have to get used to taking on managerial and administrative responsibilities at

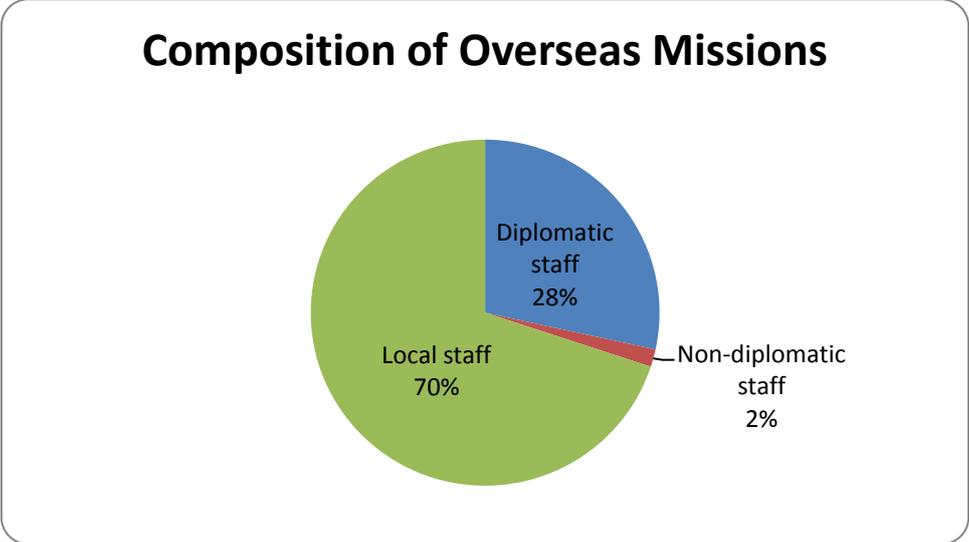
home and overseas. Resource management will become a core part of the work of all diplomatic staff, and should eventually become reflected in requirements for promotion and transfers. In short, management and administration need to be mainstreamed into diplomatic careers.

Figure 2



3.25 Overseas missions are supported by local staff employed by the MFA who carry out a range of duties including press and media work, accounts, secretarial work and frontline consular work. Many of these staff are long-standing and experienced. The ratio in overseas missions between diplomatic and support staff looks more balanced than in Nicosia. (See Figure 3 below)

Figure 3



- 3.26 Locally engaged staff working in missions are either recruited in Cyprus or in the overseas country concerned. For slots which are considered at a higher technical level, staff are recruited in Cyprus whilst staff in more administrative roles are recruited under local law. There is a perception that Cyprus recruited staff have more favourable salaries and allowances. Although this may be a perception<sup>5</sup> only, it has the potential to cause friction between different categories of staff. Further, we would question the salary levels offered to some of the 'high level staff' which appear to be well above market rates in the countries concerned.
- 3.27 Like their colleagues in Nicosia, officials both Cyprus based and locally employed, working in missions feel overstretched and work long hours to respond to multiple pressures - the pressure to be everywhere and do everything resulting from poor prioritisation by the Ministry leadership; very high expectations from the overseas Cypriot community (who remained closely linked to their mother community); and the need to follow outdated processes and obtain various levels of authorisation from senior officials for simple matters such as leave or travel.
- 3.28 There has been a lack of clarity in the missions and in the MFA whether Cyprus or local laws apply to local staff. The MFA is currently seeking legal advice. The FCO takes the view that local law applies to the employment of all local staff, therefore employment, discipline and other local procedures need to be understood and followed.
- 3.29 The lack of performance management and appraisal systems for local staff means that heads of missions are unable neither to manage poor performers, nor to reward high performing staff. At the same time the staff feels disempowered and frustrated at not being able to demonstrate their value nor being considered for career improvement. Without exception, diplomatic, administrative and local staff would welcome the introduction of a performance system for locally employed staff although everybody agrees that it would be unhelpful to use the MFA's current performance management system, where "everyone is excellent" because it does not differentiate between individual performance nor highlights strengths and weaknesses or areas for personal and professional development.
- 3.30 Staff in the MFA – both in Nicosia and in overseas missions – expressed concerns over internal systems for transfers and promotions. The concerns centred around perceptions of lack of transparency and favouritism. Many people expressed a desire to see decisions taken with more clarity, and according to objective criteria. However, we also heard some instances of good practice. For example, there is now a Transfers

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<sup>5</sup> According to the Decision of the Council of Ministers No. 61.779 dated 30.03.2005 the pay system and other terms of service of Local Staff recruited abroad is the same as for Local Staff recruited in Cyprus. The revised version of the "Regulations" provides that all day to day salary issues are handled by the Ministry of Foreign Affairs, whilst the Ministry of Finance/ PAPD, is responsible for policy formulation.

Board, where several senior diplomats meet together (along with an observer from the Administration) to agree upcoming transfers. This is perceived to be fairer than the previous system: any decision involving a selection of people dilutes possible favouritism, and this principle could be extended to other HR decisions. For promotions, we heard concerns over the system of oral exams to get into the grade of Ambassador. Some of these issues will be tackled under HRM reforms (if agreed in the Council of Ministers), and we make some broader recommendations under the HR section.

### *Leadership: Training, prioritisation, induction, personal and professional development*

- 3.31 The MFA has had a 2 week structured induction process for newly recruited staff coming into the Ministry at the start of their careers. This stopped in 2010, the year of the last recruitment.
- 3.32 But the MFA does not provide any structured induction for an official taking up a new post within the Ministry. There is no formal communication or guidance regarding the nature of the job that the official is expected to perform nor of standards required or the values and behaviours that are expected from the official. There are no standardised manuals, protocols or consular guides an official can refer to. There is no practice or requirement of the previous incumbent to prepare hand over notes or 'how-to notes'. Irrespective of the capability and energy of the newly appointed person, this has considerable impact on the timeliness in which the official is able to work independently, the consistency of the service provided, the burden of the workload on colleagues, and the ability of the official to demonstrate the values and behaviours expected from him/her whilst performing the function.
- 3.33 In some cases, there is a sense of isolation for newcomers which is compounded by a working environment in the MFA which is not conducive to promoting team work within and across divisions. This therefore misses a valuable opportunity to build on colleagues' strengths, learn from other people's experience and hear different opinions and ways of finding solutions to a problem. There is no systemic culture of mentoring or other informal support to colleagues, although there are some examples of good practice. These sorts of mechanisms place minimal demands on staff time, but can really help individuals to feel supported and work more effectively.
- 3.34 The MFA does not have an effective programme of structured training and capacity building for their staff during the course of their career. While diplomats are willing to sign up to courses in specialised subject areas such as energy or law, they appear to be very reluctant to take places on courses offered which cover core skills such as management and leadership. We heard no evidence of senior endorsement or support for this sort of core generic training. So individuals who want to develop are left to their initiative to build the relevant skills, and are dependent on the interest

and time of their colleagues or managers to share knowledge or experience. In most cases officials learn on the job, through a process of trial and error. If they change position or mission the cycle starts again.

- 3.35 The top leadership equally does not attend regular training nor refresher courses to upskill and keep up to date with requirements of a changing global environment. In some cases courses are offered to diplomats by businesses operating in a specific sector such as energy – however criteria for the selection of attendees and the expected impact of such courses are not always clear.
- 3.36 Across the board there is a recognition in Cyprus as well as in many other European countries that successful delivery of strategy objectives is dependent on the capability of the ministry's officials. In the UK a key work strand of 'Diplomatic Excellence' is investing in people. Particularly in having a 'workforce of the right size, shape and skills'; 'recruiting training and upskilling' and 'enabling staff to be the best way they can'. This translates in a focus and requirement to engage in learning and development by all staff, from junior officials through the 'diplomatic skills foundation programme' to the top cadre through a series of high level leadership development events complemented by more specific courses such as 'leading under pressure' and 'engagement and communication'. In all cases capacity is built through a blended learning approach, including formal classroom based training, and e-learning; and informal learning through mentoring, shadowing, sharing experience of what works and does not work and why and exposure to different ways to doing things and solving problems. This is in line with the 70:20:10 model of learning and development, which suggests that the average person gets about 70% of their development from experience, about 20% from learning from others e.g. coaches, mentors and colleagues, and about 10% from formal training courses. This model is based on empirical research by Morgan McCall and colleagues from the Center for Creative Leadership (CCL). According to a survey they undertook of high-performing managers:

“Lessons learned by successful and effective managers are roughly:

70% from tough jobs

20% from people (mostly the boss)

10% from courses and reading”

(Michael M. Lombardo and Robert W. Eichinger The Career Architect Development Planner (1996))

3.37 Or in other words:

Informal	70%: Experience	Learning in the workplace: doing the day job, trying something new e.g. project work or a job swap, reflecting on what you could do better – i.e. using practical application
	20%: Exposure	Working with a coach, mentor or buddy; watching and learning from others; or team events
Formal	10% Education	Formal training and education

3.38 We offer below some examples of what this could translate to for MFA officials.

Informal	70%: Experience	<p>Learning one’s own job – the first six months of a new role</p> <p>Taking on a side project to build skills (as indeed the experts have done for this project)</p> <p>Offering to take on a colleague’s work, e.g. when he or she is on holiday</p> <p>A formal or informal job swap with a colleague from another team in the same Division</p> <p>Deciding to try a different way of approaching a task or managing an interaction in the workplace, trying it out and seeing the difference</p> <p>Spending some time reflecting on what has been learned through experience and what might be done differently in future</p> <p>Keeping a learning log</p>
	20%: Exposure	<p>Seeking out a more experienced mentor and asking them for advice</p> <p>Working with a coach</p> <p>Observing how others behave and learning from them, e.g. thinking how do others manage meetings well? What do they do that makes them successful? How can I incorporate what they do into my daily work?</p>

Formal	10% Education	Going on a classroom-based course

3.39 Typically courses are adapted to the level of the official and include subjects such as:

- Managing and developing staff, delivering results, problem solving and judgment and leadership
- Strategy thinking, influencing and communicating, negotiating, managing change, and personal impact
- Building stamina, improving coping resources, self-confidence and ability to respond positively, communicating well with others

3.40 [Annex 15](#) provides some examples of such courses.

3.41 Delivery is undertaken through some 'in-house training', some training delivered by external contractors and some will be done by individual through e-learning courses. Emphasis is put on building competencies and demonstrating the ability to translate the learning into improvements at the work place. Examples are taken from real life situation and officials are expected to engage actively and take responsibility for their learning.

3.42 Investing in personal and professional development sends the message to officials at all levels that they are important for the organisation, that their work is valued and therefore motivates and incentivises officials to demonstrate improvements and plan for continuous professional development.

3.43 However, to provide such services requires expertise, careful thinking, planning and management from the ministry. A dedicated function should be created within the Ministry – either within a specific unit, or folded into a wider unit dealing with strategy or HR issues. The people involved should work on the development of an induction package, whilst developing principles and policies regarding learning and development that are appropriate and proportionate to the need and size of the Cyprus MFA.

## ***Current Delivery***

3.44 Delivery includes business and operational plans to deliver the strategic priorities and ambition of the ministry, the structure underpinning delivery of priorities and those systems and processes that enable delivery of the plans.

## ***Business Planning***

3.45 The high quality delivery of policy and services depends on careful planning and prioritisation, to ensure that:

- Priorities are clearly articulated and communicated across the ministry and its missions and all staff and stakeholders understand them;
- adequate resources are in place to support delivery of agreed priorities and withdrawn for non-priority areas (people and money);
- clear roles and responsibilities of all those involved in the delivery are articulated so that there is clarity about who is doing what and how different parts of the ministry contribute to achievement of policy priorities;
- stakeholders that influence delivery are identified and involved at the right stage of delivery;
- performance against achievement of policy objectives is measured and progress or deviance towards meeting the objectives is monitored and corrected if necessary;
- risks are identified and reviewed and mitigation measures put in place; and finally
- lessons are learned about what works and inform future plans.

3.46 The sum of all these elements is often referred to as a business plan and is adopted a common practice to plan and monitor delivery of services across governments. (See example of FCO business plan template in [Annex 8](#))

3.47 Currently, in the MFA business planning (or elements of it) seems to be adopted only in two cases, in the MENA department and in the EU Division to support implementation and monitoring of existing strategies.

3.48 The recently developed MFA strategy has yet to be underpinned by business plans. So priorities have not filtered through the organisation and resources continue to be allocated on the basis of current activities rather than on planned outcomes. Staff continue to work in 'silos' within their department with little appreciation of their

contribution to overall policy priorities. Performance against achievement of policy objectives is not monitored or measured and lessons learned in one department are not systematically shared across the organisation.

- 3.49 Although external stakeholders we met are satisfied with the MFA's performance, the MFA currently has no way of measuring itself, either against other Foreign Ministries, or against delivery of its objectives. Risk are not systematically registered and mitigated against.
- 3.50 Importantly, there has been no attempt to look critically at the functions and business of the MFA including overseas missions, and start a process of prioritisation and de-prioritisation of functions and services.
- 3.51 However, we understand that currently the MFA is undertaking an exercise with the support of Ecorys consultants to develop an 'activity based budget' that covers the entire budget and relates activities to the ministry objectives in preparation for compliance of PFM requirements. This is a useful exercise because it will results in a clearer understanding by the ministry of the real cost of their activities and the cost of implementing each objective. When the strategy will be reviewed, the MFA will have a clear view of the different costs; therefore decisions on prioritisation and de-prioritisation can also be informed by the resource implications of carrying on activities.

## **Structure**

### *Headquarters*

- 3.52 Delivery of the business plan is facilitated by an appropriate structure that organises functions and people in support of the achievement of policy priorities. It should be drawn as to facilitate cooperation and collaboration within the functions and between the different functions and be flexible as to accommodate changing priorities over time.
- 3.53 The Task Force provided us with an up-to-date version of the MFA organogram in April 2015 (attached at [Annex 3](#)). It appears to demonstrate how the MFA has evolved organically over the years, in particular allowing the creation of divisions and units to fold Ambassadors back into the Ministry structure on their return from overseas postings. And most importantly, the current structure is not based on any strategy, and does not reflect any strategic priorities.
- 3.54 Setting aside the fact that there is no strategic underpinning to the current structure, we have identified a number of issues to consider. First, there seem to be simply too many departments for a small ministry. This dilutes leadership and hinders horizontal working. The MFA should therefore consider merging several departments to encourage more efficient working. We question for example the need to have two separate divisions for accounts and administration. These two functions are so closely

interrelated that it seems more logical that they would work within the same division albeit retaining clearly separate responsibilities and accountability lines. This would give more coherence to the management of resource issues in the ministry as whole. Equally, there may be some scope to integrate the divisions of central registry with archive and communications. The principle of merging the divisions cited above is not only to make better use of people and money but also to encourage close working and cooperation between key functions and services. Second, there are some clear anomalies in the structure – for example the European Correspondent reporting to the Political Director, not the EU Director, and the fact that there are two departments dealing with humanitarian affairs. Third, the balance of responsibility is untenable, with sixteen departments/units reporting directly to the PS.

- 3.55 In addition there are several glaring gaps in the current structure.
- 3.56 There is no division for strategic planning, which is a requirement of PFM reform. In addition to developing a strategy in a consultative and inclusive manner, this division could be tasked with overseeing the development and implementation of business plans and monitoring organisational performance and change management. The focus on change management will be intensive in the early months of the implementation of the reforms (see section 6 below). Over time, the division for strategic planning will focus increasingly on strategy, but will still have a residual function of overseeing further change in the MFA. Given the links and dependency between strategy and resources, the MFA will need to consider how to structure this work. One option might be for the head of the Strategy Unit/Division to manage the non-diplomatic, but crucial, enabling functions of finance, IT, communications and archives, all of which currently report directly to the Permanent Secretary.
- 3.57 Another option would be for the appointment of a senior diplomat in the MFA with the functions of a Chief Operating Officer (see more detail in the recommendations). The rationale of this position would be for the senior diplomat to oversee the deployment of all the MFA's resources – people, buildings, equipment such as IT, and administrative expenditure. He/She would have the responsibility to ensure that the MFA is sufficiently resourced (leading negotiations with the Ministry of Finance for budgets); to ensure that resources are correctly aligned against the MFA's strategic priorities; and to build the long term HR, estate and administrative policies which will make the MFA a high-performing institution.
- 3.58 There is no provision for a legal department with dedicated expertise for the MFA. Currently, like other Ministries, the MFA relies on the Government's central legal service for legal advice. The lack of a designated legal adviser with the necessary experience and expertise in international law can result in conflicting advice, where the MFA's experts are over-ruled by the central legal service. Reliance on the central service also hampers efficiency when the advice is not provided in a timely way. This gap might be tackled either by the negotiation of a 'Service Level Agreement' with the

office Legal Services of the Republic; or by the internal appointment of a MFA legal Adviser (which will have resource consequences). For more detail on these points, please see the recommendations section.

- 3.59 We have argued above for the need to create a department providing support to induction (generic and job specific) and capacity building across the board. The department would have the role of setting criteria, standards and policies regarding capacity building. In addition it would coordinate requirements for blended training – formal, on the job, mentoring, shadowing – assessing its appropriateness and impact.
- 3.60 As any changes need to be resourced from the current staff and budget envelope, we suggest the MFA looks critically at some functions that, although important, might not be vital for the business. For example we would query the need for the existence of two departments for overseas Cypriots and repatriated Cypriots.
- 3.61 The MFA, in reviewing strategy and business practice, could also consider subsuming some geographical departments. The MFA should also consider whether any of its work could or should be done by other ministries. For example, could the dealings with marine issues be handled more effectively by the Ministry of Communications and Works; and energy issues by the Ministry of Energy, Commerce, Industry and Tourism. If the MFA sees a strong need to maintain a role on these policy issues, it could consider two options. One would be to expand on the current practice of seconding staff to other ministries (see para 3.86). This would have three benefits. A diplomat posted e.g. to the Ministry of Interior to work on Schengen issues could maintain an MFA involvement in the policy; could share skills and international experience with MOI colleagues; and could gain valuable experience from working in a line ministry. Another option could be to have one department in the MFA responsible for liaison with all line ministries, thereby covering a wide range of policy issues but where staff time is focused on making sure that line ministries deliver coherent and effective policies in an international context.
- 3.62 Finally and most importantly, the MFA should also look critically at those vacancies that it has been carrying for a prolonged period and decide whether to keep, remove or redistribute unfilled posts.
- 3.63 Despite the structure showing 16 departments reporting to the Permanent Secretary, in reality the Permanent Secretary is responsible for the appraisal of all of the MFA's 189 members of diplomatic staff, even though they do not report directly to him. For a structure to be supportive of the strategy it needs to be meaningful in terms of line of delegation, responsibility and accountability.
- 3.64 Considering some very basic principles such as accountability, balanced structure, burden sharing, and interdepartmental coherence, we have worked up an example of a more logical and workable structure at [Annex 4](#). In this, we have shown how the MFA could merge some departments, spread the load more evenly by having four

senior officials reporting up to the PS. In developing a new organogram the MFA will need to reflect on the sort of considerations set out above. In addition it would need to create one extra function (DG/COO) and one extra department (Strategy and Change Management Unit) as per other recommendations in this report.

- 3.65 After the MFA has developed a strategy, it will need to rethink its structure. Our sketch at [Annex 4](#) is no more than that – a sketch. It leaves unanswered many other questions we have raised in this report (such as should the MFA have a Division dealing with repatriated Cypriots?). In summary, perhaps using our sketch organogram as a starting point, the MFA should consider critically the basic principles set out above to develop a structure which maps on top strategic priorities and which has a better balance of accountability, responsibility and work load.

### *Overseas Structure*

- 3.66 As far as the structure of overseas missions is concerned, the team has reviewed the information provided by the MFA about the number, distribution and size of overseas missions in order to take a considered view of whether the structure of the missions support the strategic interest of GoC in a specific country or region. From discussions with the MFA there may be a need to review the spread and impact of existing missions. As geographical and policy priorities have changed in the past few years, the existence and level of staffing of a diplomatic mission need to be re-considered in relation to their added value to the strategic interest of the MFA. Some MFA staff in Nicosia and missions suggested that, as part of strategic planning, consideration be given to alternatives such as the use of honorary consuls, non-diplomatic staff and shared services, to maintaining an understaffed mission in non-priority countries where Cyprus would like to retain a presence.
- 3.67 One issue which has been repeatedly raised is the staffing level of Embassies overseas is the fact that of the 49 Embassies and Consulates where Cyprus has diplomatic staff 26 missions have only one diplomat and another ten missions have only two diplomats (to note that according to the MFA's spreadsheet there are another 4 posts without any diplomats). This is understandable given the resource constraints of the MFA of a small country. However, staff noted that this placed huge burdens on the sole member of staff in those embassies, and caused problems with, for example, staff absences. While we recognise some of these problems, we believe that none are insuperable. Single-staffed missions can be supported remotely from the centre, and with local staff on the ground, combining robust management mechanisms with common sense. The FCO manages a number of missions successfully in this way.
- 3.68 Having consulted diplomats in FCO 'single-staffed' missions, it is clear that in order for these posts to add value to the service, the diplomat needs to be extremely resilient, have a clear business plan, be an excellent administrator, work hard at managing

expectations, be supported by competent local staff, nurture good relations with representatives from other EU missions and always look for innovative ways of working. In addition the post need to make the most of its web presence. Ideally, the centre should cover for long absences (e.g. maternity covers or long sick leaves) or provide additional support in exceptional circumstances. See [Annex 14](#) for more details.

- 3.69 It is challenging to be able to meet all the requirements above. Ultimately Cyprus needs to decide either to have lots of one person posts but then make sure they are properly supported; or they could close one person posts and establish a system of regional posts of two or more people covering several countries, and using e.g. EU colleagues and Honorary Consuls to fill in some of the gaps.
- 3.70 But each diplomatic service has their own culture and practice, and Cyprus will have to make a choice. One option could be to maintain the current practice of having some single-staffed missions, and explore ways to support them more effectively. Another option would be to shift resources in a way which allows doubling up in missions to maintain constant cover. This would, inevitably, require closing some missions to free up resources. Put crudely, the MFA could decide to have two single-staffed missions covering two countries, or one double-staffed mission covering two countries. The MFA could also explore other options including wider use of accreditation from Nicosia, and tightly-controlled use of Honorary Consuls. In the recommendations section we explore in more detail the sort of considerations which might come into play.

## ***Current Working Practices***

- 3.71 The implementation of business plans need to be supported by appropriate systems that enable effective and efficient use of resources including people, time and money.
- 3.72 We heard many positive messages about how the MFA has risen to the challenges of running the EU Presidency in 2012, and how working practices had been transformed, with better cross-Ministry co-ordination, excellent vertical and horizontal communications, timely responses and briefings, increased delegation of decision making, and forward planning of activities and related resources. However, 3 years later it is acknowledged that the improvements to working practices and the lessons learned from the Presidency have not been internalised and widespread, and the experience has not provided a platform on which to widen and deepen changes in processes, systems and working culture. This is due perhaps because of the strength of the prevailing change-averse culture in the Ministry.
- 3.73 Many of the systems and processes currently used by the MFA and missions are labour intensive, cumbersome and are not fit for purpose. Below we provide some example of how of some business critical systems are not supporting the business adequately resulting in considerable waste of resources and in some cases in real risks to the business. The list is not exhaustive, it exemplifies some of the challenges faced by the ministry in implementing activities. A more in depth review of services and processes should be undertaken by the ministry to make them more fit for purpose and supportive of people and the business.

## ***Information Technology (IT)***

- 3.74 Like all foreign ministries, the Cyprus MFA needs a secure way of communicating between headquarters and the network of overseas posts. At present much of the communication is done through the Kleitos system, which is time consuming, labour intensive and inefficient because it requires staff on hand at both ends of the transmission to send and receive messages. It also means that urgent messages cannot always be sent in real time (e.g. instructions for multilateral posts in New York and Brussels, which are often required at short notice). As the Ministry does not have communications staff on duty 24/7 this creates the risk that truly urgent messages will be transmitted through non-secure means, undermining the security position of the MFA. We understand that one option is for the MFA simply to upgrade Kleitos like for like. This would come at substantial cost and the money would need to be found from within the existing MFA budget. As in all IT projects, any new system should be able to demonstrate efficiency savings over time to make the investment worthwhile. However, given the intention to modernise IT systems across the civil service, the MFA should take the opportunity for a more radical overhaul of its IT to ensure it is fit for purpose and responds to the requirements of a modern foreign service.

3.75 A modern IT system which incorporates secure communications would offer the MFA the following benefits:

- The ability to transmit and receive secure, real time communications, with all recipients receiving the message simultaneously;
- Better use of existing staff to support key areas of the business rather than attending Kleitos;
- Clear distinction between ephemeral communications (e.g. informal emails) and formal communications;

3.76 Mobile communications, enabling staff who are travelling (e.g. multi-accredited Ambassadors; staff attending working groups in Brussels), or in need of a steady flow of instructions (e.g. at multilateral posts) to remain in touch with their post/HQ. Staff currently use their personal mobile devices to send and receive calls and messages, creating an instant risk to the security of their information. Hence the urgency to provide access to secure mobile communications, e.g. an encrypted smartphone linked to the officer's MFA email account (which we understand is secure). Issuing of these devices would be based on individual need rather than rank.

### *Video Tele-Conferencing*

3.77 Although video-conferencing facilities exist in the MFA and the Embassy in Brussels these are rarely, if ever used. The poor transport connections between Cyprus and Brussels, especially in the winter months, mean that officials spend a disproportionate amount of time travelling to EU meetings and working groups, some of which require expert attendance. It is common practice in many European missions to use VTC whenever possible especially in cases when several experts are involved in briefings or discussions. VTC can also be used to connect different missions at the same time thereby facilitating exchanges of views, information and experience from across the service.

### *Archives*

3.78 Record management is an important function of all ministries as it allows audit trail of decisions as well as safe keep of important information and documentation. Ideally a record management system should be simple, easy to access, user friendly, widely used and importantly kept up to date. In this way it will be of benefit to current policy makers, as well as the historians of the future. A well kept records management system plays part of the role of institutional memory.

3.79 Although the MFA introduced a paperless archive system in 2007, take-up by the ministry and the missions has been patchy and the archives service is over-whelmed by the volume of work both in Nicosia and in the missions. The current filing system has 6000 files making filing very complex and time consuming. Knowledge and understanding of where to file and find documents is often held by a person rather than the institution. Despite the hard work and efforts of the archive departments, the MFA has not found a way to convince staff to move to a digital archiving system. Currently the MFA is running both a digital and paper based system. If the transformation to a paperless office is to be achieved there needs to be clear endorsement, leadership and practice by the very top of the MFA. Simplification of the filing system and clear communication of the benefits of adopting a digital system could be the first steps in this direction.

### *Consular payments*

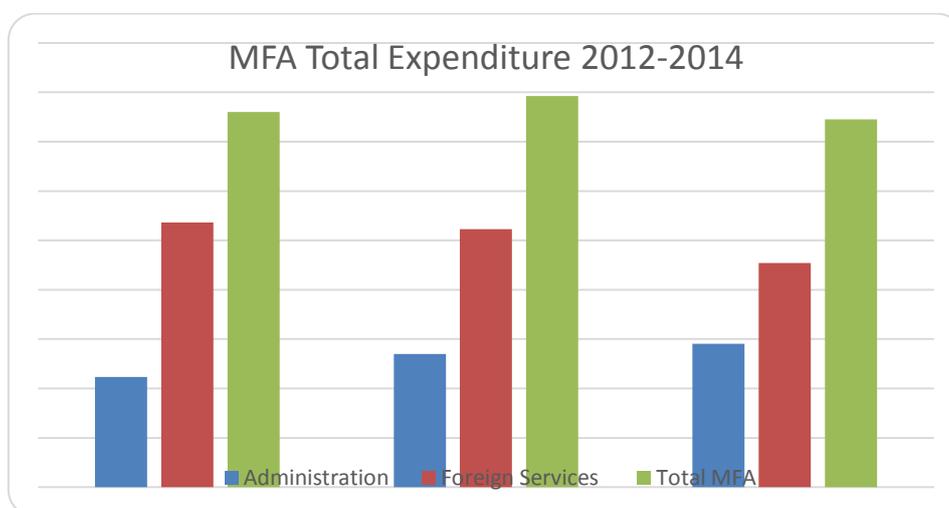
3.80 During our visit to the London High Commission we were very surprised to hear that consular payments are made in cash, and that hand-written receipts are issued to each consular customer. The cash has to be accounted for at the end of each day and banked, all of which takes time, effort and carries risk for a person travelling with considerable amount of cash. It is not clear to us how widespread this practice is but, while the use of cash is unavoidable in some emerging economies, online/credit card payments are possible in many of the countries where Cyprus is represented and definitely in all missions in the EU. However of service delivery, we heard of some innovative schemes (e.g. the online visa service in Russia) where ways were found to deliver services more effectively at lower cost.

### *Budget*

3.81 The MFA's 2014 budget appropriation is €74,501,000. This figure is broken down between administration and foreign services as shown in Figure 4 below.

3.82 We understand that the MFA has a history of under-spending. For instance, the 2012 administrative budget was €27,145,000 although the final spend was only €22,360,000, a difference of almost €5 million (17.5%). This risks damaging the MFA's credibility, and could affect the success of future budget bids. The underspend appears to have been a result of weak financial planning and management, with projects either starting too late in the financial year or not happening at all.

Figure 4



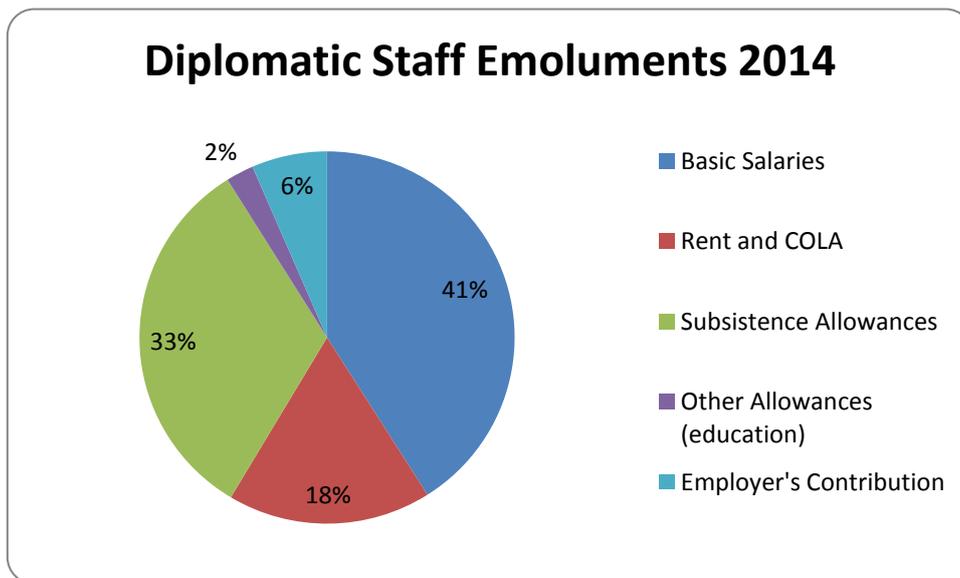
- 3.83 In line with other Ministries the overall budget of the MFA has reduced over the last three years. Savings have been made in headquarters, common services and mission budgets. Although the administration budget appears on paper to have increased, this is as a result of a transfer of almost €3 million from the Directorate General for European Programmes, Coordination and Development for the Cyprus contribution to the European Development Fund; and €712.000 of EU funding for co-financed projects.
- 3.84 Spending on overseas posts has fallen between 2012 (€23,678,915, 28% of the MFA's total budget) and 2014 (€19,725,988, 26% of the MFA's total budget). This may have been because the number of overseas posts reduced from 51 to 45. The 2014 budget for the most expensive post (Brussels, €1,654,119) was over ten times that of the least expensive post (Sofia, €122,776). Clearly operating costs will vary from country to country depending on the cost of labour and office/residential property, but the MFA needs to consider whether the overseas network is offering value for money by efficiently delivering the MFA's objectives. As the MFA's budget does not clearly separate out the costs of Cyprus-based staff between home and overseas, simply dividing them between salaries, various kinds of allowances, and employers contribution, this hampers an analysis of the total costs of overseas Missions. While allowances will vary according to family circumstances and the cost of living in different locations, the MFA needs a full picture in order fully to analyse its operating costs.
- 3.85 In simple terms it is not possible from the budget documents to know how much in total it costs to run a particular mission. As noted above the salary and salary-related costs of ambassadors, ministers plenipotentiary, counsellors, consuls and secretaries are expressed in a centrally-held budget. The costs are not allocated to the particular

missions in which they serve. Hence the table we have prepared at [Annex 5](#) does not show a true picture of the costs of each mission. Knowing how much it costs to run each of its missions must be a key piece of information in assessing the value for money provided by each mission and in making decisions about whether to close (or open) missions. Without this important management information MFA senior management does not have the necessary basis to support key decisions on the geographic balance of Cyprus’s diplomatic activity.

### *Allowances and Emoluments*

3.86 28% of the MFA’s budget (€20,847,000) is ear-marked for the costs of the diplomatic staff, including basic salaries and employer’s contributions; rent and subsistence allowances for staff posted overseas and cost of living and education allowances. The proportional split of the allowances is set out in Figure 5 below.

*Figure 5*



3.87 MFA staff posted abroad are entitled to a range of allowances. These are:

- General allowance – designed to meet the additional costs of living outside Cyprus, based on the difference between the price index in Cyprus and the country of residence, and represented in the budget as “subsistence allowances”.
- Rent allowance – to enable the individual and their family to rent a suitable property in the city of their posting. This is worked out following a complicated formula depending on the officer’s family circumstances and is claimable when the rent paid is greater than 12% of the officer’s annual emoluments.

- Education allowance – payable at home and overseas, up to 85% of school fees for the first child and 90% of the fees for each subsequent child.

3.88 A further €1,983,232 is ear-marked for other staff costs, including Officials of the Republic, Administration staff, hourly paid staff and Common Services local office staff, some of whom also appear to be in receipt of a range of allowances. Locally engaged staff fall under the budget of the Mission where they are employed. As a general rule, their salary should be in line with the local job market, although some local staff are paid surprisingly high salaries.

### *Financial Management*

3.89 In line with the whole of government, the MFA has a cash based accounting system, which enables the ministry to track spend after the fact. However this system cannot be described as financial management, as it does not easily allow for any planning, analysis or evaluation. The first draft of the MFA's strategy was drawn up without any reference to those who are responsible for preparing the budget. This means that policy decisions risk being taken without consideration of whether resources are available to deliver, or whether they need to be diverted from elsewhere as priorities change. The disconnect between policy and resources also creates a risk that resources are not being used in the most effective way to support policy delivery. The introduction of the Action Based Budgeting goes some way to resolving this issue.

3.90 The MFA is currently somewhat limited in taking straightforward financial decisions without reference to the Ministry of Finance. We heard many times about the need to seek permission from the Ministry of Finance for the purchase of low value items (e.g. an office chair, a kettle) when these items had not previously been budgeted for. This means that although individuals are accountable for the budget, they do not have the authority to take day to day decisions on how money is spent and are therefore not empowered to manage the budget. This will change under PFM. However, the MFA budget allocated for certain goods and services is limited (set against fixed overheads and costs such as rent and salaries), so even under PFM this part of the budget will be managed centrally in the MFA and allocated to missions abroad according to priorities. So the responsibility of strategic resource management will transfer from the Ministry of Finance to the MFA, but – for some expenditure – not to smaller units within the MFA.

3.91 The focus on accounting rather than planning and evaluation means that there is a lack of expertise of budgeting for change, which will need quickly to be acquired to deliver the expected PFM reforms. We are aware that many of the recommendations above are related to the PFM reforms which are being phased in across the GoC. Our recommendations are consistent with the principles of these reforms which are described in broad terms elsewhere in this report. We are still concerned, however,

that despite many training and sensitisation initiatives there is limited awareness within the MFA of both the principles of the PFM reforms and how the reforms might impact upon the everyday operation of the MFA and its missions.

- 3.92 We are also aware of some very recent work that has been done on Activity Based Budgeting (ABB) in the MFA. Many of the principles underpinning ABB would serve to address the deficiencies in management information identified above. However, at the time of writing this draft report we are unclear about the details of how ABB will be implemented within the MFA.
- 3.93 The Permanent Secretary is ultimately accountable for the MFA's finances, and therefore rightly takes a close interest. This aspect of the Permanent Secretary's accountability will not change as a result of the PFM reforms. However, in line with other recommendations, the authority for financial decision-making and management should rest at the closest level to the spend, whether this be individual Embassies or MFA Divisions/Directorates/ Departments. With this devolution of authority for making spending decisions will come a sharper focus on performance – both of the organisational unit (embassies, divisions etc.) and individual leaders of these units.

#### *Relations with other ministries*

- 3.94 Getting relationships right between ministries is challenging in all capitals (including London). Poor coordination can lead to policy confusion or even competition; poor allocation of resources across government priorities; and waste. In Nicosia, there is not a natural culture of inter-ministerial co-operation at official level.
- 3.95 There are some clear cultural differences between the MFA and other ministries. The MFA is perceived by outside stakeholders as one of the best ministries in Nicosia, staffed by officials who are motivated, committed, responsive and willing to engage. But other ministries view the MFA as aloof, arrogant, superficial, and political. MFA officials see themselves as apart from the civil service crowd – in particular given their overseas experience and obligations, their linguistic skills, and their dedication to the work. Whether these descriptions are accurate or not, the fact that they exist as perceptions is damaging.
- 3.96 There are some strong positives in the relationships, and considerable scope to build upon them. In recent years, the MFA has developed a system of secondments in and out of other ministries. A National Guard officer/MOD is posted in the MFA, and a MFA official is seconded into the office of the Minister of Defence. There is positive cooperation between MFA/Ministry of Energy unit working on regional hydrocarbon issues. These are strong models which could be further built on (see recommendations).

- 3.97 There are two facets of inter-ministerial coordination. One is around policy and service delivery co-ordination in Nicosia; and the other is around the secondment of line ministry officials in overseas missions headed by the MFA.
- 3.98 There is no evidence of any regular structures for inter-ministerial coordination in Nicosia. Some coordination is done (mostly successfully) on an ad hoc basis, but it is not systematic. Relations, in both directions, can appear to be antagonistic rather than cooperative. There is very little strategic coordination, and little evidence of discussion of strategic objectives. The EU Strategy is a notable exception, although there is not much evidence to suggest that the content and direction of the strategy has filtered down to a working level.
- 3.99 In most overseas missions, staff from line ministries are transferred into the missions to fulfil their line ministry's objectives. They appear to have no set structures to bind them into the work of the overseas missions, and in most cases report back directly to their line ministries without reference to the Ambassador. Different ministries appear to have different ways of recruiting and appointing staff in overseas missions: ideally, this should be harmonised into a common, transparent, civil service wide practice where the views of the MFA are taken into account by other ministries. The exception to this practice appears to be the Permanent Representation to the EU, where about half of the policy officers are seconded/transferred staff. They are coordinated by the PR, and report through him, and by all accounts this structure works well. The MFA should aim to harmonise practice across all of its missions, including by establishing Service Level Agreements with other ministries as appropriate<sup>6</sup> (see recommendations for more detail).
- 3.100 Of course, with all these problems it is clear that there is a degree of mutual responsibility between the MFA and other ministries to make the relationship work better for the benefit of the customers. Steps which the MFA could take to improve coordination with other ministries are outlined in chapter 6.

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<sup>6</sup> Based on a recent development all personnel from other Ministries will be administratively under the MFA. Permanent staff will be seconded to the MFA, and posted to Diplomatic Missions, based on the allocation by their competent Ministry. Local staff will be recruited by the competent Ministry, with the participation of MFA in the selection/evaluation committees, as it is described in the Code of Cooperation.

Both staff (permanent and local) will be implementing the policy of its competent Ministry, according to the Code of Cooperation, which was also approved by the CoM. The Code of Conduct will rationalize the practices and procedures of the presence of Cyprus abroad (Diplomatic Missions, Trade Centres, Cyprus Tourism Organization Centres, Shipping Centres etc).

## 4. MFA review

### Missions (what we did, what we found, what we learned)

4.1 This section summarises the main findings of the four missions to Cyprus, the visits to the diplomatic representations in Brussels and London, inputs provided by the Embassies in Moscow and The Hague and by the Permanent Representation to the EU. The NSGI Team (Caterina Alari, Chris Cooper, Piers Cazalet and Lorraine Fussey) carried out 4 visits between September 2014 and June 2015 to scope and carry out the functional review of the Ministry of Foreign Affairs<sup>7</sup>.

#### Mission 1

4.2 The first was a scoping visit whose main purpose was to conduct a series of structured interviews and meetings to understand the context and expectations of this work, listen to the key stakeholders and identify priorities and establish a constructive working relationship with the Task Force. The team also established that the work would be conducted in the spirit of cooperation between colleagues, in an honest and transparent way. The team heard and learned a lot from these meetings. Many of the concerns expressed relate to the operational functions of the ministry and the support and training of the staff.

#### Mission 2

4.3 The second mission in November 2014 was designed to look in more depth at the issues raised over the two previous months. Part of the visit was devoted to sharing best practice with staff working on administrative issues, and testing ideas with the task force. But for the purposes of this report, the core activities were a series of seminars with different groups of staff to delve deeper into views previously expressed; and a series of meetings with outside stakeholders to explore perceptions of the MFA from the outside.

4.4 The MFA arranged for us a selection of group meetings with staff. We had asked for staff to be groups approximately by rank. Given the personnel system of the MFA, in effect this meant that the groups were of people of broadly similar ages and experience. This allowed groups to speak relatively freely, as they shared many common positions. The aim of the seminars was twofold. First, we wanted to try to use the groups to identify possible solutions to the problems that they (and others) had identified. Second, we wanted to use the meetings to ask staff for their views on

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<sup>7</sup> Details of the findings and work carried out during the first 2 missions is detailed in Annex 6

how a process of change might be managed in the MFA, by getting them to identify possible blockers for change, and facilitators for change.

- 4.5 Details of the key themes that emerged during the workshop are detailed in [Annex 6](#) and support our understanding and analysis of issues already outlined in the previous chapters regarding Strategy, Leadership and Delivery.

### *Blockers of Change*

- 4.6 As described above, we also used the meetings to find out from staff how they thought the ministry might be able to work to implement change. We asked staff to identify what factors they thought might block proposed change; and what factors could be brought into play to help facilitate change. This led to the richest – and often most heated – parts of the discussions with staff.
- 4.7 Mindset and culture: Clear definition here was not easy, but it is evident that there is the perception of a set culture in the MFA which makes change naturally difficult. This also relates to the next bullet.
- 4.8 Habit and inertia: there is a clear sense that change will be difficult in an organisation which is set in its processes, and is comfortable with its habits. Younger staff in particular (but not exclusively) said there was a feeling of inertia in the MFA – with few people willing to try change as no-one wanted to upset existing ways of working. This links to the next bullet.
- 4.9 ‘The older generation’. Again, in particular amongst younger officers there was a sense that some of the leadership of the ministry was resistant to change, partly out of inertia, and partly out of a sense of protecting their own interests. At the same time, there is clear evidence that in senior levels of the MFA there are some individuals who will be strong change agents. The challenge will be to spread these motivations across the entire senior leadership.
- 4.10 Most staff were worried about political interference blocking change. They have experienced such interference (e.g. in postings and transfers), and worry that where some individuals or parties believe that change will impact negatively on their interests, they will do what they can to militate against it. Conservative, change-resistant unions were also cited as a possible blocker in this context.
- 4.11 Fear was a clear message too. Staff worried that the organisation as a whole, and people within it, would fear change – not knowing the end result of a process you are entering into is indeed daunting.
- 4.12 Finally, staff were worried about how to carry through a process of change when people in key positions for implementing change would be rotating in and out of overseas postings.

## *Facilitators of Change*

- 4.13 In addition to the negative 'blockers' people identified a number of positive 'facilitators'. Some of these could be the blockers turned on their head (e.g., rotation could be used positively to spread the culture of change across the far-flung network of posts). In addition we heard:
- 4.14 There is a huge appetite for change. There was not one member of staff who said that the MFA was perfect in its current state. Everyone wanted to change something – although there was of course variety in the scope and ambition of those desired changes.
- 4.15 The small size of the MFA, and its relative informality, could be a real positive. It would be easy to communicate and implement change in a ministry with relatively few people across a relatively small network. Informal networks and relationships could be a multiplier in these efforts. And a small ministry can be nimble and flexible in reallocating resources and changing structures. All this should make change much easier than in a large, heavily structured organisation (such as the FCO).
- 4.16 The economic crisis was recognised as a wider driver for reform and change. While the MFA is not subject to reforms to save money, the crisis has increased awareness across the Cyprus Civil Service of the need for reform, and the futility of remaining unchanged.
- 4.17 Staff also identified 5 main areas which would need to be enhanced if change was to become successful. There is some overlap in the main themes we unpicked, but we identified in particular:
- 4.18 Commitment from the top: Staff argued that any change process must be driven by solid commitment from the top, and a leadership acceptance of the need for change, and agreed acceptance of the main elements of change.
- 4.19 Proposed changes must be implemented equitably across the Ministry, and the leadership must make every effort to set an example – this would help bring all other staff onside and ensure consistent application.
- 4.20 The approach to reform must be holistic, with a package of reforms agreed and implemented as one. Staff argued strongly that the leadership should not cherry-pick the easiest reforms and ignore tough elements.
- 4.21 All those involved in reform should do everything possible to make the reform an all-organisation effort. To make sure that all individuals bought into the collective effort, the leadership should ensure transparency of decisions and action; wide ownership of processes, full, frank and clear communication with all staff; and 100% honesty and integrity.

4.22 Those leading reform efforts should find the best ways to promote and make all staff understand the long-term organisational benefits of change and reform, to outbalance calculations of individual personal loss and gain.

### *External Stakeholders*

4.23 As noted above, the mission also consulted external stakeholders on their views on the MFA and its work. We saw a selection of Embassies, businesspeople and one senior parliamentarian. All these people have regular interactions with the Ministry. Most of the relationships are two way – they can be both providers for and customers of the ministry.

4.24 The feedback was overwhelmingly positive. The MFA was seen as having dedicated, hard-working and well-informed staff. All stakeholders described the MFA as accessible and reliable. They welcomed the relative informality of the MFA, and the easy access to the full range of officials, from subject matter experts to the political leadership.

4.25 Embassies judged that the MFA's crisis management skills were strong, and its procedures well-developed. They also judged that the MFA had done an exceptional job of handling the EU Presidency in 2012 – against expectations for a small member state in its first ever presidency.

4.26 Businesspeople valued their cooperation with the MFA, and we found the relationship symbiotic. There were cases where the MFA was able to help and assist businesses in gaining contracts, or on local security issues. In conflict posts in the MENA region, the presence and good functioning of an Embassy gave confidence to Cypriot businesspeople to continue operating in those areas. This sort of benefit is unquantifiable, but must be recognised as having a positive impact on the Cypriot economy. There were also cases where businesspeople were well placed to assist the MFA, in particular in places where there was no Embassy representation. These businesspeople used their contacts and skills to help the MFA achieve its objectives. Although not formalised, this sort of relationship works well and should be developed.

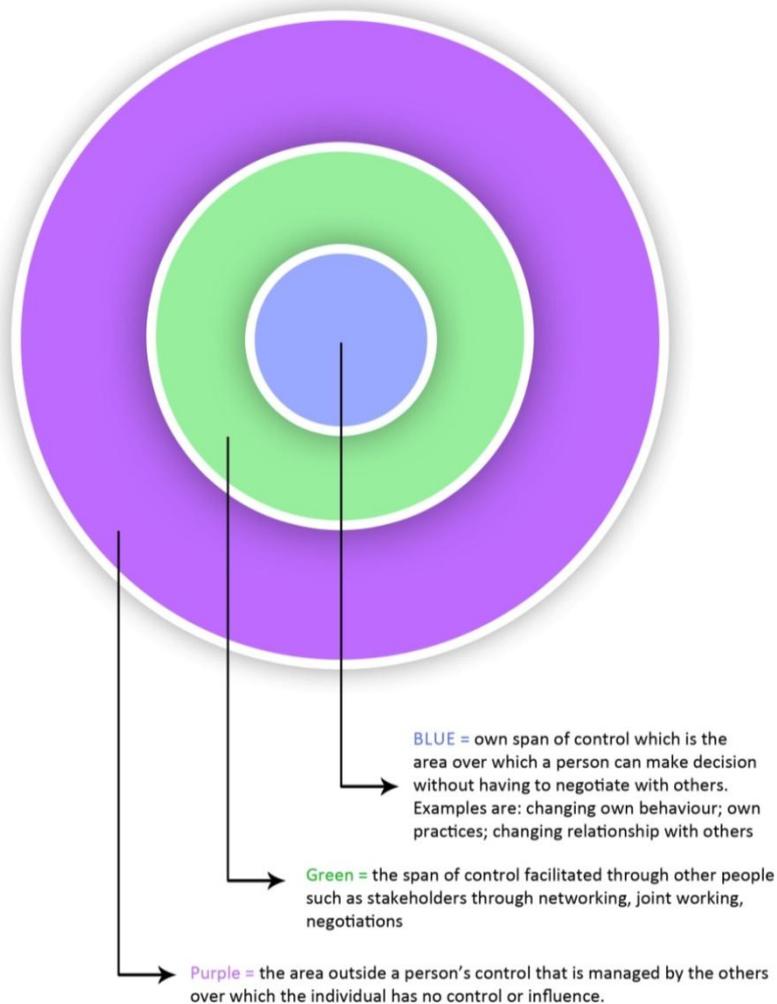
4.27 The main weak points of the MFA as noted by external stakeholders were twofold. First, the Permanent Secretary rotated too often, which undermined the chance to develop senior official leadership of the Ministry. Second (not all the fault of the MFA), inter-ministerial coordination was, at times, weak, which held up processes (such as visas) in which stakeholders had a real interest.

4.28 A lot of the skills and strengths identified by external stakeholders are real positives. If they could be focused – at least in part – on internal reform, this could have a massive impact.

## Missions 3 & 4

- 4.29 The main purpose of the third mission that took place in March 2015, was to discuss in detail the draft report that the Team had submitted in February with MFA colleagues, and to test and build on the recommendations, as well as agreeing a mechanism for delivery. The testing included both conducting an analysis of the strengths and weaknesses of each option put forward in the draft report, and the opportunities and threats each represented; and an assessment of whether their implementation was within the MFA's span of control. We also had meetings with the task force team, and a video-linked conversation with Cyprus MFA colleagues based in Brussels.
- 4.30 In our initial draft report we grouped the recommendations under the headings of Strategy, Leadership and Delivery, in line with our methodology. We also structured the recommendations incrementally, from the bare minimum, low ambition administrative adjustments needed to comply with PFM reforms; through medium ambition recommendations to help the MFA ready itself for reform; to high ambition, transformational reforms which would set the MFA apart from its peers.
- 4.31 We held a series of workshops with staff from across the MFA. To ensure that all groups were able to contribute to the discussions, a cross-section of staff in terms of function, grade and length of service in the MFA attended each workshop. After an initial briefing by the NSGI team, the attendees were divided into three groups, each of which conducted a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of either the Strategy, Leadership or Delivery recommendations. The first workshop analysed the low ambition recommendations, with each subsequent workshop building on the output of the previous one. The analysis was recorded on flipcharts, a selection of which are at [Annex 7](#). We took this approach to ensure that each recommendation was given equal attention and analysed using a consistent set of criteria.
- 4.32 We also invited the groups to consider whether implementation of each recommendation fell within the MFA's span of control, either fully or partially, or whether the MFA relied on others for implementation.

## SPAN OF CONTROL FOR PROJECTS



When deciding the scope for an organisation based project it is critical to the success of a project that it is within either the blue or green area in order to be implemented in practice.

4.33 A final workshop tested and validated the work done in the previous three workshops.

4.34 We also took the opportunity to open a conversation with MFA staff about change management, and the skills and competences needed for those staff tasked with implementing the change, as well as looking at the possible elements of an action plan for the MFA.

4.35 Finally, we held a few individual conversations with senior diplomats whom we had not seen on previous missions, and with representatives of the Diplomats' Union. We also had a meeting with the Accountant General and MOF colleagues to discuss some of the financial and accounting elements of PFM, as they would affect the MFA.

## What we found, learned and agreed

4.36 Over the course of our visit we heard a wide range of views. Most welcomed the draft report, but thought that recommendations did not go far enough, while others thought that the MFA would find it stretching to implement even the lowest ambition recommendations.

4.37 The outcome of the analysis of the recommendations was that in general they were realistic, feasible and mostly within the MFA’s control. Some recommendations would require the MFA to work in partnership with other Ministries. Only three were considered to be wholly outside the MFA’s control.

4.38 The SWOT analysis generated a number of common themes across the strategy, leadership and delivery headings. Many of these aligned with the facilitators and blockers of change identified during the second mission. These were:

<p><b>Strengths</b></p> <p><i>More confident and efficient MFA with a sense of purpose and shared goals</i></p> <p><i>More coherent policy delivery</i></p> <p><i>Better motivated staff</i></p> <p><i>More transparency</i></p> <p><i>Better resource prioritisation</i></p>	<p><b>Weaknesses</b></p> <p><i>Reforms will take time and resources and could introduce more bureaucracy and rigidity into the system</i></p> <p><i>Loss of control and confidentiality as a result of sharing too much information with outsiders</i></p> <p><i>Costs of change</i></p>
<p><b>Opportunities</b></p> <p><i>A new start</i></p> <p><i>Better services and performance</i></p> <p><i>Improved capability</i></p> <p><i>Enhancement of MFA’s reputation</i></p> <p><i>Engagement with partners</i></p> <p><i>Fairer, more transparent systems</i></p> <p><i>Systematic ability to monitor and re-prioritise</i></p> <p><i>Encourage innovation</i></p>	<p><b>Threats</b></p> <p><i>Existing culture and power structures</i></p> <p><i>Political interference</i></p> <p><i>Loss of flexibility and an over-regulated system</i></p> <p><i>Unrealistic expectation and public criticism when these are not fulfilled</i></p> <p><i>Damage to relationships with other countries and external stakeholders</i></p>

4.39 We found that overall officials under-estimated the effort that would be needed to deliver and embed the proposed reforms. While we welcome the commitment to

change that we have seen at all levels of the MFA, we question whether there is a sufficiently complete understanding of how the change can be communicated and delivered. We concluded that although the whole MFA will be responsible for delivering the change when it comes, it will need to be driven by a change management team, headed by a senior diplomat with appropriate skills and experience.

- 4.40 We learned that some – limited - progress had been made on drafting the MFA’s strategy, thanks to support from Ecorys. However, as highlighted elsewhere in the report, this was in the shape of fitting existing activities to a strategy, rather than a fundamental review of the MFA’s purpose and priorities, which might result in a realignment of resources.
- 4.41 There was broad agreement that an action plan would be needed to guide delivery of the recommendations of this report. The NSGI and Task Force Team agreed to share responsibility for drawing up the action plan jointly during the final mission (mission 4) which took place in June 2015.

## ***Visits to Overseas Missions***

4.42 We requested to visit two overseas missions, to get a perspective away from the centre. Subsequently we also received proposals for improvements from the mission in The Hague and the mission in Moscow. These are recorded in [Annex 9](#).

## ***Cyprus Permanent Representation (PR) in Brussels***

4.43 One of the missions we chose was the Cyprus Permanent Representation to the EU, in Brussels. This is Cyprus' largest overseas mission; arguably its most important; and the most unique in terms of its structure – about half the staff are seconded in from other ministries. Only one of the team, Piers Cazalet, conducted the visit. The visit took place on 28 October 2014, and was structured around meetings with different sets of staff (the Permanent Representative and his Deputy; administrative and archives staff; staff on local contracts; mid-ranking MFA officials; and seconded staff. We had the following findings from the visit. Overall, it was clear that this was an efficient and effective mission, well led, and working to the pace of Brussels in a way which put Cyprus' interests to the fore.

## ***The 2012 EU Presidency***

4.44 Cyprus' Presidency of the EU in 2012 had been a real challenge. It was the first time the country had taken on the role since becoming a member of the EU. The MFA was small and had relatively little EU experience; and the country was in the midst of a financial crisis. But even set against this inauspicious background, the Presidency was seen to be a success (even by outsiders – see para 4.28 above). There seemed to have been two main reasons for this success.

4.45 First, the Cyprus government (sensibly) devoted huge resource to the effort. The mission in Brussels was staffed by about 200 people (set against about 80 now). All relevant line Ministries in Nicosia had established EU units to handle presidency related work.

4.46 Second, the MFA (and the PR in particular) developed structures and processes to respond to the work requirements. These – in the words of one officer in the PR in Brussels – 'matured the system', making the whole of government machinery function smoothly. The Presidency established requirements for regular internal meetings, and coordination meetings and dialogue with Nicosia. It also required serious, high-level consideration from ministries in Nicosia. Some basic rules were instituted (e.g. reporting all meetings within 24 hours) which kept the engine running smoothly.

4.47 But these ways of working are now fading in the system. There is less pressure from Nicosia for coordination or communication, and line ministries have disbanded their

EU units. This is impacting on the work of the PR at the moment, which often finds it difficult to persuade line ministries of the importance of engaging on EU issues. There is a sense that people who have worked through the Presidency are now rotating back to Nicosia – or elsewhere. Some are taking their good working practices with them but others are getting out of the habit. So, overall, the system is losing the good working practices developed under the Presidency. As one officer said, “in the end, all working practices are personalised, nothing is systemic”.

### *The EU Strategy*

4.48 The PR described the Government’s EU strategy, which had been developed in the MFA and the mission in Brussels, then with relevant Ministries in Nicosia. The Strategy has an overarching mission statement (“Cyprus as a reliable Partner”), and a short, medium and long-term time frame. The strategy includes a review mechanism of internal meetings. It appears to have been developed top-down, with little consultation within the PR. Some seconded staff were critical of the strategy, describing it more as superficial and an operational plan.

### *Coordination and information flow*

4.49 Coordination within the PR seems to be good. There are regular, structured meetings in the PR, at a senior leadership level, and then for each Ambassador with their relevant staff. All staff reported that these meetings worked well, and helped to coordinate objectives, activities and policies. There appears to be clear lines of accountability in the PR, and good levels of transparency (apart from with administrative and archives staff who appear to be left out of most mission-wide consultation and coordination). So policy staff know when and why decisions are taken, and have a clear picture of who is responsible for what, and at what level decisions can be taken.

4.50 Coordination and communication with Nicosia are reportedly much less good. Some of these problems are technical. The Kleitos system is restrictive and inefficient, not least as it requires the presence of archives staff to function (and so out of hours communications are difficult. Email is used widely, but is not secure, and in addition does not always give the sense of clear, agreed, formal instructions. There are complaints about non-accessibility of officials (mostly outside the MFA) after closing time in Nicosia. This makes work in Brussels – driven by the relentless rhythm of council working groups often late into the night – very difficult. On archives and information management, we heard similar problems as in the centre – technical problems of scanning and storing and sending documents, and institutional memory based on individuals rather than functioning archive systems. Finally, there is very

little sense of any corporate communication from Nicosia – the pervading sense in the mission is that staff works for the PR, not the MFA.

### *Policy and strategy coordination*

4.51 As noted above, staff in Brussels feel that Nicosia does not always understand or appreciate the importance of some EU related issues dealt with by the PR. Nicosia is reported by the PR as not being good at filtering issues which were low/high priority, and at sometimes ‘picking the wrong fights’ in the EU. In spite of the EU strategy, most work in the PR seems to be responsive and reactive, driven by the schedule of EU meetings on the one hand, and the concerns of individual policy mirrors based in Nicosia. Officers commented that they would like to see more delegation of responsibility from Nicosia to the PR.

### *Staffing issues*

4.52 A lot of staffing issues and concerns will be dealt with under the cross-cutting HRM reforms. But it is worth recording some of the concerns set out in an overseas mission.

4.53 The Permanent Representative reported that although Nicosia chooses which diplomatic staff to transfer to Brussels, he has some input and is generally content with the results of the postings. The system seems to work – informally, but not systemically. The Permanent Representative also reported that seconded staff report through him to their ministries in Nicosia. This is a welcome practice although it is not generally implemented. So, broadly speaking, for Cyprus based staff there does not seem to be any major issues. However, the arrangements for the management of local staff appeared to be chaotic, despite the best efforts of administrative staff on the ground. The Cyprus MFA has a range of different contractual arrangements for locally employed staff, and these need to be clarified and regularised. Some salaries appear to be high, compared to those paid by UK missions in Brussels. The lack of performance management for local staff causes real problems, as there is little scope to deal with poor-performers, nor to recognise or reward strong performers.

4.54 On the staffing side, one striking point of note is the ‘tribal’ groupings in the mission. There are clear divisions between the different groups of archives staff, administrative staff, diplomatic officers and seconded personnel. Archives staff are isolated, and feel undervalued. Administrative staff feel separate from diplomatic staff, and reported that they are generally not treated seriously by diplomats. Seconded staff and diplomatic officers seem to work reasonably well together, but diplomats are dismissive of line ministries, and seconded staff are equally dismissive of the MFA as an organisation. It is hard to judge how much these antagonism between different

groups of staff impact on the work of the PR, but in the longer term it is clearly and issue which needs to be addressed for the good of the MFA as a whole.

## ***Cyprus High Commission in London***

4.55 On 6th of November 2014, two members of the team, Lorraine Fussey and Caterina Alari, visited the Cyprus High Commission in London. We met a broad range of staff including diplomatic, seconded and local staff. We are grateful for the warm welcome we received and the frank and open conversations we were able to have with all staff from the High Commissioner downwards.

### *Strategy and Leadership*

4.56 Similarly to Brussels, in this mission there is little awareness of the MFA's overarching strategy nor of current cross cutting reforms (HRM, PFM) among both diplomatic and seconded staff. Staff in London, although hard-working and highly motivated, struggle to cope with increasing workloads at a time of shrinking resources and an ever increasing demand for quality services. A common refrain that summarises the prevailing nature of the work is that the High Commission is 'expected to be everywhere and do everything'. As a result staff mostly focus on attending to urgent and immediate demands, leaving little time for strategic thinking or planning.

4.57 While some communications between the High Commission and Nicosia are formal and the High Commissioner insists on formalising key instructions and demands from Nicosia, the bulk of day-to-day communication appears to be informal, and not necessarily widely shared within the MFA or the HC.

4.58 Internal co-ordination works well. Information is shared and directions communicated through a daily meeting of all MFA staff, and a weekly meeting between the High Commissioner and seconded staff. However, the lack of an explicit strategy for the High Commission, means that there has not been a process of re-prioritisation and de-prioritisation of services that the High Commission can deliver within the current resource envelope. Therefore, staff are overstretched to deliver the same quantity and quality services they used to provide when they had more staff and financial resources, whilst still having to use often cumbersome systems, processes and practices (see delivery below).

### *Staff*

4.59 The High Commissioner would welcome more consultation regarding the appointment of diplomatic staff and staff from other Ministries, and more consistency in consultation about staff being appointed to his mission.

4.60 Like in Nicosia, there is no evidence of structured staff induction into a new position, of mentoring and formal training for staff starting a new job, nor of opportunities for personal and professional development. Staff is expected to 'do their best' to pick up the job quickly and 'learn as you go'. The lack of staff induction and development was raised on a number of occasions citing negative impact on staff morale, the cost to the business and the implication on workload of colleagues in the first period of an appointment being made.

### *Relations with other ministries*

4.61 Seconded staff from line ministries report bilaterally to their ministry but, thanks to a weekly meeting with the High Commissioner, he is aware of any initiative and issue affecting seconded staff and their work. Although ideally all staff should report through the high commissioner, the relationship and coordination seems to be working well.

4.62 In terms of relationship with other ministries one concern highlighted relates to the services that the High Commission provides to Cypriots who access medical facilities in the UK. Although the Ministry of Health has cut the budget to support such activities, patients are still sent to the UK and the High Commission continues to manage the service. This puts a lot of pressure on an already stretched budget and workforce.

### *Local Staff*

4.63 Like their diplomatic counterparts, the local staff we met are experienced, hard-working and committed. They also carry heavy workloads and have many responsibilities. They work well as a team although those supporting line Ministries have less scope or flexibility to support priority work across the High Commission. There seems to be a good relation between locally hired and Nicosia-based staff. One area of frustration is the limited consultation of locally employed staff in systems and process improvements to increase efficiency and effectiveness of selected areas of business.

4.64 Consistent with MFA staff was the message that induction and preparation of local staff is minimal, but in addition there is no performance management system in place to enable staff to assess individual contribution to the work of the mission; to identify areas for improvement and/or good performance. The lack of career development for local staff was also raised.

4.65 Also in this mission there are some local staff who are locally recruited and employed and staff who are recruited in Cyprus as local staff with different terms and conditions.

## *Delivery*

- 4.66 In terms of delivery, there is a strong appetite for better use of technology and better inter-ministerial working practices in Nicosia to support efficiency and effectiveness of the mission.
- 4.67 Two internal services – secure communication and archive - and one externally facing service – consular services, are under great pressure to deliver more despite the scarce financial and human resources and little support from antiquated systems and processes.
- 4.68 Communications and archives are subject to rather outdated and labour intensive working practices. The High Commission relies on a paper-based system to archive documents, with multiple copies of inward cables circulated and later destroyed. “Kleitos” is used for secure communications, a system that relies on staff being available at both ends to send and receive the communications. Transmissions take place throughout the working day (rather than at set times for each overseas mission), which takes up excessive amounts of staff time and distracts them from their core business. This is compounded by the practice of using “Kleitos” also for unclassified correspondence that could be done over email (e.g. a request for quotations for pest control). Once documents are received they are read twice before being filed to check that they are being correctly allocated. Two members of staff are fully employed just to run the communication and archive system, they hold the institutional memory of the mission – only they know where to find documents and to whom they are distributed.
- 4.69 The high expectations of the expatriate Cypriot community, based on the excellent Consular services and strong relationship with the High Commission, places high demands on Consular staff. Cypriot community members in London not only expect a ‘personalised service’ from the consular staff when they require services such as passports or visas but treat the Consulate as the ‘to go’ place for any issue or request that need to be resolved in Cyprus. Because information on how to access services that are the responsibility of line ministries is not readily available or reliable, the Consulate is overwhelmed by requests for services that are beyond its remit or capability but finds it difficult to refuse to assist. However, the slow response times from line Ministries in Cyprus means that consular staff spends a disproportionate amount of time chasing colleagues from other Ministries in Nicosia and dealing with complaints from angry customers when published response times (e.g. for passports and visas) are not met.
- 4.70 In addition, current working systems and processes continue to be inadequate to support the business. For example consular fees are taken in cash, with hand-written receipts issued. The cash needs to be accounted for and banked – a highly time consuming and risky procedure.

### *Suggestions of Missions*

4.71 At the request of the team, the MFA encouraged missions to put forward suggestions and comments to give a strong 'field perspective' on priorities for the MFA. In the event the team received concrete proposals from the missions in Moscow, the Netherlands and the Permanent Representation in Brussels. These are outlined in [Annex 9](#) and, as explained already, are not recommendations from the team but from the Cyprus overseas mission.

4.72 Suggestions cover a number of areas – some common themes in the recommendations include support for:

- Decentralising decision making
- Strengthening transparency of decision making and communication between MFA and missions especially regarding transfers and appointments
- Enhancing capacity building of MFA officials at all levels – pre and post deployment
- Developing a strategy and managing change through clear communication and leadership
- Revising terms and conditions for overseas posts to reflect the context and needs of staff
- Improve IT systems particularly mobile IT facilities

## 5. Current trends and principles

5.1 Diplomacy is a traditionally conservative profession with practices which can often seem dated. National diplomats can be in a difficult position, as they have to face two ways at once. First, they have to work within their own governments, and answer to their own parliaments and populations. But second they have to work in a pool of other national diplomats, often in other countries and cultural contexts. There is often a discrepancy between national practice (e.g. in levels of formality and hierarchy) and the international 'norm'. Diplomats have to be able to act in both worlds at the same time – in particular when they are effectively in 'competition' with other diplomatic services. Different services, in particular from European countries, spend a lot of time working out how to become more flexible, efficient and able to achieve set goals. So at a national level, diplomatic practices are, in some countries, evolving daily. To be able to compete amongst other European diplomatic services, the Cyprus MFA needs to be aware of some of the big changes taking place across European services – all of which can be described as modernisation.

### *Consultation and inclusion*

5.2 European services are, to varying degrees, breaking down internal barriers and encouraging staff to be involved in policy planning and internal communication. The aim is to create cohesive services where individuals have a sense of belonging, and where all officers know the broad range of policy priorities of the service. This also creates a sense of ownership amongst staff; where people feel closely involved with policy formulation and implementation.

### *Digital Communication*

5.3 Increasing emphasis is being placed on digital diplomacy, in particular using social media to push out national messages. This is a competitive space: if national diplomatic services do not fill it, the space will be filled by others with a contrary message. This requirement has done much to challenge old internal ways of working. Analysts assess that to be effective, responses to posts on social media need to be issued within about 40 minutes. This means that cumbersome clearance processes for short policy points need to be circumvented. This pressure calls into question wider processes for agreeing policy messages in Ministries.

### *Customer Identification and Focus*

- 5.4 Along with other civil service departments, diplomatic services are increasingly trying to identify their customers, and respond to their needs. In terms of basic service delivery, this means people who need visas, passports or other consular services. Considering these people as customers has two implications. First, they will have minimum expectations of the level of service provided, for example the length of time it takes to issue a passport. But second (the flip side of the first), the service provider (i.e. the MFA) can then consider the cost of its service, and relate that to whether and how much it charges its customer. This development has meant that diplomatic services have increased charges for citizen services, but are also more responsive to customer needs and complaints.
- 5.5 Many MFAs also define 'customer' more widely, to include any person or organisation to whom it is providing a service, even if this service is not chargeable. Again, this makes officers consider the quality of the service they are providing.

### *Strategic Prioritisation*

- 5.6 With rapidly shifting resource pictures, MFAs have had to adjust nimbly and flexibly to increases and decreases in central funding. MFAs have each found ways of identifying strategic priorities; and shifting resources accordingly. This is easier for bigger Ministries (such as the FCO) than smaller ministries who have less resource to play with. But prioritisation has grown ever more rapid to respond to emerging crises and trends.

### *Delegation of responsibility*

- 5.7 As the speed and quality of communications improves, diplomatic services have found ways to delegate increasing amounts of authority across their networks. Increasingly, annual budgets are set centrally, but then the spends on that budget delegated to individual missions – within some basic set guidelines. Counter-fraud measures are put into place to minimise misspending, although most systems recognise that it will never be totally eliminated. Similarly, general principles are set out for example for the management of local staff, but then individual missions apply these general principles with whatever local flavour is required.

### *Outsourcing*

- 5.8 Governments across Europe have sought different ways to increasing output on fixed budgets. Increasing amounts of central administrative functions (including IT, payroll, finance, maintenance) are outsourced to private companies who can generally deliver

higher quality services at lower cost than government departments. Contract management can become a challenge.

### *Transparency*

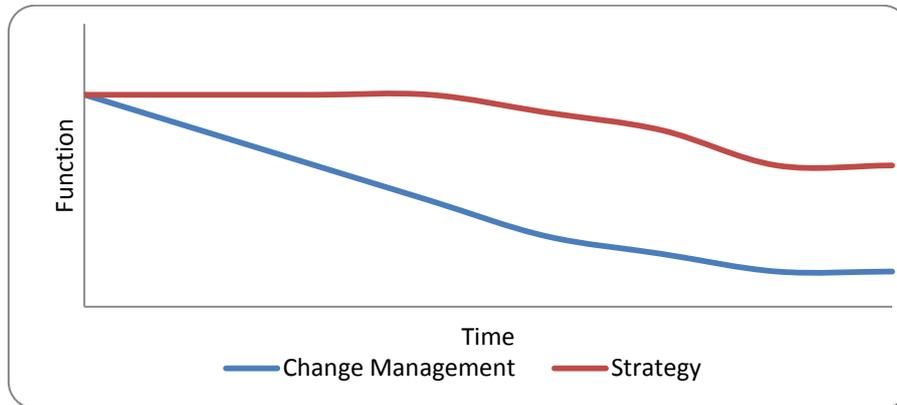
5.9 Transparency is an important value in modern public administration practices. It is about facilitating access to as much information as possible to staff and the public and being open and clear about criteria for taking decisions. Diplomatic services, like other services in government, are increasingly expected to be explicit about their vision, mission and values and to demonstrate how their internal decisions (e.g. selection of candidates for a particular post, opening or closing a particular overseas mission) contribute to the vision and mission, thereby promoting a culture and an expectation of fair treatment.

## 6. Change Management

- 6.1 It is clear that the process of managing change will be a real challenge for the MFA. The culture of the Cyprus public sector generally is conservative, and is not used to radical change. Historically the MFA has experienced two major shocks which have precipitated change: the events of 1974, and EU accession in 2004 (where there was a preparatory phase). Otherwise, change in the ministry appears to have been incremental and small scale.
- 6.2 The changes proposed in this report will be far reaching. The MFA will have to prepare itself for the process of managing the change for it to be successful. Implementing such changes is a challenge for any organization and without a clear change management plan there is a risk that reforms are not fully rolled out, that staff do not accept the changes, or that the organization simply reverts to its 'bad old ways'. The two key principles for successful change management are communication and leadership.
- 6.3 On communication, the MFA will need to make sure that all staff (including diplomats, administrative, archives and other staff, and all staff in overseas missions – Cyprus based and locally engaged) are aware of the process of change and the rationale behind it. They will need to be aware of what changes will happen by when, and what the impact will be on them. The MFA will need to clearly explain why the changes are happening, and what the projected benefits are. Communication will need to be honest and open, including acknowledging that there will be winners and losers from each change, but always emphasizing that the overall package of change will carry huge benefits for the whole organization. The MFA will need to regularly update staff as change is rolled out, and seek feedback from staff on the process of change.
- 6.4 Change also needs clear and firm leadership. Although the process can be managed at a working level (see para 7.1.1 below), the senior leadership of the MFA – from the Foreign Minister and Permanent Secretary down – will need to make clear to the whole ministry that they fully support the process of change, and that they expect to see a set of clear objectives achieved by the process. This will not just be a one off message at the start of the change process: the senior leadership will need to engage all the way through. The leadership will also need to lead by example, demonstrating that they are dynamic agents of change.
- 6.5 Given the challenges involved in implementing the ambitious set of recommendations set out below, we believe that the MFA will need to identify a specific team to work on change management. One option might be to create a specific Change Management Team to oversee this process. But we believe that the best option – to simplify processes and structures – would be to have one team which is dedicated to both change management and strategy development and implementation. Over time, the work of the team will change. Initially, the team will focus almost exclusively on change

management, as it works on the implementation of the Action Plan. Then as change becomes embedded, it will focus more on the development and implementation of strategy. In the longer term (perhaps after one-two years?) the work of the team should reduce to a stable level: developing and monitoring the strategy, with residual duties of managing ongoing processes of change, as shown below.

Figure 6



6.6 This team should be led by a senior diplomat reporting directly to the PS, with appropriate delegated authority, and with easy access to the Minister of Foreign Affairs, supported by dedicated staff as required. The team Leader should be appointed on the basis of a set of core skills and experience such as:

- a mix of Nicosia and overseas experience,
- experience of running a reasonably large unit (e.g. embassy or division).
- have substantial drive, energy and patience.
- have the ability to create a culture of innovation, and be able to accept challenge from all directions.
- demonstrate sound judgement, and be decisive and able to communicate why decisions have been taken.
- have some experience of, or training in, managing change, communication and leadership, programme and project management, and a good understanding of resource management.

6.7 Given the breadth of skills and experience required to carry out this role successfully, the person appointed is likely to need to engage in a programme of professional development to allow them to gain the necessary leadership skills to see the programme of change through. He or she should commit to this development, which could also include mentoring and coaching by an experienced counterpart, as a

condition of their appointment. . In addition the Head of the team will have to be posted in Nicosia for at least the duration of the change programme.

## **7. Conclusions and Recommendations**

7.1 This section sets out recommendations for action, based on the analysis outlined above. Parts 2, 3, and 4 set out the recommendations grouped under the main themes we have followed in the report – Strategy, Leadership, and Delivery. But for any changes to be successfully implemented, the MFA needs first to set up and maintain the structures, processes and culture to roll out and embed change.

### ***Change Management***

#### **Structural and cultural issues to support a programme of change**

##### ***Background***

7.2 As outlined in the main body of the report, the MFA has only undergone two main phases of change – in 1974, and on accession to the EU in 2004. The recommendations outlined in this report will entail substantial changes to the structure, functioning and processes of the MFA. These changes will make the MFA more effective, and will increase the impact of Cypriot diplomacy. But the reforms will only be fully effective if undertaken in a robust and supported manner.

##### ***Recommendation***

7.3 The MFA will need to establish a Change Management Team (CMT) or Unit to see through the required reforms. The team will need to be headed by a senior diplomat, and we would envisage this being a full time position for a limited period of time (perhaps one year), during which the main reforms will be implemented and embedded. The senior diplomat will need to be supported by one or two members of staff initially: this number may fall as the year goes on. He/she will need to draw in expertise from other parts of the MFA as the reforms progress. He/she may want to use team members from the current Task Force for this purpose, as well as colleagues from the Administration and PADP.

7.4 The head of the CMT will need to have substantial experience and authority. He/she will need to report directly to the Permanent Secretary and Minister. He/she will need to have training in, or experience of, change management. This training or experience will be most effective if taken from an international (in particular European) context.

7.5 We recommend that the CMT is part of the Strategy Unit (see recommendation 7.28 below). There are clear synergies between the functions and roles of the CMT and the Strategy Unit, and the skills required for both teams/units are broadly the same.

- 7.6 The CMT will need the continuous, explicit, rock-solid support of the Minister, Permanent Secretary and other senior leaders. While the CMT can implement change, the senior leadership needs to own the process and support it.
- 7.7 The role of the CMT will be to deliver the Action Plan which will be presented to the Council of Ministers, as agreed by the Minister and Permanent Secretary. The CMT should report regularly – we recommend once a month – to the Minister on the progress made against the Action Plan. This role will evolve as change is rolled out and embedded.
- 7.8 The CMT will also need to devote a lot of energy to communication. The reasons for changes will need to be communicated openly and transparently to all staff, and the communication should focus on the benefits to the organisation as a whole of the changes that are being implemented.

#### *Resource Implications*

- 7.9 The creation of the CMT will require a dedicated staff resource, and substantial time, at least in the first few months of the implementation of change. This requirement for staff resource will be time limited, and the Permanent Secretary will need to make a judgement – based on advice from the head of the CMT – on when and how to decrease the size of the team. Long-term responsibilities for ongoing change management can eventually be handed over to the Chief Operating Officer/DPS role.

#### *Potential Benefit*

- 7.10 Accountability and transparency. The reforms are unlikely to be properly implemented and embedded unless there is a Team with clear roles and responsibilities, who can be held accountable for the whole programme of reform. The reforms will require substantial efforts, and there should be one small team whose sole function is to see them through.

## *Strategy*

### **Strategy Process and Document**

#### *Background*

7.11 In accordance with the PFM reform, the MFA is obliged to develop a strategy, in a set framework common to other line ministries in Nicosia. As outlined in the main body of the report, the lack of strategy means that the Ministry cannot measure its performance, align resources with priorities, or control the work burdens of staff. We recognize that the Ministry is small, and so needs a process which is light and not time and resource consuming. Other small European ministries have found ways to develop and maintain strategies for their work; we believe this is possible in Cyprus as well.

#### *Recommendation*

7.12 The process for developing and maintaining the strategy should be run by the Strategy Unit (see 2.3 below), in a process which is fully led by the senior leadership in the Ministry. Consultation should be as wide as possible within the Ministry (including Embassies and other overseas missions), across all types of staff at all levels. Outside stakeholders (academics, think tanks, business people, political figures and other ministries) should be involved in the development of the Strategy (see also below).

7.13 The Strategy should define medium and long term objectives; key stakeholders; resources for delivering the strategy; and monitoring mechanisms to measure success, according to the framework set for the Cyprus Civil Service under PFM. Each objective should have a 'senior responsible owner' – one senior diplomat who is responsible for delivering that particular objective, and who has to report achievement against the objective. For example, the 'senior responsible owner' for an objective relating to the EU could either be the Director for EU affairs in Nicosia, or the Permanent Representative to Brussels. We would recommend that the Strategy focus only on a few high level objectives, to make sure it does not become unwieldy.

7.14 There are several ways of drafting a strategy which takes on board the views of a wide range of stakeholders. The Strategy Unit will need to consider which way will be best for the Ministry, but the options could include:

7.15 The Unit produces a first draft, which is then sent to all Divisions and overseas missions, for them to comment. The Unit incorporates the comments, then seeks comments of other stakeholders.

7.16 The Unit identifies possible top-level objectives, then asks different Divisions to complete the required elements of the strategy under the relevant objective.

- 7.17 The Unit holds an initial Strategy Planning Seminar of key leaders inside and outside the ministry, to build a consensus on the main objectives. The Unit, working with individual divisions, then develops further detail of the strategy before distributing it more widely.
- 7.18 Whatever process is chosen, the most important criteria should be consultation and transparency.
- 7.19 Once a strategy has been developed and finalised, the Unit should make sure that it is sent out to all staff in the Ministry, including overseas missions. The senior leadership of the MFA (Directors in Nicosia, Heads of Mission overseas) should brief all staff on the strategy, and explain where the work of their particular mission/division contributes to the overall objectives in the strategy. Senior managers across the network can then decide how often they want to carry out light internal reviews of progress against the strategy. This will vary in different places, depending on the objectives. A small Embassy in part of a wider network (e.g. MENA) might want to review where it is against the objectives once every six months or so; while a big mission with a high level objective (e.g. Brussels) might want to establish a monthly review system. The process should be flexible enough to allow senior diplomats to make sensible decisions appropriate to their needs.
- 7.20 The Strategy Unit should then decide on and establish a central review mechanism, with four purposes. First, the mechanism should assess what the MFA has been able to achieve against its objectives over a set period of time (probably, but not necessarily, one year). Second, the review mechanism should consider whether any objectives need to be amended, adjusted, added, or deleted. Third, the mechanism should consider whether resources need to be shifted within the Ministry from low to high priority objectives. Fourth, this process should allow the MFA to consider where and why it has had successes and failures, what lessons can be learnt from these, and how these lessons can be applied in the future.
- 7.21 This performance measurement should judge outcomes against agreed objectives. This analysis will support processes which will allow adjustments to resource allocation. Senior management should use a dynamic strategy to judge where they want to allocate additional resource; and where they want to cut or reduce activity. Throughout this process, it will be important for senior management to communicate to staff the difference between individual performance management, and organisational performance management. Although senior managers accept responsibility for organisational success or failure, other individuals will not be judged by achievement of organisational objectives, but against their own individual objectives.
- 7.22 Additionally, and especially in a business like diplomacy, failure to achieve organizational and personal objectives can be very common, due to unforeseen

exogenous factors. So failure to achieve objectives can be down to a number of reasons, and do not necessarily have blame attached. But senior managers should, using a strategy, be able to judge the reasons behind success/failure of objectives, learn from the experience and adjust resources accordingly.

- 7.23 Again, there are various options for a review mechanism. The simplest option might be for the Strategy Unit to task the 'senior responsible owner' to report back on his/her objectives, at the end of a set period (e.g. one year). The SRO should consult with all relevant parts of the MFA (including overseas missions) who have contributed on work against the objective, and then make an assessment of achievement against the objective. The Unit should then gather these responses together, and convene a meeting for monitoring the strategy. Attendance at this meeting could be made up of the senior leadership of the ministry, plus a couple of representatives from outside the Ministry (e.g. from another ministry, or from a think tank). After the meeting, the Strategy Unit should produce written conclusions and recommendations for the Minister (e.g. on lessons learnt, or resource requirements, or changes to objectives). The Unit should also communicate the results of the review to all staff in Nicosia and overseas.
- 7.24 The strategy cycle then begins again, with agreement of the same, amended or new objectives, the designation of SROs etc.
- 7.25 The extent and nature of reforms related to structure, staff, budget and operations will depend highly on the level of ambition of the strategy.

### *Resource Implications*

- 7.26 Apart from setting up a Strategy Unit (see below), the resource implication of this recommendation is limited to a small amount of staff time. Once a process is established and embedded, the time requirement will reduce. Over the course of one cycle (probably one year), senior leaders will need to draft or adjust the MFA's objectives; monitor them throughout the course of the year; report back at the end of the year, and attend (as necessary) the annual review meeting. In total this may require the equivalent of two-three days work over the course of the whole year.

### *Potential Benefits*

- 7.27 The value of developing an inclusive and consultative strategy is that the MFA would be able to:
- provide clarity about expected outputs and outcomes both in Cyprus and in overseas missions, thereby strengthening a culture of high performance at an organisational and a personal level;

- design a structure, systems and processes that are fit for purpose and support the implementation of such strategy;
- align its financial and human resources to strategic priorities, thereby optimising the use of scarce resources;
- consider and mitigate risks that threaten the achievement of strategic goals.

7.28 All this will make the MFA more directed and effective in coordinating and maximizing its efforts, thereby achieving increased impact in today's competitive European and international diplomacy.

7.29 By maximising transparency within the Ministry in the strategy process, the MFA will be able to ensure that all staff are aware of the strategy; understand it; and feel they 'own it'. This should transform the working environment in the MFA, with all staff feeling that they are working towards the same objectives, as part of a cohesive whole. This will help break down many of the barriers we saw between different categories of staff – diplomats and administrative/archive staff, home and overseas staff, and Cyprus based and locally employed staff. This will have a multiplier effect, further increasing the effectiveness of the MFA.

## **Declassification of policy, and outside policy challenge**

### *Background*

7.30 We heard that much policy work in the Cyprus MFA is classified. While this is natural to an extent, much policy work could be opened up to more outside scrutiny and debate.

### *Recommendation*

7.31 The MFA should find ways to open up the policy debate. The guiding principle should be that MFA policy should be considered unclassified and public unless there are good reasons to keep the policy confidential. These could include sensitive bilateral negotiating positions (e.g. within the EU); positions of a sensitive nature according to Cyprus' strategic security requirements; and the detail of bilateral relationships with third countries. Beyond this, and when addressing broad objectives, the MFA should invite outsiders to help scrutinise and develop the MFA's strategy. This can be done in the course of the process of the development and implementation of the strategy, as outlined above.

7.32 But the MFA should also consider ways to bring outside expertise into policy discussions within the Ministry. The MFA should draw up a list of foreign policy experts from the academic and think tank world (in Cyprus and overseas) who could be consulted on general policy issues, or key decisions which need to be made. This could be done on an ad hoc basis, depending on policy requirements, or it could be done on a regular (e.g. monthly/bi-monthly) basis, with a different topic chosen each time. Policy makers need to be prepared to accept criticism for policy ideas, and flexible enough to adapt policy in the light of effective challenge.

### *Resource Implications*

7.33 Minimal – some staff time, and possibly expenses offered to outside participants in meetings on some occasions.

### *Potential Benefits*

7.34 There are several benefits to this sort of process. First, a declassification of policy, and the publication of the strategy (as is done by many other countries including the UK) helps to foster better understanding of the work of the MFA among a tax-paying public which is often either sceptical or ill-informed. Transparency means that commentators cannot attribute malign, hidden objectives to the MFA. Second, policy challenge will help the MFA develop more effective and coherent policy positions by bringing in outside expertise which can deepen the knowledge of diplomatic staff.

Challenge also helps policy formulation in that it can break down ‘groupthink’, and get staff to consider a wider range of risks and benefits to proposed policy options.

## **Establishment of a Strategy Unit**

### *Background*

7.35 Under PFM, the MFA is required to establish a Unit to develop, implement and monitor the strategy. Work on the strategy will be more intensive at first, and once the system is up and running the requirement will reduce – but there will still need to be a central point in the MFA to ‘own’ the strategy and the work relating to it.

### *Recommendation*

- 7.36 The MFA must establish a Unit: we refer to it as a Strategy Unit, but there are different options for what it might be called – e.g. a Planning Unit, or Policy Planning Unit, or Strategic Planning Unit. The primary purpose of the unit should be to develop, implement and monitor the MFA’s strategy, as outlined above.
- 7.37 The Unit should be headed by a senior diplomat, with a good range of experience in the Ministry, in Nicosia and overseas. This person should have proven skills and/or training in strategic planning and leadership. He/she should have the authority to direct all senior staff in the MFA on strategic planning issues, and be able to work inclusively with all staff in the Ministry. He/she should be supported by other staff with similar skills. The unit may initially need to have three or four people, but could reduce in size once a strategy process is fully embedded.
- 7.38 The Unit must report directly to the senior leadership – either the Minister, or the Permanent Secretary. Alternatively, given the linkages between strategy and resources, the Unit could report to the position of ‘Chief Operating Officer/Deputy PS’.
- 7.39 The MFA should consider what other work the unit might be able to take on, considering its role as a central policy making function, and given that work on the strategy will, in the medium to long term, not require full time resource. It could have a more general role in policy co-ordination across the Ministry, encouraging horizontal working. It could lead on relationships with other ministries in Nicosia, and in dealing with outside stakeholders. The Unit could also have a role in some core functions to support the minister, for example speechwriting.
- 7.40 The Unit should consider how the MFA strategy could go beyond the framework suggested for the Civil Service as a whole, taking into account international objectives and dynamics. The Unit should make sure that the objectives developed in the strategy are SMART (Specific, Measurable, Achievable, Realistic and Time-bound). The Unit could consider and give guidance to individual Divisions on whether and how they

should develop business plans or operational plans to deliver elements of the overall Strategy.

*Resource implications*

7.41 This recommendation will require a dedicated staff resource, of one senior diplomat, supported by two or three (at least initially) other staff. This is not a new resource requirement, and staff slots can be found from reprioritizing other work.

*Potential benefits*

7.42 The Unit is required under PFM. But even without this requirement, there will be substantial benefits. The Unit will provide a single focus point for all work around the strategy (and possibly other central policy functions as suggested above), and will drive the effective implementation of the strategy, lessons learnt and resource shifts. It will be a single, objective point for coordinating prioritization between Divisions. Over time, it will become a powerful advocate when dealing with the Ministry of Finance on long-term resource questions.

## ***Leadership***

### **Top Structure of the MFA: The Permanent Secretary**

#### ***Background***

7.43 As we mentioned in the report, leadership is about having the right people, with the right skills doing the right thing. As the most senior official in the ministry, the Permanent Secretary, holds the responsibility and accountability for the ministry to fulfil its function and meet its strategy and goals. The high level of turnover in the position of PS affects negatively the ability of the PS to lead the ministry meaningfully to implement agreed strategies and plans and particularly at this time to lead the ministry through the changes brought about by cross-cutting and sectoral reforms.

#### ***Recommendation***

7.44 We recommend therefore that the position of Permanent Secretary should be underpinned by a fixed term arrangement/contract with the incumbent committing to stay in the position in Nicosia for a minimum of 4 years. We also recommend that the position of Permanent Secretary be open to officials outside the MFA provided the skills, competency and experience of the official are commensurate with the responsibility of the function<sup>8</sup>.

#### ***Resource Implications and Potential Benefits***

7.45 There are no cost implications to the recommendations above and very clear benefits in that a minimum of 4 years in post would enable the PS to implement strategies and plans agreed and see the ministry through a cycle of change. It would also mean that there is enhanced accountability by the incumbent who will be in post for sufficient time to see the impact of his/her leadership and stewardship. Opening the position to external officials means that the MFA has a wider pool of candidates and might be more able to find an appropriate candidate who is willing to serve in Nicosia for a long period.

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<sup>8</sup> Currently, the assignment of the PS' duties is provided by the Scheme of Service of Ambassadors and the assignment is made by the Minister of Foreign Affairs. The post of the PS for the MFA is not included specifically in the budget, as it applies for the rest of the PSs. Therefore, In order for this suggestion to be implemented, the creation of a new post of PS should be provided in the budget, by simultaneously abolishing one vacant post of Ambassador in order to minimize the cost implications.

## **Top Structure of the MFA: Chief Operating Officer**

### *Background*

7.46 Linked to the recommendation above and in view of the current PFM and HR reforms that expect a very close link between strategy and objectives of the mission and the human and financial resources needed to implement the strategy, it is clear that the PS needs to be supported by a highly competent Chief of Operations/Chief Operating Officer (COO) so as to have a strategic overview and assurances of the whole operation process and choices of the ministry.

### *Recommendation*

7.47 We therefore recommend that the role of The COO is created and filled by a senior experienced official with good understanding of the ministry business who would remain accountable to the Permanent Secretary and work closely with the PS to ensure that HR and financial resources as well as structure, processes and systems of the ministry support implementation of the strategy and objectives. The main purpose of the post would be to oversee the functioning of the ministry and the whole corporate agenda. The COO would deputise for the PS and be responsible for measuring and improving the ministry performance. This position should provide top level leadership of all the ministry corporate functions: Finance, HR, Estates, Procurement, Protocol, internal control/audit, IT and any other operation functions. Key competencies for this position will need to include: leadership, strategic thinking, delivering results, and impact and financial and resource management. The COO will need to have a clear professional development plan in place and be supported to fulfil this role.

### *Resource implications*

7.48 The position of COO can be filled by one of the senior diplomats who are currently based in Nicosia – in this case the resource implications in terms of salary could be neutral. However, we would envisage considerable investment in the professional development of the COO by colleagues, MoF and PADP (if necessary) and/or training institutions in Cyprus.

### *Potential Benefits*

7.49 The most obvious benefit is that the Permanent Secretary would have more time to lead the MFA through the coming change and to devote to strategic issues. By ensuring that resources are aligned and support the objectives of the ministry, the ministry will be in a better position to spend its budget on priority/strategic areas of

the business and even compete for additional resources from the MoF by being able to produce compelling, well articulated and evidenced business cases and account for the resources spent.

## ***Decision Making***

### **Decentralisation of decision making**

#### ***Background***

7.50 As explained elsewhere in the report, the MFA, like all other ministries in Cyprus is highly centralised, with a culture of non- delegation and control. Being accountable for resources is often interpreted as needing to control and micro manage every transaction and operation. The PS is overburdened with administrative work particularly as far as approvals and performance management are concerned.

#### ***Recommendation***

7.51 The MFA should delegate decisions and authority at the lowest possible level by presuming competence among those empowered to make the right decisions. Although accountability needs to remain with the most senior officials, it is wasteful and inefficient for them to take every decision. Delegation must be supported by clear structures and processes, for example financial authority can be linked to grade, with limits set for each. This would be in line with the decentralisation of budgets envisaged under PFM. Similarly, the Permanent Secretary is responsible for all performance appraisals in the Ministry: delegating appraisals to colleagues who are closer to the person being appraised would both reduce the burden and could allow for a more rigorous and transparent appraisal system, better targeted at individuals' achievements, strengths and weaknesses and enabling their development.

7.52 The perceived transparency of decision-making could be improved by having clear criteria against which judgements are taken: for example taking a cost/benefit approach to opening and closing Embassies instead of relying on reciprocity; enforcing rules about the number of postings (recognising that in some instances flexibility will need to be maintained e.g. to cover short-notice gaps). In terms of structures the current 'transfer board' is an example of good practice which could be built on in contexts such as this.

#### ***Resource implications***

7.53 These are minimal and relate mainly to training and capacity building of staff. In the short term the time official need to invest to achieve effective delegation of authority might be considerable but in the medium term time and resources will be saved.

### *Potential Benefits*

7.54 Delegation would allow officials at senior grade to concentrate on strategic issues such as leading change, communicating more effectively and improving performance. At the same time, delegating authority will promote ownership, responsibility and accountability of officials at all levels to deliver on the ministry strategy. The professional development and empowerment resulting from enhanced delegation will provide increased job satisfaction across the board. In addition, having clearer and standardised systems and procedures will also promote a culture of transparency and a sense of fairness.

## **Communicating and co-ordinating**

### *Background*

7.55 The MFA communicates mostly through informal networks, which appear to work well most of the time, as key policy decisions and the direction set by the minister reaches most missions. However, communicating through informal channels is not sufficient or adequate at a time of change and reform. As it refreshes its strategies, aligns resources and structure to the strategy and reviews its business practices, the MFA cannot allow any staff to miss important information, to have a partial understanding of the change agenda and its implications for all the level of staff. Partial communication and no consultation might result in alienating key stakeholders both at the centre and in missions could lead to the messages being misunderstood (at best) or ignored (at worst).

### *Recommendations*

- 7.56 The MFA should set a clear direction, by articulating what success would look like and communicate this effectively to all staff formally and frequently. It should also create mechanisms for effective feedback by all staff in Cyprus and in missions. This could be done by complementing the current informal networks by regular structured meetings attended by all senior officials. The process need not be overly bureaucratic, but focused on sharing priorities and values to promote a common understanding of key messages, of decisions and how these will be implemented.
- 7.57 Better and more frequent use of VTC facilities should enable heads of missions and other staff overseas to participate as well. Formal and informal consultation of staff, diplomatic, administrative, overseas and local should become the norm.
- 7.58 The MFA should build upon the lessons of the Presidency in terms of co-ordinating activities both within the MFA and more widely across government.

*Resource implications*

7.59 There are no particular resource implications to implementing these recommendations. The challenge rests on changing working practices and making better use of technology.

*Potential benefits*

7.60 Include: a) a clearer understanding by all staff of the ministry priorities and of the Minister's expectations from the Foreign Ministry; b) increased understanding of all staff of their role and contribution to the bigger picture; c) higher level of 'buying into' the change agenda by staff; d) staff is and feels more valued; and e) breaking the current tendency to work in silos leading to better use of resources and coordination.

## ***HR Issues***

### *Background*

7.61 Issues with HR management and development in the civil service are currently being considered by the Council of Ministers as a Civil Service wide HRM/D package of reforms. Implementation of the proposed reforms will have many implications for every ministry including the MFA in the whole HR cycle from recruitment to retirement. In preparation for at least some level of reform in the HRM/D arena, the MFA could take a number of steps to improve morale, transparency and create an environment more open to change. Performance management will be a key area for progress under these reforms

### *Recommendations*

7.62 The working relationship between diplomatic and administrative and other staff needs to be improved. Administrative work should be mainstreamed into diplomatic careers, with proven administrative and managerial competence being one of the key criteria for promotions/transfers.

7.63 The newly introduced Transfer Board system works well, but the board should consider ways to communicate the criteria on which it makes its decisions more widely in Cyprus and to missions.

7.64 Review the principles for postings overseas, and ensure they are applied consistently. Develop clear policy and criteria regarding postings such as: the number of consecutive postings overseas; the length of time that staff can or must spend in Nicosia; categorisation of postings based on hardship (measured by distance, dirt, danger), with requirements on staff to have a mix of postings to allow promotion. It is important that policies and criteria are clearly articulated and communicated and applied consistently across the board.

7.65 Review the system of promotions to ensure that exams – whether oral or written – are judged to be fair and consistent. Consider using outside HR consultants to run promotion boards, if this is the best way to maximize objectivity.

7.66 Review overseas allowance package, with involvement of MinFin and Unions to reflect the real cost of living and other costs to the officials posted overseas. The driver for any change should be ensuring that the right people with the right skill mix are encouraged to apply for overseas postings.

7.67 Consider increasing the number of staff being seconded out to international organisations. This is a valuable developmental opportunity as staff learn multilateral and organizational skills in a new context. It is also an additional workforce-planning tool. If well planned this measure would enhance the reputation of the service.

### *Resource implications*

7.68 Implementing all these recommendations has some implication on the staff time across the board. The recommendation which has the main financial implication is the review of current benefits – if this needs to be cost neutral, it means that increased benefits means fewer posts overseas.

### *Potential benefits*

7.69 A more competent cadre in terms of management and administration would have the benefit of enhancing the ability of the ministry to implement its strategy and comply with crosscutting government reforms. Increased guidance on postings and transparency of decisions would increase motivation and commitment of staff, enable better human resource and career planning and increased fairness. Ultimately this would lead to a less stressful and happier environment to work in.

7.70 As far as the review of the allowance package is concerned, the core business of a foreign ministry is to have missions overseas. If increasingly fewer officials want to work overseas because of inadequate allowances and high personal sacrifice, this poses a real threat to the viability of the service. Reviewing the allowances package to attract capable and committed officials is therefore essential to the functioning and the reputation of the service.

## Locally engaged staff practices

### *Background*

7.71 Recruiting and managing well locally engaged staff is fundamental to the effective work overseas missions. However, to date, there has not been clarity about the status of locally engaged staff in overseas missions and we have seen some historic discrepancies regarding terms and conditions. Universally, there is no performance management of LE staff and little investment in their capacity building and professional development.

### *Recommendations*

7.72 In overseas missions, agreement should be reached with PAPD about the status of local staff. In all but exceptional cases, local law in the country of hire should apply. This should be a consistent principle<sup>9</sup>. But The MFA should set and apply from the centre consistent world-wide practices of performance management for local staff, so that their contribution to the MFA can be recognized and they can be rewarded as appropriate.

7.73 In addition, countries where local staff with the appropriate skills and capabilities are available, they may be able to carry out the duties of a diplomat at far lower cost. The UK has over the last five years localised a large number of overseas positions which were formerly filled by UK based staff. Where UK based staff have switched into a locally engaged job (even where they are doing exactly the same job) they move on to the local salary, terms and conditions. We recommend that the MFA reviews the position of its staff in each mission and considers localising positions as appropriate.

7.74 As mentioned elsewhere in the report, capacity building and professional development of local staff should also be considered routinely.

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<sup>9</sup> Both Local Staff recruited in Cyprus or overseas, serve under the same terms of service that is under the "Regulations for the Employment and Terms of Service of the Local Staff of Diplomatic Missions of the Government of Cyprus in overseas countries" ("Regulations"). According to the latest legal opinion of the Attorney General, dated 28.04.2015, the local law applies regarding the terms of service of Local Staff. Therefore, a revised version of the Regulations, which takes into account this legal opinion, is currently before the Attorney General for examination, and it will be submitted by 01.07.2015 to the Council of Ministers for approval. Following the CoM approval the Regulations will be submitted to the House of Representatives.

### *Resource Implications*

7.75 On the assumption that the legal opinion is accepted, the MFA's Administrative Division will need to amend local staff contracts as required. This may require advice about local employment law in the countries where the local staff are based. Introducing performance management for local staff can mirror any changes to performance management for Cyprus-based staff, but in the meantime there is no reason why the current tick-box system of performance management could and should not be introduced for local staff – the Cyprus based staff who will be completing the forms locally are already familiar with the process.

### *Potential benefits*

7.76 We do not underestimate the potential upheaval this may cause, including to individuals and their families currently posted overseas and to local staff employed by Cyprus missions abroad, and recognise that this will not happen overnight. But the long term potential outcome of a more effective overseas network, better focused on the MFA's priorities and with capable and well-motivated staff should not be forgotten.

## **Professional Development**

### *Background*

7.77 Currently in the MFA there is little evidence of structured induction for staff moving to new positions and little investment in professional development of its staff. There are no standardised manuals or guidance on processes and systems, no culture of producing hand over notes and sharing lessons learned in the job. In a time where the ministry is expected to develop and deliver on a new strategy and introduce HRM/D and PFM reforms this poses a real risk to the performance of the ministry.

### *Recommendation*

- 7.78 The MFA should establish small but dedicated unit to focus on professional learning and development, across the network.
- 7.79 The unit should be charged with introducing structured inductions for staff moving into new positions, developing standardised guidance on processes and systems, and support to implement PFM and HRM reforms (as and when required). The MFA should develop professional development programmes, covering those competencies, skills and knowledge that are core to implementing the MFA strategy and include areas such as leadership, management, negotiation, and business planning.

- 7.80 The unit should develop a work plan based on improving capacity of officials across the board (and definitely including the COO) based on the 70/20/10 principles of development. Use should be made of current staff for mentoring, although some key individuals should be trained in how to do this work. In addition the unit should promote a culture of sharing lessons, information and experience with all interested staff by capturing those from serving and former officials.
- 7.81 The pace and scale of initiatives to build capability will be dictated by resource availability. Professional development should be routinely extended to all LE staff.
- 7.82 Particularly for diplomats we would recommend development in the areas of:
- Seeing the big picture and acting strategically
  - Managing and leading change
  - Leadership – both in terms of leading a team and leading under pressure (for those serving in challenging locations),
  - Making the most of available resources (human and financial)
  - Being personally effective
  - Being innovative and encouraging innovation
- 7.83 As a starting point the MFA could consult with the Diplomatic Academy in the FCO to discuss materials, methods and results from their approach, with the view of possibly building a curriculum for diplomats as part of the offer of one of the Cyprus training institutes.
- 7.84 Acting strategically, leading effectively, being an effective manager could then become part of the requirement for the post.

### *Resource implications*

- 7.85 There are considerable financial, time and human resource implications both in setting up the small unit and in the introduction of professional development. Minimally one member of staff should work as a full time member of the unit and lead its development and work planning. The head of the unit could be assisted by 2 part time officials. Most formal training events can be sourced locally.

### *Possible Benefits*

- 7.86 The main benefit is that the MFA will have more capable staff to deliver its strategy. In addition through structured induction and mentoring there will be increased

productivity by officials starting in a new position and less risk of mistakes being made. The introduction of professional development might result in more job satisfaction by staff and commitment to the ministry.

## ***Delivery***

### **Review the structure**

#### *Background*

7.87 The current structure of the ministry reflects an evolution over the years of different ministerial priorities. This is characterised by a myriad of small departments, some anomalies, duplications and many unfilled positions. A disproportionate number of positions report to the PS and there is no provision for a strategic hub. And most importantly, the current structure is not based on any strategy, and does not reflect any strategic priorities

#### *Recommendation*

7.88 We recommend that the structure of the ministry be reviewed taking into consideration principles such as accountability, balanced structure, burden sharing, horizontal working and interdepartmental coherence. The team has provided a sketch of a revised structure (See [Annex 4](#)) to indicate where the MFA could merge some departments, and spread the load more evenly by having four senior officials reporting up to the PS. In addition, should the MFA accept the teams recommendations, the structure will need to include two additional posts (COO and Legal Adviser<sup>10</sup>) and possibly two extra departments (Strategy Unit/CMT, and a department for Professional Development). In reviewing the structure the MFA should also consider some other questions we have raised in this report, such as should the MFA have a division dealing with Repatriated Cypriots?

7.89 After the MFA has developed a strategy, we recommend that the MFA review its structure so that it maps on top strategic priorities and supports a better balance of accountability, responsibility and work load.

#### *Resource implications*

7.90 there are no resource implications for this recommendation as we do not envisage creating additional posts

#### *Possible benefits*

7.91 A structure which supports a more balanced portfolio of delivery and accountability and encourages more horizontal working. In addition it reflects current ministerial

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<sup>10</sup> These suggestions are to be implemented within the current resource envelope using unfilled positions.

priorities and more streamlined functions. In due course the structure will support implementation of the new strategy.

## **Review of Overseas Missions**

### *Background*

7.92 As set out elsewhere in this report, the creation of a strategic plan for the MFA will enable the Ministry to prioritise its activities and move resources around to better support the delivery of its strategy. These priorities will change according to changes and shocks in the MFA's external operating environment: new opportunities arise, while other locations become too risky to justify a presence. It follows, therefore, that the Ministry needs to ensure that its overseas network best supports the strategy. We understand that decisions about opening and closing posts have been based on reciprocity. While this is one way of allocating resources, it does not take into account broader interests, or the fact that other countries may also be making reductions in their networks at times of austerity, leading them to reprioritize their networks.

### *Recommendation*

7.93 Once the strategy has been agreed, the MFA should carry out a zero based review of overseas missions and levels of staffing. By "zero based", we mean that if the MFA was to be starting with a blank piece of paper, how would it shape its overseas network to best support the strategy. In other words, the MFA must reconsider the size and shape of its overseas network, taking into account the marginal costs of reinforcing regional posts by posting additional diplomats to them and the sunk costs of closing one-person posts. This exercise may not lead to radical change – there are some global capitals where the MFA already has representation, and will continue to need to do so. But there may well be a case for shifting resources around the world, either by reinforcing small posts or closing one post or opening another. Many Heads of Posts are multi-accredited, and this network should be reviewed at the same time to ensure that it continues to make the best use of resources and whether any changes are needed, for instance using accreditation from Nicosia. Finally, alongside the review of the network, the MFA should also review the number and content of locally engaged roles in each mission.

7.94 The review of missions overseas can be done in three steps:

- a) As part of the strategy formulation and agreement, the MFA will develop its priorities for the next three years. Although some objectives are bound to shift up and down the policy agenda as a result of external events, the underlying long-term goals will be set. Once these goals are agreed and understood, the MFA should

check that the overseas network supports them – in other words are the right people doing the right things in the right places? As part of this consideration, the MFA will need to consider whether to focus attention on particular countries or regions, or whether it should be more thinly spread across the globe. These decisions will in turn point the MFA towards a suitable operating model, for instance fewer, bigger missions in a small number of strategic hubs, or more singleton posts (and/or a mixture of both). Finally, the MFA should consider the balance of staff numbers at home and overseas.

b) When making decisions of this kind there are a number of factors which the MFA will need to take into account, *inter alia*:

- Financial costs of operating in particular locations (including the costs of hiring local staff, real estate, purchasing services, utilities)
- The likely political, security, economic and other benefits of being represented (and costs of non-representation): the non-financial return on investing in a particular country or region;
- The wants and needs of stakeholders e.g. business-people, tourists, Parliamentarians, and other Ministries and the services they require;
- Alternatives to Nicosia-based representation (e.g. Honorary Consuls, EEAS, cross-accreditation).

c) On the basis of this analysis the MFA can start to model the overseas network, for instance comparing the costs of having two one-person missions in neighboring countries with the costs of a single mission covering both countries, and then (with the information above) take the appropriate decision.

7.95 The MFA should also consider how to make best use of EU resources in countries where there is no Cyprus representation, for example by increasing its use of the EEAS to gain access to support, reporting and lobbying as required. In some countries, this work can also be done through informal agreements with like-minded EU partners diplomatic services.

7.96 The MFA makes good use of Honorary Consuls in some parts of the world. Consideration could be given to further expanding this network, and systematising the relationships – for example by setting out the sorts of services expected of Honorary Consuls. This needs a robust approach however. Estonia currently has a network of more than 190 Honorary Consuls – the result of rigorous choice and some robust management. They deliver different levels of services in different places, and are effective as a near-free resource in far-flung places. For Cyprus, there may be Honorary Consuls in the system who give little benefit to the MFA currently. They should be replaced where necessary with individuals who are willing

to give appropriate services for the protocol and prestige benefits they gain from being an Honorary Consul.

- 7.97 In respect to one person posts, the MFA needs to consider what is the option that supports its strategy best and represents value for money. The choice is essentially whether to have many of one person posts but then make sure they are properly supported; or to close one person posts and establish a system of regional posts of two or more people covering several countries, and using e.g. EU colleagues and Honorary Consuls to fill in some of the gaps (See [Annex 14](#)).

#### *Resource implications*

- 7.98 These recommendations are resource neutral.

#### *Potential benefits*

- 7.99 Better alignment between strategy and overseas missions and increased value for money of the overseas network.

## **Legal Services**

#### *Background*

- 7.100 As described in the analysis, it is clear that the MFA requires some form of regular, accessible and timely legal advice. The requirements of legal advice in a foreign ministry are particular for two reasons. First, international law is a particular field of expertise; and second, the requirement for legal advice may be driven by the pace of international negotiations and therefore need to be delivered more quickly than in a domestic context. The current situation where the MFA is reliant on the government's central legal services is not sustainable.

#### *Recommendation*

- 7.101 The MFA should carry out a brief review looking at the requirement for legal services in the MFA. The review should consider what requests the MFA (including overseas missions, where advice has been requested back in Nicosia) has made for legal advice over a recent set period (e.g. the past 12 months), what requests for advice were foregone because diplomats considered they would not get the correct advice in a timely manner. The review should also consider whether there are likely to be requests coming up in the next year or two which may be over and above normal requirements because e.g. of an upcoming treaty negotiation.

- 7.102 Our strong advice is that the MFA should establish a resource directly under its control. The review should be able to conclude on the resource requirement (we assume one person would suffice, but whether full-time or part-time etc). Such a person should then be recruited and appointed, with the right level of seniority to ensure their authority. The legal adviser could possibly report to the Head of Administration or COO/DPS, but should be available to all staff – diplomatic and administrative - at home and overseas). The legal adviser should work in close consultation with the Law Office of the Republic, and consult formally with the Law Office of the Republic of matters of significant national interest.
- 7.103 If – for legal or constitutional reasons – it is impossible to appoint someone in this manner, then the MFA should consider other options which would be less effective, but might improve the situation somewhat. This might include getting an adviser from the Law office of the Republic seconded into the MFA, or for the MFA to establish a Service Level Agreement with the Law Office of the Republic, specifying the level of advice likely to be required, and expectations about the delivery of advice.

#### *Resource implications*

- 7.104 This recommendation will require some extra resource (staff and possibly financial). The requirement will depend on the MFA's analysis of need, and whether the conclusion is reached to employ a full term legal officer in the MFA, or find other ways of delivering the work. Any costs for implementing this recommendation will need to come from savings made in other areas.

#### *Potential benefits*

- 7.105 This recommendation does not link in with other recommendations of the report. However, having a dedicated legal service under the direct control of the MFA will remove a bottleneck in some decision making in the MFA. It will enable staff to have access to timely advice which will allow them to proceed with their work without waiting for outside advice. It will also enable the MFA and its overseas missions to respond more rapidly as international negotiations develop.

## **Relations with Other Ministries**

#### *Background*

- 7.106 As the overseas arm of the Cyprus government, the MFA is responsible for policy and operational delivery on behalf of other Ministries. This includes issuing passports and visas on behalf of the Ministry of Interior; co-ordinating medical treatment and

the payment for it for Cypriots sent to hospitals overseas on behalf of the Ministry of Health; and trade and tourism promotion with colleagues from the Ministry of Energy, Commerce, Industry and Tourism. Some of these tasks are non-negotiable and part of the MFA's work to represent the whole of the Cyprus government overseas, but other tasks may be better carried out by officials from the home Ministry, either remotely or by being posted to the Embassy or High Commission concerned (as is already the case in some instances).

- 7.107 We therefore believe that improved co-ordination and relationships with other ministries should be a clear goal for the MFA. This cooperation should cover two areas: policy, and delivery.

#### *Recommendation – Policy*

- 7.108 For improved policy coordination, the current ad hoc practice which seems to work well should be rolled out systematically. The Head of the Strategy Unit (or the senior official in charge of resources) should be tasked with identifying those areas of MFA policy which overlap with or are dependent on policy areas of other ministries in order to map where existing co-ordination exists, and identify gaps. The Unit will need to consider the level of co-operation (e.g. Permanent Secretary, Director, working level) and the frequency of contact (is an annual meeting sufficient to get broad agreement, or is something more frequent – e.g. quarterly, monthly – needed to establish more regular co-ordination?). This co-ordination should extend to a consideration of whether there is any work currently being done by the MFA which could be transferred to other Ministries, and similarly whether any other Ministries are doing work where the MFA ought to be in the lead. Ideally the basis for the consideration should be the MFA and partner ministries' strategic plans: if the work is important enough to feature in the plan someone ought to be doing it, but if it is not in the plan it should be dropped.
- 7.109 These meetings and contacts – with whatever pattern – should be used to discuss and agree on policy priorities. The groups should aim to develop joint strategies for policy, which can be lightly assessed and reshaped as required. They can use this process to report up to their ministers on progress being made on particular policy areas.
- 7.110 The Unit should also consider where there are already existing inward and outward transfers of staff between departments. It should identify the benefits of these transfers to the MFA (e.g. to broaden the skills/experience of relevant officers) and to the policy making process, and decide whether to roll out this programme further.

### *Recommendation - Service delivery*

- 7.111 MFA officials overseas are either directly involved in, or at least provide the platform for, service delivery of other ministries including Health, Education and Interior. Once again, there seems to be an *ad hoc* system for delivering these services, but there is a strong risk that not all service delivery is adequately resourced. We therefore recommend a review of the delivery of all services overseas linked to other line ministries to see where services are delivered; who delivers them; the absolute amount of staff time involved, and any trends in the level of services required; and the resource allocated to deliver those services.
- 7.112 On the basis of this initial mapping, the MFA should then consult with the relevant ministries, and agree on whether the resource is sufficient; what the trends might be and how resources might be adjusted in the future; and whether there are more efficient ways of delivering the service. The MFA should set out with the line ministries service delivery agreements/service level agreements, setting out very clearly the expectations of both sides in delivering services. Given that many of these issues can affect the reputation of Cyprus overseas (for example timely payment of overseas medical bills, or efficient issuing of visas), the MFA should be robust in setting the delivery targets it feels are reasonable from other ministries.

### *Resource Implications*

- 7.113 The policy and service delivery mapping we recommend will take some staff time, but can be folded into the duties and objectives of the CMT and Strategy Unit. Once this work is completed, there will be a requirement for some senior official (most likely Permanent Secretary) time to meet with counterparts and agree and negotiate the division of work in advance of the service delivery agreements. The Head of the Strategy/Change Management Unit should lead on the detailed negotiation of the agreements since they have will have the oversight of the MFA resources affected by the work of other Ministries.

### *Potential Benefits*

- 7.114 A clear division of labour between the MFA and other ministries reduces the risk of duplication of effort, mixed messages, and friction. As well as the benefits to the MFA of prioritisation and the work being done in the right place by the appropriate person(s), there is a wider benefit to the Government of Cyprus, taxpayer and citizens benefiting from these services. Stronger relationships between the MFA and other ministries are likely to have a multiplier effect, especially if these relationships are supported by inward and outward secondments to build knowledge and expertise.

## **Seconded Staff Overseas**

### *Background and Recommendation*

7.115 In terms of seconded staff overseas, the usual practice in European diplomatic services is for seconded staff to report through the Ambassador of the country in which they are posted, and for the MFA (consulting the Ambassador of course) to decide on what officials from other ministries should be posted in which countries. The reason for this is that the Ambassador should be the chief representative of the Cyprus government in the country in which he/she is posted. He/she will have the full overview of all relations with the third country, and will be in the best position to understand the strategic linkages between different areas of work being carried out in that country.

7.116 This should therefore be developed as a standardised system in Cyprus for all seconded staff working in missions overseas, where they all report through the Ambassador back to their ministries. The working practice in the Permanent Representation on Brussels appears to be a good model to start from. It is important that as far as possible all officials working overseas on behalf of the government of Cyprus are recruited on the same basis and with the same terms and conditions.

### *Resource Implications*

7.117 Minimal – we understand that this recommendation is simply formalising practice in most missions hosting seconded staff, who already report informally to the Ambassador.

### *Potential benefits*

7.118 Better team working overseas, the Ambassador, as the Head of Mission and senior Cyprus representative abroad, able to prioritise and flex his or her resources for the maximum benefit of Cyprus overseas.

## **Staffing**

### *Background*

7.119 Effective delivery also relies on having the right staff, in the right jobs, with the right skills and training at the right time. We recognise that as a small Ministry, with limited numbers of staff, the MFA might struggle to fill all its positions with

appropriately experienced staff. However we noted some real areas of concern. Some process-heavy positions (e.g. in Protocol and Consular Divisions) were filled by senior diplomats. This does not make the best use of the skills, talents or experience built up over many years. In some cases the individuals concerned did not receive sufficient training before taking up their positions, and the absence of handbooks/manuals made the task more difficult. This is not a judgement on the abilities of the individuals concerned, but on the fit between the requirements of their role and their skills and experience.

### *Recommendation*

7.120 We therefore recommend that the MFA consider posting permanent (non-Diplomatic) staff to these positions, so that they can build up expertise while not being subject to regular rotation as is the case with diplomats.

### *Resource Implications*

7.121 This recommendation only relates to a handful of jobs, and would therefore only require a slight rebalancing of the diplomatic/non-diplomatic staff. This would, however, very slightly reduce the number of roles in Nicosia open to diplomats.

### *Potential benefits*

7.122 Staff working in these business critical areas would be able to build up the appropriate knowledge and expertise, including through “on the job” learning. These kinds of roles often rely on institutional memory and the application of precedent, meaning that the longer an incumbent is in post the better for the organisation. A two- or three-year rotation, the standard tour length for a diplomat in between overseas postings, is insufficient to build up and apply the specialised body of knowledge required for these jobs.

## **Review of Business processes**

### *Background*

7.123 The delivery of an organisation’s strategic objectives is helped or hindered by its underlying business processes. Many business processes grow up organically over time. They are fit for purpose when they are created, but do not always keep up with changes in the operating environment (e.g. making the most of technological change to drive efficiency).

7.124 Good business processes enable decisions to be made at the right level, allowing junior officials to take straightforward decisions, leaving the more difficult and complex decisions to more senior leaders. They also strike the right balance between having a clear audit trail and minimising bureaucracy. For instance, in the MFA at present, financial decision-making is highly centralised, with the MFA needing to seek the agreement of the MoF for many low level purchases. However, this will change under PFM, and the MFA, and by extension Divisions, Directorates and overseas posts will have the freedom to make their own financial decisions. Another example of a crucial underpinning business process is archives and record keeping: while the intention behind the paperless registry is absolutely right, the processes supporting this, e.g. scanning and uploading hard copies of documents, are time consuming and mean that desk officers hold on to papers instead of getting them on to the system. To reduce the risk of staff finding ways to navigate around the processes, staff should see them as an enabler to delivery. The individuals using the processes need to see their value and the rationale for following them.

### *Recommendation*

7.125 We therefore recommend a review of the key business processes underpinning the MFA's work (e.g. IT, financial management at home and overseas, HR and postings processes, security) to assess whether they are effective and efficient, with the aim of improving the way they support staff and the business. The review should be led by the CMT, and could be carried out internally either by the staff who use the processes, or by staff who are unfamiliar with them (and may therefore have a better eye for different ways of doing things), and would aim to identify areas where cost-neutral (or cost-balanced) steps could be taken to better support the way the Ministry functions. This can be light-touch, and take the approach of "if this process did not already exist, what would it look like?"

## **Payments**

### *Background*

7.126 We observed during our visit to the Cyprus High Commission in London that payments for consular and visa services were made in cash. Our understanding is that is the same in most overseas posts. This brings costs in terms of transaction processing, accounting for the cash and banking it on a daily basis, as well as the risk of fraud. We understand that in some posts commercial partners may be taking payments on behalf of posts, but do not have a full picture.

### *Recommendation*

7.127 We recommend that the MFA explore the possibility of introducing an online/credit card payment system for posts with high volumes of transactions, if permitted to do so by legislation and if the volumes of payments make it financially viable. A system with this basis has been rolled out in Russia. Lessons could be learnt from this good practice and extended elsewhere.

### *Resource Implications*

7.128 There will be some resource implications, both in terms of procuring a contract, negotiating the potential providers and the fees charged for the service provided, all of which may make this recommendation unworkable for the MFA's volumes. Nevertheless, as the costs of introducing a new system can be offset against the staff time saved, freeing them up for other work, the potential costs and long-term benefits should be balanced against each other before a final decision is made in the long term.

### *Potential Benefits*

7.129 As well as the potential savings in staff time in both the consular and accounts sections in Embassies and High Commissions overseas (and in the Accounts Division in HQ), minimising the amount of cash held at any one time reduces the risk of fraud.

## **Travel**

### *Background*

7.130 Like all foreign ministries, the MFA is expected to attend a large number of overseas meetings. During our first Mission we heard that some staff felt stretched very thinly because of the amount of travel they needed to undertake. The Permanent Secretary, as the Accounting Officer for the MFA, authorises all official travel, whether by Nicosia-based staff, or multi-accredited Heads of Mission visiting non-resident capitals. Other than the financial costs involved in these visits it was not clear what decision-making criteria were used to prioritise conflicting travel requests.

### *Recommendation*

7.131 The MFA should consider whether it would be more efficient and effective for an appropriately briefed member of missions overseas to attend meetings on behalf of Cyprus-based officials. In countries where there is no Cyprus Embassy, if an official from the MFA is required at a meeting consideration should be given to a representative from a nearby post if this is a cheaper option. Where several experts are involved, the briefing could take place over VTC ahead of the meeting. There are times where capitals officials are forced to attend, for instance EU experts' meetings: but smaller countries (and sometimes larger ones such as the UK) will seek to use on-site officials, which saves substantial cost and time, especially given poor transport connections in the winter months.

### *Resource Implications*

Positive – see below.

### *Potential Benefits*

7.132 We do not see this as a major issue, but better prioritisation of meetings and who attends them is likely to result in both financial savings through reduced travel costs, but more importantly efficiency savings through the saving of senior officials' travel time, enabling them to concentrate on other important and urgent work.

## **Information Technology**

### *Background*

7.133 IT should be an enabler of effective workflows and information sharing, but poorly designed systems can hinder more than they help. For instance, the introduction of the automated office system has led to parallel paper and electronic filing systems, officers sitting on documents and an incomplete archive. The MFA relies on Kleitos to transmit most messages between the centre and posts (and post-to-post), but this system requires staff to be available to transmit and receive messages, including interrupting other work to check for transmissions.

### *Recommendation*

7.134 In the short term, the MFA needs to consider how many of the messages currently transmitted via Kleitos are genuinely classified (e.g. matters of national security, negotiating positions in international fora), and which can be downgraded to email

(e.g. corporate issues, payment authorities, low-level procurement). This would have the additional benefit of more electronic working, and fewer papers circulating. It would also ensure that the communications were targeted at the relevant person(s), saving time on drawing up distribution lists and producing multiple copies of documents.

7.135 We are aware that Kleitos is reaching the end of its useful lifespan and a replacement needs to be procured. This is a good opportunity for the MFA to update and improve its IT, especially for network communications. More options for secure, encrypted communications are available than when Kleitos was procured and the MFA should ensure that they have considered a range of options to ensure that they are user-friendly and compatible with modern working practices. If the Cyprus government's central IT services are involved in the procurement it is important that they have good understanding of the MFA's working practices, networks and business need for 24/7 secure communications. The MFA should also consider whether there are systems which might be accessible for use by Cyprus to develop secure communications, for example the European Council's ACID system. At the very minimum, any new IT system will offer: secure mobile communications including hand-held devices which are synchronised with officers' desk top computers; the opportunity for collaborative working across Divisions and Directorates; an easily accessible and searchable archives function; and an intranet for information sharing.

#### *Resource Implications*

7.136 We have been told that a replacement for Kleitos will cost around €5 million, but the basis for this figure has not been shared with us. It will be important for the MFA to clearly state its requirements to any supplier, so that accurate specifications and pricing schedules can be drawn up. An effective communications network is business-critical to the success of MFA's work at home and abroad, but whatever is procured should be appropriate to the MFA's size and needs.

#### *Potential benefits*

7.137 Reduced risk of information leaks, as officers will no longer revert to personal mobile devices to send and receive official messages, which could be classified. Faster, 24/7 communications to the network, with no need to rely on communications staff for transmissions. Better information flows and sharing.

## 8. Action Plan

ACTION PLAN								
FOR THE IMPLEMENTATION OF THE REFORM OF THE MINISTRY OF FOREIGN AFFAIRS								
Nr	RECOMMENDATION	DEPENDENCIES	PRIORITY	ACTION PLAN	PROPOSED TIMESCALE	NOTES	RESOURCE NAMES	STATE OF PLAY
<b><i>Change Management</i></b>								
The MFA will need to establish a Change Management Team (CMT) or Unit to see through the required reforms. The team will need to be headed by a senior diplomat, and we would envisage this being a full time position for a limited period of time (perhaps one year), during which the main reforms will be implemented and embedded. The senior diplomat will need to be supported by one or two members of staff initially: this number may fall as the year goes on. He/she will need to draw in expertise from other parts of the MFA as the reforms progress. He/she may want to use team members from the current Task Force for this purpose, as well as colleagues from the Administration and PADP.								
CM1	Establish a Change Management Team	<u>Before team is established</u> Decisions needed about size of team, how long it will be required, grades of team members, skills and experience needed.	HIGH	Develop the business case for a new unit or team (including the option of assigning responsibility to the Strategy Unit) through wide consultation	October 2015	The Change Management function needs to be developed and 'protected' within the SU to support implementation of the strategy  This should be done as soon as recommendations agreed	Head of Admin, PS	
		<u>When team is established</u> Depending on skills and experience, ongoing development may be needed  Agree monitoring arrangements		Agree size of team; grades of team members; and for how long the team will be required	November 2015	This should be done as soon as business case is signed off	Head of Admin, PS	
				Draft role specification for each team members including skills and experience needed for success in the roles	December 2015		Head of Admin, PS	

				Circulate widely, invite applications and select candidates	December 2015		Head of Admin	
				Identify any training needs to up-skill team members, and how these gaps will be filled	December 2015	Assuming successful candidate is appointed in September	Head of Admin	
				Identify budget for communication and other expenses related to the function	October 2015	This should be done in parallel with recruitment so that Head of Team has a budget at the outset	Head of Accounts	
				Develop a work plan and identify indicators of success	December 2015	This should be one of the first tasks for the Head of the Team, and should be done in consultation with the MFA's Senior Leadership and the Task Force	Head of Unit	
				Monitor implementation of work plan, adjusting as needed	Monthly	Although this can be done in a light touch way, there needs to be some structure to support the monitoring	Head of Unit, reporting to PS	

ACTION PLAN								
FOR THE IMPLEMENTATION OF THE REFORM OF THE MINISTRY OF FOREIGN AFFAIRS								
Nr	RECOMMENDATION	DEPENDENCIES	PRIORITY	ACTION PLAN	PROPOSED TIMESCALE	NOTES	RESOURCE NAMES	STATE OF PLAY
<i>Strategy</i>								
The MFA should establish a Unit: we refer to it as a Strategy Unit, but there are different options for what it might be called – e.g. a Planning Unit, or Policy Planning Unit, or Strategic Planning Unit. The primary purpose of the unit should be to develop, implement and monitor the MFA's strategy.								
S1	Establish a Strategy Unit.	<p><u>Before the team is established:</u> Decisions needed about the size of the team; its leadership; and synergies with the Change Management Team.</p> <p><u>Once the team is established:</u> Ensuring that it has a prominent role in the MFA, with the full confidence and support of the PS and Minister.</p>	HIGH	Develop the business case for the new Unit, consulting all necessary stakeholders including PADP.	October 2015	This must be done as soon as the recommendations are agreed, and in parallel with the recommendation on the Change Management Team (CMT).	Head of Admin, PS	
				Agree the size of the team, grades of team members, and synergies with the Change Management Team. Consider the experience required for team members, and the team leader in particular.	November 2015	This should be done as soon as the business case is signed off.	Head of Admin, PS	
				Decide terms of reference for the team for two years, and job descriptions for team members.	December 2015		Head of Admin, PS	
				Identify suitable office space, and a budget for the	October 2015		Head of	

				team as required.			Admin, PS	
				Recruit members of the team, and identify any training needs to fill capability gaps.	December 2015		Head of Admin, PS	
S2	Develop and maintain the strategy	This will be a new process, MFA wide, and expertise will need to be developed and nurtured.	HIGH	Decide on the best way of preparing the strategy as per section 7.2.1 of the recommendations. Three possible options were set out; doing a first draft which is sent out for comments; holding a strategy seminar to work up a first draft; or drafting the top-level objectives and asking divisions to populate the rest of the strategy.	January 2016	This will need to be the first, priority, task for the Strategy Unit. Whatever option is chosen, the work will then need to be taken forward rapidly.	Minister , PS, Head of SU	
				Begin designing and drafting the strategy	January 2016	This will require wide consultation with internal and external stakeholders	Head of SU	
				Completion of the strategy, including all relevant consultation.	By March 2016	Various options available for the review mechanism – see recommendations for details.	Minister , PS, Head of SU	
				Development of a communications plan to inform all staff – at home and overseas – of the strategy.	By January 2016		Head of SU	
				Implementation of the communications plan to all staff.	Starting January 2016, with regular updates		Head of SU	

				Agreement on how strategy will be reviewed.	September 2016			
				Implementation of strategy review mechanism.	October 2016; March 2017	Timing will depend on mechanism: but review will probably be after 6 and 12 months	Head of SU	
				Final review of strategy and decisions taken on refresh of resource implications	December 2016 – March 2017		Minister, PS, COO external stakeholders	
S3	Where possible, open up foreign policy making to outside scrutiny	Agreement on suitable issues for discussion with outside experts; availability of relevant expertise within or outside Cyprus; willingness of MFA officials to accept constructive challenge and adapt policy in response to alternative views	LOW	Discuss and agree which areas of work can be declassified and debated with outside experts.	January 2017	The following three actions should be done in parallel, so that discussions with external experts can start early in 2016	Heads of Division, Head of SU and PS	
				Draw up a list of foreign policy experts from the academic and think tank world (in Cyprus and overseas where accessible)	January 2017	See above	Heads of Division, Head of SU and PS	
				Agree ways of working e.g. <i>ad hoc</i> arrangements, depending on policy requirements, or more regular (e.g. bi-monthly consultations, with a different topic chosen each time).	January 2017	See above	Heads of Division, Head of SU and PS	
				Establish first working discussion session	March 2017	Format will depend on outcome of action point immediately above	Strategy Unit and relevant lead officer	
				Review impact on policy/strategy; rework policy/strategy if required.	Within three weeks of first session		Strategy Unit and relevant policy lead officer	

ACTION PLAN								
FOR THE IMPLEMENTATION OF THE REFORM OF THE MINISTRY OF FOREIGN AFFAIRS								
Nr	RECOMMENDATION	DEPENDENCIES	PRIORITY	ACTION PLAN	PROPOSED TIMESCALE	NOTES	RESOURCE NAMES	STATE OF PLAY
<b><i>Leadership</i></b>								
The position of Permanent Secretary should be underpinned by a fixed term arrangement/contract with the incumbent committing to stay in the position in Nicosia for a minimum of 4 years. We also recommend that the position of Permanent Secretary be open to officials outside the MFA provided the skills, competency and experience of the official are commensurate with the responsibility of the function.								
L1	Make PS role a fixed-term appointment for a minimum of four years	Critically dependent on decisions by CoM on cross-cutting HRM reforms and legislative change	HIGH	Prepare business case for a fixed term appointment	October 2016	This needs legislative change therefore a prior step is required before preparation of business case. Accordingly all actions are planned for 2016	PS and Head of Admin	
				Agree with PADP and finance necessary steps/procedures to make this happen	October 2016		PS and Head of Admin PAPD and MoF	
				Define clear JD, objectives, responsibilities, accountability and expectations for the role over the 4 years period	November 2016		PS and Head of Admin PAPD	
				Review yearly performance against objectives and after cycle one	tbc	As part of yearly performance management And after year 4	Minister PAPD	

L2	Open up PS role to officials from outside the MFA, provided they have the right experience	HRM	MEDIUM	Agree procedures with PAPP	tbc	When the current PS position becomes vacant	COO or equivalent	
				Develop and circulate job advertisement across the civil service including missions	tbc	As above	PADP	
				Interview and select candidate	tbc	As above	PAPP and MFA	
				Induct successful candidate (especially if not already a diplomat)	tbc	As above	MFA Dedicated Professional Development Unit	
<p>We recommend that the role of The COO is created and filled by a senior experienced official with good understanding of the ministry business who would remain accountable to the Permanent Secretary and work closely with the PS to ensure that HR and financial resources as well as structure, processes and systems of the ministry support implementation of the strategy and objectives. The main purpose of the post would be to oversee the functioning of the ministry and the whole corporate agenda. The COO would deputise for the PS and be responsible for measuring and improving the ministry performance. This position should provide top level leadership of all the ministry corporate functions: Finance, HR, Estates, Procurement, Protocol, internal control/audit, IT and any other operation functions. Key competencies for this position will need to include: leadership, strategic thinking, delivering results, and impact and financial and resource management. The COO will need to have a clear professional development plan in place and be supported to fulfill this role.</p>								
L3	Creation of COO role and recruitment of a successful candidate	PFM HRM Changes to PS role (above) Availability of appropriately qualified staff	HIGH	Prepare business case for introducing the position	November 2015		PS and Head of Admin	
				Agree with PADP and finance necessary steps/procedures to make this happen	November 2015		PS and Head of Admin PAPP and MoF	
				Define clear JD, objectives, responsibilities, accountability and expectations for the role	December 2015	This is an extremely key position to the successful implementation of the strategy. If it becomes evident that a diplomat would not be willing to take up this position then it should be advertised	PS and Head of Admin PAPP	

						widely to find an appropriate candidate with experience of the civil service and of working in an overseas environment		
				Communicate widely to MFA staff (including missions) about the role and how this will affect planning, management and accountability arrangements	December 2015	This is part of the wider change communications in recommendation S2	Head of SU	
				Develop and circulate job advertisement across the civil service including missions	January 2016		PADP	
				Interview and select candidate	February 2016		PADP and MFA	
				Induct successful candidate	March 2016 onwards	The COO is expected to have regular and structured professional development to acquire the breadth of skill and knowledge required for this post.	MFA Professional Development Unit	

The MFA should delegate decisions and authority at the lowest possible level by presuming competence among those empowered to make the right decisions. Although accountability needs to remain with the most senior officials, it is wasteful and inefficient for them to take every decision. Delegation must be supported by clear structures and processes, for example financial authority can be linked to grade, with limits set for each. This would be in line with the decentralisation of budgets envisaged under PFM. Similarly, the Permanent Secretary is responsible for all performance appraisals in the Ministry: delegating appraisals to colleagues who are closer to the person being appraised would both reduce the burden and could allow for a more rigorous and transparent appraisal system, better targeted at individuals' achievements, strengths and weaknesses and enabling their development.

L4	Delegation of decision making to decrease the burden on senior management and empower more junior staff. Ensure decisions are made at the right level, by the right individuals with the right knowledge.	PFM HRM	Successful implementation of this recommendation will require significant culture change within the Ministry	MoF approval may be required	High	Review current decision making in key ministry processes – e.g. travel, expenses, performance management.	April 2016	Need to understand what changes MFA can make and where approval from others is needed	Heads of Admin, Accounts, Archives in consultation with Heads of Department	
						Consider which processes can be usefully delegated to lower grade with appropriate safeguards.	June 2016	Involve staff who are likely to be affected	Heads of Admin, Accounts, Archives in consultation with Heads of Department	
						Pilot delegation in 1 or 2 decision making process areas – e.g. travel and discrete budget management - to assess whether it empowers staff to meet their objectives and frees senior management to be more strategic and manage change.	September 2016		Heads of Admin, Accounts, Archives in consultation with Heads of Department	
						Review pilot – learn from it, modify accordingly and extend to other areas until decisions in the MFA are taken at the appropriate level.	November 2016		Heads of Admin, Accounts, Archives in consultation with Heads of Department	

				Support staff with formal and informal development to take on the delegated responsibilities following due process.	Throughout pilot and implementation		Heads of Admin, Accounts, Archives in consultation with Heads of Department	
The MFA should set a clear direction, by articulating what success would look like and communicate this effectively to all staff formally and frequently. It should also create mechanisms for effective feedback by all staff in Cyprus and in missions. This could be done by complementing the current informal networks by regular structured meetings attended by all senior officials. The process need not be overly bureaucratic, but focused on sharing priorities and values to promote a common understanding of key messages, of decisions and how these will be implemented.								
L5	Regular, structured communications to promote a common understanding of a shared MFA vision of success, encourage feedback and enable to participation of all staff, regardless of location and employment type	Development of a Strategy	HIGH	Introduce regular and structured communication by minister, PS and senior management about MFA vision, strategy, policies and expectations from staff at all levels	Immediate		PS, Head of SU when appointed	
				Review and build upon the lessons of the Presidency in terms of communicating messages and co-ordinating activities both within the MFA and more widely across government	Immediate		Head of EU Division	
				Introduce better and more frequent use of VTC facilities to communicate key messages to all and receive real time feedback from missions	Ongoing	This may require additional budgetary provision or reprioritization of resources. Also measures should be taken to change the cultural aversion to using VTC	All leaders and managers	
				Provide opportunities for staff to share their experience, articulate current success, issues and challenges and contribute to policy development through regular	Ongoing		All leaders and managers	

				consultation and appropriate delegation				
				Encourage issue based team working between diplomatic, administrative and where relevant sectoral and locally employed staff to encourage more joined up work in the MFA and missions	Ongoing		All leaders and managers	
HR decisions need to become more transparent and clearly communicated. The working relationship between diplomatic and administrative and other staff needs to be improved. Management work should be mainstreamed into diplomatic careers, with proven managerial (human and financial resources) competence being one of the key criteria for promotions/transfers.								
L6	Creation of a transparent, fair and consistent system for postings and promotions, where managerial work is mainstreamed into diplomatic careers and managerial competence becomes a criterion for promotions and transfers	HRM Recommendation D2 (size and shape of overseas network)	HIGH	Communicate widely criteria for decisions of the Transfer Board in Cyprus and to missions.	Immediate		Head of Admin	
				Review requirements in terms of management skills and experience of diplomats to ensure compliance with PFM and HRM reforms across the board.	December 2015	The SU and COO should work closely when in place as all changes need to support the strategy  The timing of implementation is dependent on timing of introduction of HRM reforms	PS/Heads of Admin and Accounts	
				Develop clear policy and criteria regarding postings such as the number of consecutive postings overseas and the length of time that staff can spend in Nicosia.	December 2015	As above	Head of Admin	

				Review the current categorisation of postings based on hardship (measured by distance, dirt, danger).	After review of overseas posts concludes and findings are agreed	As above	COO, Head of Admin	
				Introduce requirement on staff to have a mix of postings to allow promotion.	January 2015	As above	Head of Admin	
				Review the system of promotions to ensure that exams – whether oral or written – are judged to be fair and consistent.	March 2016		COO	
				Consider using outside HR consultants to run promotion boards.	Will depend on findings of review		COO/Professional Development Unit (when in place)	
				Review overseas allowance package, with involvement of MinFin and Unions to reflect the real cost of living and other costs to the officials posted overseas.	September 2015	An internal review of this has been completed and will be submitted to MoF in July	PS /Heads of Admin and Accounts	
				Consider taking a cost/benefit approach to opening and closing Embassies instead of relying on reciprocity; and enforcing rules about the number of postings (recognising that in some instances flexibility will need to be maintained e.g. to cover short-notice gaps). See recommendation D2	March 2016	The timing is dependent on the completion of the strategy	SU and COO	

				Consider increasing the number of staff being seconded out to international organisations, as a developmental opportunity, and as an additional workforce-planning tool.	By March 2016		Head of Admin/Professional Development Unit (when in place)	
				Clearly articulate and communicate policies and criteria across the board and ensure that these are applied consistently.	Ongoing		PS/COO	
In overseas missions, agreement should be reached with PAPD about the status of local staff. In all but exceptional cases, local law in the country of hire should apply. This should be a consistent principle. But The MFA should set and apply from the centre consistent world-wide practices of performance management for local staff, so that their contribution to the MFA can be recognized and they can be rewarded as appropriate.								
L7	Consistent standards for local staff management, including performance management, capacity building and professional development.	HRM	HIGH/ MEDIUM	Reach agreement on status of local employees and understand implications of application of local law.	September 2015		Admin/Missions	
				Agree a performance management process for all Local Staff Employees	January 2016	The Attorney General has confirmed that for the vast majority of HR issues local law is paramount. From 1 <sup>st</sup> July responsibility for HR actions in respect of local employed staff will be transferred from PAPD to MFA with the exception on the creation of new posts and "policy" issues.	COO/Missions/ PADP	
				Include professional development plan as part of performance management. The plan needs to contribute to the	March 2016		COO/Missions/ PADP	

				mission's strategy and policy objectives				
				Provide appropriate training to managers across the board to manage performance of Locally Engaged Staff	April 2016		COO/Missions/ Professional Development Unit	
				Pilot performance management of Locally Engaged Staff in selected missions	May 2016		Missions/ Professional Development Unit	
				Review pilot, make necessary changes to the performance approach and guidance and extend to all missions	June 2016		Admin/ Missions/ Professional Development Unit	
<p>In countries where local staff with the appropriate skills and capabilities are available, they may be able to carry out the duties of a diplomat at far lower cost. The UK has over the last five years localised a large number of overseas positions which were formerly filled by UK based staff. Where UK based staff have switched into a locally engaged job (even where they are doing exactly the same job) they move on to the local salary, terms and conditions. We recommend that the MFA reviews the position of its staff in each mission and considers localising positions as appropriate.</p>								
L8	Consider whether any Cyprus-based positions in overseas Embassies and High Commissions can be localized (see recommendation D2)	HRM Review of locations of overseas missions. Creation of strategy and agreement of MFA priorities	MEDIUM	Each mission to review requirements for their posts in line with MFA Strategy and availability of suitably qualified local staff.	January 2016	Review opportunities for localization again once the strategy and new structure has been embedded	Ambassadors/High Commissioners	
				Identify skill sets and sensitivity of different positions.	March 2016		Ambassadors/High Commissioners, Professional Development Unit	
				Develop guidance on localization of positions in missions.	March 2016		COO	
				Pilot implementing the guidance by localizing relevant positions in a	April 2016		Missions	

				small number of Embassies/High Commissions.				
				Review pilot, make necessary changes to the guidance and extend to all missions	May 2016		COO/Missions	
The MFA should establish a small but dedicated unit to focus on professional learning and development, across the network.								
L9	Establish a dedicated Learning and Development Unit/Team	<p><u>Before team is established</u> Decisions needed about size of team, how long it will be required, grades of team members, skills and experience needed.</p> <p><u>When team is established</u> Depending on skills and experience, ongoing development may be needed</p> <p>Agree monitoring arrangements</p>	HIGH	Develop the business case for a new unit or team including the option of assigning responsibility for L&D to the Strategy Unit through wide consultation	October 2015	<p>This should be done as soon as recommendations agreed.</p> <p>The L&amp;D function will need to be developed and nurtured within the SU and be aligned to the implementation of the strategy</p>	Head of Admin, PS	
				Agree size of team; grades of team members; and for how long the team will be required	November 2015	This should be done as soon as business case is signed off	Head of Admin, PS	
				Draft role specification for each team members including skills and experience needed for success in the roles	December 2015		Head of Admin, PS	
				Circulate widely, invite applications and select candidates	December 2015		Head of Admin	
				Identify budget for L&D	November 2015	This should be done in parallel with recruitment so that Head of Team has a budget at the outset	Head of Accounts Dept	

				Develop a work plan, taking a blended approach (70/20/10 as set out in the report) and including both induction to new role and ongoing L&D for those who are established in their roles and identify indicators of success	December 2015	This should be one of the first tasks for the Head of the Team, and should be done in consultation with the MFA's Senior Leadership and the Task Force	Head of Professional Development Unit	
				Monitor implementation of work plan, adjusting as needed	Monthly	Although this can be done in a light touch way, there needs to be some structure to support the monitoring	Head of Professional Development Unit, reporting to PS	

ACTION PLAN								
FOR THE IMPLEMENTATION OF THE REFORM OF THE MINISTRY OF FOREIGN AFFAIRS								
Nr	RECOMMENDATION	DEPENDENCIES	PRIORITY	ACTION PLAN	PROPOSED TIMESCALE	NOTES	RESOURCE NAMES	STATE OF PLAY
<b><i>Delivery</i></b>								
Once the new strategy has been agreed, the structure of the ministry should be reviewed taking into consideration principles such as accountability, balanced structure, burden sharing, horizontal working and interdepartmental coherence.								
D1	Review shape and structure of the MFA, taking into account the suggestions of the review team about possible new roles, so as best to support delivery of the strategy	Formation of Strategy Unit and agreement of MFA strategy and priorities.  PFM – agreement of MFA budget  Agreement of recommendation on role of PS and COO (see Leadership), and recommendation on access to legal advice (see Delivery, below)	MEDIUM (as cannot happen before strategy creation) becoming HIGH once strategy is agreed	Agree strategy and priorities	March 2016		Minister, PS, Head of SU,	
				Understand available resources – people, skills and budget	Ongoing	This can start before the strategy is agreed so that the information is available when required	Heads of Admin, Accounts, Professional Development Unit	
				Map strategy goals to existing structure to identify gaps/ duplication/work that is no longer a priority	Ongoing	As above	Heads of Admin and SU	
				Reallocate resources to support new strategy	Ongoing	This should be agreed alongside the agreement of the strategy	Heads of Admin and SU to present proposals to Senior Leadership	
				Implement the change	April 2016 onwards	This should happen over time, taking into account planned departures/transfers	COO	
				Open and transparent communications with	August 2015	Should be ongoing throughout	PS to lead comms, but all managers	

				staff to make the case for change			should be talking to their staff about the change	
				Review effectiveness of new structure, making further changes if needed	6-9 months after introduction of changes	Use strategy review to measure success of new structure (see recommendation S2)	Head of SU	
Once the strategy has been agreed, and in parallel with recommendation 1 above the MFA should carry out a zero based review of overseas missions and levels of staffing. By “zero based”, we mean that if the MFA was to be starting with a blank piece of paper, how would it shape its overseas network to best support the strategy. The review should include where the MFA should be represented; whether existing cross-accreditation arrangements make best use of resources; and the number and content of locally engaged roles in each mission, taking into account the recommendation in the Leadership section about the possibility of localizing Cyprus-based positions in locations where adequately qualified staff are available.								
D2	Review shape and size of the overseas network	Formation of Strategy Unit and agreement of MFA strategy and priorities.  PFM – agreement and decentralization of MFA budget  Review of local staff roles and responsibilities (see Leadership section))	MEDIUM (as cannot happen before strategy creation) becoming HIGH once strategy is agreed	Establish a baseline for overseas roles, including non-MFA positions	By July 2015		Head of Admin	
				Understand the costs of each Mission	Ongoing By September 2015		Head of Accounts Dept	
				Establish alternative criteria for opening and closing Missions in addition to/instead of current criterion of reciprocity	By March 2016		Head of SU	
				Evaluate existing multi-accreditation arrangements and reconsider the potential for others	By May 2016		COO, Head of Admin	
				Consider alternatives to Cyprus-based representation, e.g. using the EEAS, informal arrangements with EU or Commonwealth	By February 2016		COO, Head of SU	

				diplomatic services				
				Review the Honorary Consul network to understand the network and the services they offer, with a view to refreshing arrangements where no longer satisfactory	By February 2016			COO, Head of Admin
				Review roles and responsibilities of local staff, consider whether there is scope for localization of roles where suitably qualified staff are available (see recommendation L7)	By March 2016			COO, Missions
				On the basis of research and reviews, reach a decision about the most effective allocation of resources overseas, taking into account costs of opening and closing posts, and considering the needs of other Ministries for overseas representation	April 2016			Heads of Admin, Accounts, COO and PS
				Implement the decision, taking into account planned	May 2016 onwards			COO

				transfers/ends of tour (for closures), and need for negotiations with host countries (for openings)				
				Review implementation	9-12 months after final change is made		COO	
<p>The MFA should carry out a brief review looking at the requirement for legal services in the MFA. The review should consider what requests the MFA (including overseas missions, where advice has been requested back in Nicosia) has made for legal advice over a recent set period (e.g. the past 12 months), what requests for advice were foregone because diplomats considered they would not get the correct advice in a timely manner. The review should also consider whether there are likely to be requests coming up in the next year or two which may be over and above normal requirements because e.g. of an upcoming treaty negotiation. Our strong advice is that the MFA should establish a resource directly under its control.</p>								
D3	Improve access to Legal Services	Legal/ constitutional arrangements to allow preferred option	MEDIUM	Establish a baseline, by reviewing requirement for legal services over the preceding and following six month period	Begin review in November 2015, to cover the period March 2015-March 2016	Need to ensure all data is captured, whether requests are made from MFA or posts	Requestors feed information to Change Unit	
				Build the case for change, based on the evidence gathered	April 2016	Case should include an analysis of volumes, types of case, risks and opportunities presented by the change (and by doing nothing)	Change Unit	
				Consult relevant offices (Government legal services and others) on what is feasible and cost effective	June 2016		Change Unit	
				Identify preferred feasible option by consulting widely	September 2016		Change Unit	

				Identify budget for implementation	September 2016		Head of Accounts	
				Implement the option (recruitment/secondment/contract)	By December 2016		Head of Admin	
				Review levels of satisfaction of MFA and missions	June 2017	This should be part of the ongoing monitoring of change projects	Change Unit	
For improved policy coordination, the current <i>ad hoc</i> practice which seems to work well should be rolled out systematically. To ensure that overseas service delivery is adequately resourced we recommend a review of the delivery of all services overseas linked to other line ministries to see where services are delivered; who delivers them; the absolute amount of staff time involved, and any trends in the level of services required; and the resource allocated to deliver those services.								
D4	More regular and systematic policy and service delivery co-ordination with other Ministries to reduce the risks of duplication of effort, to the wider benefit of the GoC, taxpayers and citizens	For policy coordination to be most effective other Ministries need to have developed their strategic plans  The success of this recommendation relies on the willingness of other line Ministries to co-operate with the MFA	MEDIUM	Identify areas of MFA policy which overlap with or are dependent on policy areas of other ministries to map where existing co-ordination exists, and identify gaps.	April 2016	To note the CoM decision of 15/4 which emphasizes the need for better co-ordination between OGDs and MFA and stipulates that all OGD staff posted overseas should now report to the Head of Mission	Head of SU	
				Consider the level and frequency of co-operation required with partner Ministries.	April 2016		Head of SU	
				Consider of whether any work is currently being done by the MFA which could be transferred to other Ministries, or whether any other Ministries are doing work where the MFA	May 2016		Head of SU	

				ought to be in the lead based on their respective strategic plans.				
				Agree policy priorities and joint strategies where possible.	By June 2016		PS, PSs of other Ministries based on advice from Head of SU	
				Encourage transfers between departments to build links, increase knowledge and understanding of each others' work, and broaden skills of civil servants.	June 2016		Head of Admin	
				Review the delivery of all services overseas linked to other line ministries to understand where services are delivered; who delivers them; the absolute amount of staff time involved, and any trends in the level of services required; and the resource allocated to deliver those services.	December 2016		Head of SU	
				On the basis of the review, set out with the line ministries service delivery	January 2017		Head of SU and COO	

				agreements/service level agreements, setting out very clearly the expectations of both sides in delivering services.				
				Seconded staff based overseas report through the Head of Post, based on the model of the Cyprus Permanent Representation in Brussels.	Immediate	This action formalises existing practice in most overseas Posts, and should be implemented immediately	PS to agree with PSs of other line Ministries	
				Review SLA implementation.			COO	
The MFA should consider posting permanent (non-Diplomatic) staff to some Nicosia-based positions currently held by diplomats, so that they can build up expertise while not being subject to regular rotation as is the case with diplomats.								
D5	Replace diplomats with specialists in a very small number of process-heavy roles, so that skills and talents of staff can properly be used	Availability of Cyprus-based staff to do the jobs  HRM	LOW, but could take place as part of more general restructuring described above	Identify suitable roles	June 2016	These include process-heavy roles such as Protocol work; and areas such as Consular work where previous experience is preferable	Head of Admin	
				Identify whether there are suitable Nicosia-based staff available	By September 2016	These could be former diplomats who no longer wish to be posted overseas, or staff from other Ministries	Head of Admin	
				Implement the change, taking into	December 2016		COO	

				account planned transfers/end of tour dates				
				Redeploy diplomatic staff to more appropriate roles	As staff change		COO	
A review of the key business processes underpinning the MFA's work (e.g. IT, financial management at home and overseas, HR and postings processes, security) to assess whether they are effective and efficient, with the aim of improving the way that they support staff and the business. This can be light-touch, and take the approach of "if this process did not already exist, what would it look like?"								
D6	Review of business processes to assess effectiveness and efficiency of support to staff and the business	PFM, in particular for financial processes	MEDIUM	Identify processes to be reviewed	April 2016	Staff could be invited to submit ideas	Head of CM	
				Light touch review of processes	By June 2016	Involve staff who are unfamiliar with the process and can take a fresh look at the process	Head of CM	
				Agree changes and implement them	September 2016		Head of CM and process owners	
				Review changes and communicate improvements	March 2017	Use this opportunity to demonstrate the benefits of the changes	Head of CM	
Explore the possibility of introducing an online/credit card payment system for posts with high volumes of transactions, if permitted to do so by legislation and if the volumes of payments make it financially viable.								
D7	Consider introducing an online/credit card payment system in posts with his transaction volumes	There needs to be sufficient volume of transactions to make this financially worthwhile	LOW	Identify posts with high transaction volumes and values (usually visa/consular fees)	By April 2016	This can be done quickly	Head of Accounts Dept, Communications Officers, Department of Information technology Services (DITS - MoF)	
				Identify whether any other Ministry is	By April 2016	This can be done quickly	Head of Accounts	

				already using these services, and if so, explore how it has been done			Dept	
				Investigate legal position	By April 2016		Head of Accounts Dept	
				Approach providers to discuss requirements and understand any likely costs to MFA	By June 2016		Head of Accounts Dept	
				If benefits outweigh costs, and there are no legal impediments, draw up a case for change	By September 2016		Head of Accounts Dept	
				Implement the change	By December 2016		COO	
				Review the success	6-9 months after change		COO	
The MFA should consider whether it would be more efficient and effective for an appropriately briefed member of missions overseas to attend meetings on behalf of Cyprus-based officials. In countries where there is no Cyprus Embassy, if an official from the MFA is required at a meeting consideration should be given to a representative from a nearby post if this is a cheaper option.								
D8	Consider how Cyprus should be represented at overseas meetings, and whether it is always necessary for an official to travel from Nicosia	PFM will enable devolution of travel budgets	LOW	Establish a baseline by looking at patterns of travel over a 3-6 month period, taking into account set-piece events such as UNGA Ministerial week	January-June 2016	Baseline needs to include costs, staff time and opportunity cost of absence – what could have been achieved if travel had not been done? – and benefits of travel – what was achieved as a result of the travel that could not otherwise have been achieved?	Heads of Division	
				Agree priorities at	September 2016	In line with devolved	Heads of Division to	

				Divisional level		budget and decision-making	agree plans with COO	
				Identify and communicate efficiencies achieved (both financial and use of staff)	March 2017		Heads of Division	
Replace Kleitos with a secure mobile communications system including hand-held devices which are synchronised with officers' desk top computers; the opportunity for collaborative working across Divisions and Directorates; an easily accessible and searchable archives function; and an intranet for information sharing.								
D9	Update IT systems, replacing the current "Kleitos" system with a more modern, secure system which enables collaborative working and easy transmission of messages between Nicosia and overseas posts.	MoF need to approve funding for such a large project	HIGH (Kleitos is reaching the end of its lifespan)	Investigate the volume and content of messages currently transmitted via Kleitos to assess the proportion of message which are confidential and cannot be sent by insecure means (e.g. using MFA email systems)	Ongoing		COO/MFA Communications Officers /DITS	
		If government Central IT services are involved, a clear understanding of the MFA's requirements and operating model will be needed		Investigate status of electronic archive to understand any filing backlogs. If these exist, make a plan for eliminating the backlog.	Ongoing			
		Introduction of IT change needs to be matched with behavioural change and user training to get the best from the new system		Draw up outline requirements for a new IT System setting out "must", "should", and "could" have ( e.g. MUST provide secure communications between HQ and	By December 2015		COO	

				overseas posts; SHOULD offer the option of secure mobile communications (e.g. laptops, smartphones); these devices COULD be available to staff of all levels and employment types. Must, should and could have will be based on the MFA's assessment of need. IT specialists will be required to assist with the technical specifications, but the initial requirements must be generated by those using the system on a daily basis to ensure it meets the business need)				
				Investigate whether there are any suitable "off the shelf" commercial or EU systems	By December 2015		Head of IT	
				Establish costs of the new system (building in a margin of error for optimism bias)	By December 2015		Head of IT	
				Make the case for funding to the MoF	By February 2016		COO	

**TERMS OF REFERENCE FOR ACTIVITIES TO BE IMPLEMENTED BY THE NATIONAL SCHOOL OF  
GOVERNMENT INTERNATIONAL (UK)**

to conduct functional reviews under Phase II of

**“Cyprus: Strengthening Efficiency, Effectiveness and Responsiveness of the Public  
Sector”**

in the framework of

the Joint Communiqué between the Governments of the Republic of Cyprus  
and the United Kingdom<sup>11</sup>

**PROJECT BACKGROUND**

1. The Government of Cyprus (GoC) is implementing a set of fiscal consolidation reforms aimed to overcome short and medium-term financial, fiscal and structural challenges. For this purpose the GoC has agreed with EC/ECB/IMF a Memo of Understanding on Specific Economic Policy Conditionality (MoU). Both parties agreed in Section 3.9. of the MoU to launch an independent external review of the public administration which includes a horizontal and a sectoral element.

The sectoral element will examine:

- the role, competences, organisational structure, size and staffing of relevant ministries, services and independent authorities;
- the possibility of abolishing, merging or consolidating non-profit organisations or companies and state-owned enterprises; and
- the possibilities for the re-organisation and re-structuring of local government.

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<sup>11</sup> NSGI’s advisory services will be provided under the authority of the “Joint Communiqué” issued on 15th January 2014 by the Prime Minister of United Kingdom and the President of the Republic of Cyprus. This Joint Communiqué committed both parties to establishment of a programme of bilateral cooperation on a range of priority issues. The cooperation is to be developed through the exchange of best practice and the sectors to be covered are to be identified by the diplomatic representatives in London and Nicosia.

2. The GoC's main objective is that the independent external review will contribute to identify reforms aimed to improve the operation and delivery functions of public institutions. The World Bank (WB) and the UK National School of Government International (NSGI)<sup>12</sup> are already offering technical advice on these reviews.
3. A first phase of reviews covering vertical studies of the agriculture, education and health sectors has been concluded with the final reports been submitted, while a review of cross-cutting human resource management policies and practices is currently being conducted. NSGI has also concluded the review of the local government system and that of the Department of the Registrar of Companies and Official Receiver and submitted the final report. According to the MoU the reforms of this first phase will start to be implemented by Q4 2014.
4. As per par. 3.9. of the MoU, a second phase of the reviews, with a scheduled start in Q3 2014 and completion in Q4 2015, will cover the remaining seven Ministries, separated in two categories: (a) the "political" Ministries, i.e. Defence / Justice and Public Order / Foreign Affairs, and (b) the "economic" Ministries, i.e. Interior / Labour, Welfare and Social Insurance / Communications and Works / Energy, Commerce, Industry and Tourism). The results of the second batch will be presented by Q4-2015. They will include cost estimates and implementation timelines with detailed intermediate steps. The reform will start to be implemented by Q3 2016.

## GENERAL PROJECT OBJECTIVE

5. NSGI will provide advisory services to the GoC to conduct three separate reviews as follows:
  - 5.1. Foreign Affairs: Reorganization and staffing of the Ministry's central administration and subordinate services and the Diplomatic Missions abroad, according to the Ministry's strategic vision and objectives. Diplomatic personnel training in promotion of diplomacy on specialized sectors of interest to the GoC. The Ministry's central administration currently consists of ten Divisions – namely (a) European Union, (b) Cyprus Question & Turkey (c) Energy and Marine Policy & Policy Planning, (d) Political, (e) Middle East and North Africa, (f) Protocol, (g) Schengen and Consular Affairs, (h) Overseas and Repatriated Cypriots, (i) Communications Policy, (j) Administrative Affairs. The Ministry's functions are supported by the Administration Unit, the Accounts Unit, the Central Registry and the Archives and Communication Unit. The Diplomatic Missions abroad report directly to the Permanent Secretary.

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<sup>12</sup> The National School of Government International is an arm of Her Majesty's Government. It has a cross-government mandate to support public service capacity-building in overseas countries and thereby contribute to HMG's international priorities.

- 5.2.** Defence: Reorganization and staffing of the Ministry's central administration and subordinate services according to the Ministry's strategic vision and objectives. The Ministry currently consists of three Directorates – namely (a) the Administration, Recruitment and Personnel, (b) the Armaments and (c) the Financial and Budget Management. In addition, there are three separate sections – namely (a) the Tenders, (b) the Projects and (c) the Technical Services. The Minister is supported by the Minister's General Staff Office. The National Guard and the Cyprus Army are excluded from this study.
- 5.3.** Justice and Public Order: Reorganization and staffing of the Ministry's central administration and subordinate services according to the Ministry's strategic vision and objectives. Functional review of the Prisons and the Prison System. The MJPO currently consists of: a) three Directorates, which include the Justice Directorate, the Public Order, Gender Equality and EU Affairs Directorate, and the Administration Directorate, b) the State's Archive (reports directly to the Permanent Secretary) and c) the Prisons Department. The Police & Fire Brigade Service, which fall under the competence of the MJPO, are excluded from this study.
- 6.** Overall, the review will aim to examine the role for each of the three Ministries and their subordinate structures, more closely aligned with modern principles of institutional efficiency and effectiveness. In doing so, the review will analyze some of the pre-identified factors assumed to limit the efficiency and effectiveness of the delivery of policies falling under the mandate of the said Ministries in Cyprus, and will provide practical recommendations on how to address constraints. The pre-identified factors include:
- Institutional arrangements: (i) legal form and objectives; (ii) management principles and decision making process; and (iii) relationship with stakeholders.
  - Organisational arrangements: (i) organisational structure, (ii) competences, (iii) appropriate size and staffing and (iv) simplification of procedures.
  - Accountability arrangements: (i) supervisory arrangements (role, size, composition, appointments), (ii) reporting arrangements (completeness, transparency and timing) and (iii) performance improvement.
- 7.** The review will take into consideration the national context, legal framework, political economy and culture including factors ranging from workforce capacity and availability and the country's overall fiscal condition.

## PROJECT ORGANISATIONAL ARRANGEMENTS

- 8.** The GoC has established a Steering Committee to oversee the implementation of the advisory services. The Steering Committee is co-chaired by the Permanent Secretary of the Ministry of Finance, or his representative, and the Commissioner for the Reform of

the Civil Service (CRCS) on behalf of the Presidency. Its members are the Director of Budget and Fiscal Policy, Ministry of Finance, the Director of Public Administration and Personnel Department (PAPD) or their representatives and a representative of the Ministry of Finance<sup>13</sup>, and independent experts appointed in agreement with the EC/ECB/IMF, and officials from the EC/ECB/IMF. The Steering Committee will give its approval for the set up of a Task Force Team within each of the above mentioned Ministries. These teams will include representatives of the Ministry of Finance's budget, the CRCS, the PAPD, staff identified by the respective Ministries, and may be supported by a representative of the Directorate General for European Programmes, Coordination and Development (DGEPCD) and the Department of Information Technology Services (DITS). A Change Management Team, supported by the Press and Information Office (PIO) will also be set up in each of the Ministries, with the aim to inform the personnel of the Ministry on the on-going reforms.

9. NSGI advisory services will be guided by Terms of Reference (ToRs) (the current document) which have been drafted by the GoC and agreed between the parties, and which are within the framework of the updated MoU. The ToRs for the three studies are appended to the Service Level Agreement (SLA) which has been drafted and signed between the Government of Cyprus (the beneficiary), the British High Commission (the principal) and NSGI (the implementing agency). The SLA defines, inter alia, the services to be provided, the deliverables, the costs and the sources of funding.
10. NSGI will send any communication regarding this advisory service to the Commissioner for the Reform of the Civil Service and the MoF's representative.

## GENERAL METHODOLOGICAL APPROACH

11. NSGI advisory services will implement a technical assessment of the three areas to identify reform options aimed to improve budget resources allocation, human resources management, general performance and service delivery. Hence, the advisory services will contribute to the implementation of the Government's MoU, by (i) identifying structural reforms that will be undertaken over the medium term, (ii) by proposing a road map with policy and reform options including implementation timelines with detailed intermediate steps and cost estimates, and (iii) suggesting change management strategies to facilitate the implementation of proposed reforms.
12. In order to ensure consistency of approach, the review exercise will be aligned with the Government's on-going Public Administration reforms and link institutional and service delivery reforms to the allocation of resources. It will also be coordinated with work on Public Financial Management (PFM) reforms undertaken in collaboration with the technical assistance provided by the IMF Fiscal Affairs Department. In summary, PFM supports aggregate control, flexibility, prioritization, accountability and efficiency in the management of public resources and delivery of services, which are critical to the achievement of public policy objectives. To this end the Fiscal Responsibility and Budget

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<sup>13</sup> Mrs. Melina Catsounotou, Head of Strategic Coordination and Communication Directorate, MoF

Systems Law (FRBSL) has been enacted as the legislative framework for the implementation of the PFM related processes in the public sector. As a consequence, changes in the organisational structure of Ministries/public entities and the formation of specialized units/directorates are anticipated to accommodate the PFM budgetary and audit processes and the related strategic planning and administrative functions (such as strategic planning, administration and internal audit units/directorates).

- 13.** The reviews will assess and, as necessary, recommend adjustments in participating Ministries' organizational structure, performance management arrangements, and the allocation and application of human and financial resources to align to sector goals and improve service delivery outcomes. In doing this, the reviews will take into account the ongoing work on cross-cutting HRM reforms which is being undertaken under Phase I of the programme. In addition, the reviews will take into account the competences and portfolios of the rest of the Ministries and any other functional reviews being carried out in parallel, to ensure that any interministerial functions are being coordinated and reviewed comprehensively.
- 14.** The reviews will be problem-driven and prioritize areas that are generating specific problems. They will provide targeted and feasible options, along with potential implementation plans and implementation monitoring frameworks, to resolve these problems.
- 15.** The reviews will be interactive, and NSGI will work closely as a partner and facilitator for the MOF, the PAPD, the Commissioner for the Reform of the Public Service, and the Ministry task force teams, under the overall direction of the Steering Committee.
- 16.** The reviews will take into account existing analytical studies conducted by the GoC and global good practices of countries with characteristics comparable to those of Cyprus.
- 17.** The reviews will be conducted over the period of Q3 2014 and Q2 2015. It is envisaged that each NSGI review team will be led by a public administration reform expert advisor drawn from NSGI core civil service staff and a human resources specialist supplemented by 1 or 2 sectoral experts who will be civil servants drawn from the counterpart HMG ministry or agency. Overall programme management will be provided by an NSGI advisor who may also lead one or more of the sectoral teams.

## ACTIVITIES

### **18. Scope of Review**

- 18.1.** The review will provide reform options to improve the MFA, MoD and MJPO and their subordinate structures effectiveness and efficiency. The functional review will focus on aspects related to strategic coordination within each of the said Ministries,

potential overlapping, irrelevant mandates, organizational structures, and other general organizational and functional failures.

### **18.2. Strategic Framework and Goal-Oriented Management Processes**

- Definition of policy objectives vis-à-vis EU / international and national regulations in MFA, MoD and MJPO; trade-off between administrative efficiency and beneficiary orientation (front-office and back-office functions); adequacy of allocations (administrative cost and transfer volume) in reflection of strategic policy priorities.
- Strategy prioritization of MFA, MoD and MJPO in line with other government priorities; representation of their priorities at the wider government level, as well as, interface and division of responsibilities in these areas among government agencies.
- The review will aim to identify scope for a more effective distribution of policy areas and functions across each of the said Ministries and in articulation with the rest of the public administration. There is a need to review the allocation of their portfolios in relation to the strategic policy objectives that Cyprus is pursuing and also in relation to an enhanced coordination of programs and policies. Consideration should be given to: (a) how/which policy areas could possibly benefit from a reorganization outside the purview of each Ministry; (b) whether new policy areas should come under the purview of each Ministry; c) whether there is overlap of policy areas and competences with other government Services and (d) how the organizational structure continuing to function under each Ministry could be restructured and staffed to be more effectively aligned with the sectoral strategic objectives.

### **18.3. Organizational Structure and Decision-Making Processes**

- MFA, MoD and MJPO central administration and departments organizational structure and coordination of decision-making and policy implementation on central and de-central levels.
- Management principles within each of the said Ministries and subordinated structures; decentralization, delineation of responsibilities, management span of control, information flows, decision-making authority of managers, clear lines of command, etc.
- Policy and implementation oversight by MFA, MoD and MJPO and accountability relationships

- Standard operating procedures according to the legislative framework, based on the principles of transparency and good administration.
- Simplification of structures and procedures.
- Particularly for the MJPO, concerning the Prisons Department, allocation of clear responsibilities to each partner Ministry that currently provides services to the Prisons (e.g. Ministry of Health, Ministry of Education, etc.) and optimization of the collaboration among them.
- Particularly for the MFA, advice on an appropriate automated office system, according to global good practices.

#### 18.4. Identification of Personnel Needs

- Set the appropriate skill mix composition. Adequate balance between administrative, diplomatic (for the MFA), military (for the MoD), and technical skills ensured in staffing of each Ministry and their subordinate structures.
- Advise on the level of staffing [qualifications and number of staff (FTE)] needed to fulfill these functions and assign the appropriate grade for posts. To this purpose a staff inspection study may be undertaken and staff numbers and levels can be determined, based on workload measurement methodologies/analysis or other appropriate methodologies.
- Determine, where appropriate, the type of employment / work arrangements best used to provide the respective service (e.g. regular work arrangements versus shift-work arrangements, contract-based employment)
- *Particularly for the MFA:*
  - Review the latest study carried out by the GoC on the mapping of all Diplomatic Missions and the Central Administration, including missions abroad of other Ministries (i.e. trade and shipping centres, educational and cultural mission).
  - Elaborate on appropriate training of diplomatic personnel, according to best practices.
  - Provide recommendations on non-monetary incentives for performance improvement for diplomatic staff, according to best practices.
  - Review of the allowances policy according to best practices.
- *Particularly for the MoD*, identification and submission of suggestions as to a clear division of the functions which should be undertaken by military staff and those

which should be undertaken by civil servants. Appropriate organisational structures to reflect the segregation of functions undertaken by main categories.

## **19. Assessment of cost implications of structural changes**

**19.1.** Conduct of a cost-benefit analysis comparing the current organizational structure, functions and staffing of the Ministry with the reform options that will be proposed.

## **20. Deliverables**

The three separate reports will cover the following areas: (i) review and analysis of the current organizational structure, functions and staffing of the Ministries; (ii) assessment of and recommendations on the strategic coordination and management of policies and programs falling under the Ministries' mandate; (iii) options to address specific resource and operational management constraints in the Ministries; (iv) recommendations for detailed organizational structure in the Ministries (incl. staff numbers and skill mix); (v) cost-benefit analysis comparing the current structure, functions and staffing of the Ministries with the reform options that will be proposed, including cost estimates of the reform options; (vi) action plans and implementation timelines with detailed intermediate steps. The NSGI will suggest change management strategies to facilitate the implementation of proposed reforms.

## **21. Timetable**

**21.1.** The detailed ToRs for each of the reviews define the scope of work, timelines and deliverables. Hence, after the signing of the SLA, two missions will be undertaken for data gathering, meetings and interviews. Interim reports will then be prepared which will form the basis of discussion of the policy options on a third mission, with a final (fourth) mission reserved for the presentation and agreement of final reports. A discussion on the preliminary draft final report before the fourth mission will be sought, in order to ensure that any pending issues are cleared. Normally missions will be no longer than one week since much of the detailed research and drafting can be done remotely and by exchange of correspondence. The following milestones and indicative timetable is therefore envisaged.

	Indicative Milestones	Indicative Dates
1	First mission – data gathering and initial meetings with internal stakeholders.	June 2014
2	Second mission – detailed fieldwork, workshops/interviews with external stakeholders	September 2014

3	Submission of interim reports including policy options	January 2015
4	Third mission – discussion with internal and external stakeholders on policy options and comments on/additions to draft reports	March 2015
5	Discussion on the preliminary draft final report	May 2015
6	Fourth and final Mission – delivery and presentation of final options report	June 2015

Addendum concerning the Ministry of Foreign Affairs  
to the  
GENERIC TERMS OF REFERENCE FOR ACTIVITIES TO BE IMPLEMENTED BY THE NATIONAL  
SCHOOL OF GOVERNMENT INTERNATIONAL (UK)

to conduct functional reviews under Phase II of

“Cyprus: Strengthening Efficiency, Effectiveness and Responsiveness of the Public Sector”

in the framework of

the Joint Communiqué between the Governments of the Republic of Cyprus and the United  
Kingdom

#### Purpose

1. This addendum is to provide additional guidance to NSGI, GoC Task Force members and other concerned GoC actors on issues arising from initial scoping activity carried out between 29<sup>th</sup> September and 3<sup>rd</sup> October 2014, in relation to the Generic TORs, for explanation purposes.

#### Detail

Additions to the Generic TORs in *bold italics*:

“5.1. Foreign Affairs: Reorganization and staffing of the Ministry’s central administration and subordinate services and the Diplomatic Missions abroad, according to the Ministry’s strategic vision and objectives. *Within this context, the responsible parties agreed that members of the NSGI review team will visit two Diplomatic Missions of Cyprus abroad, namely the Permanent Representation in Brussels and the High Commission in London. The scope of the visits is to get an understanding of the missions’ challenges and opportunities when delivering the Ministry’s strategy and policies. Moreover, the relationship between these missions with the centre will be explored and their views on key improvements will be taken into consideration.*

“16. The reviews will take into account existing analytical studies conducted by the GoC and global good practices of countries with characteristics comparable to those of Cyprus. *Particularly for the MFA, where applicable, the NSGI review team will provide comparisons and advice on current “practices” in other foreign ministries (e.g. professional training, induction, treatment and role of locally engaged staff, possible efficiency and effectiveness practices). In addition, where appropriate, the team will provide recommendations on the minimum number of staff in diplomatic missions taking into consideration a number of factors such as the location, ease of doing business and availability of suitable local staff.*”

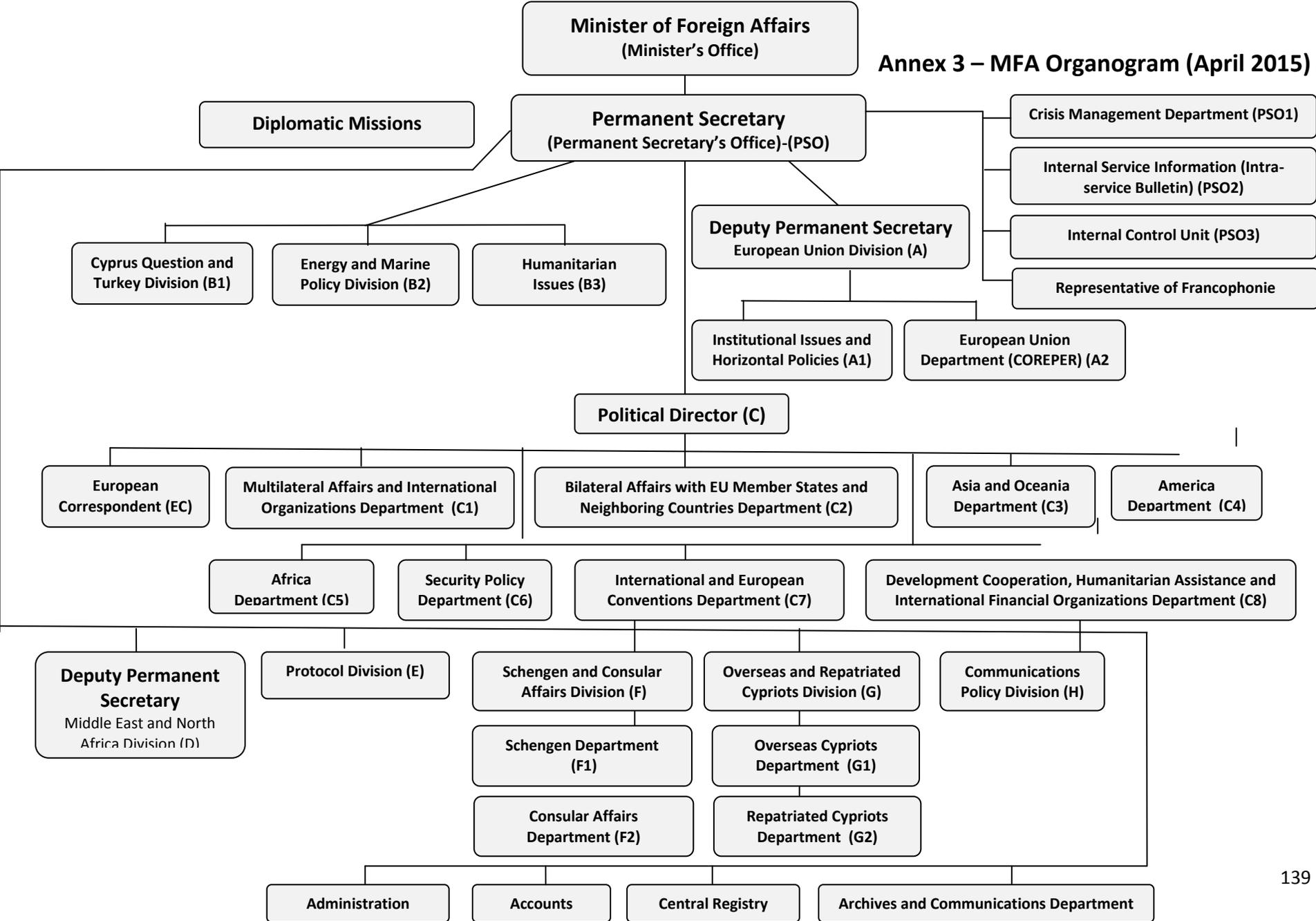
Date: 20 October 2014

## Division of Labour

Par.	Activity	Division of Labour
18.1	Reform Options	NSGI lead with advice on feasibility of options from GoC counterparts
18.2	Strategic Framework and Goal-oriented Management Processes	
	Definition of policy objectives	NSGI lead with GoC advice. GoC to provide baseline data on administrative costs and transfer volume.
	Strategy prioritisation	NSGI lead with GoC advice.
	Distribution of policy objectives	NSGI lead with GoC advice.
	18.3 Organisational Structure and Decision-making Processes	
	Central administration and departments' organisational structure	NSGI lead with GoC advice.
	Management principles	NSGI lead with GoC advice.
	Policy oversight	NSGI lead with GoC advice.
	Operating procedures	GoC to define which significant operating procedures arise from the legislative framework. NSGI to advise on transparency and best practice principles.
	Simplification of structures and processes	NSGI lead with GoC advice.
	(specific to MoJPO) Prisons Department and partner Ministry responsibilities	GoC (MoJPO) to define services that are provided together with baseline levels of provision. GoC (MoJPO) to establish optimum level of provision. NSGI to advise on collaboration mechanisms.
	(specific to MFA) Automated office system	NSGI to advise on best practice. GoC (MFA and DITS) to research estimated costs.
18.4	Identification of Personnel Needs	
	Appropriate skill mix	NSGI to advise on balance between administrative and technical (military/diplomatic/uniform) skills required. GoC (Each Ministry's Accounting Unit) to provide baseline

		data on relative costs.
	Levels of staffing	GoC (MFA, MoJPO, MoD) to provide baseline data on existing staffing, grades, schemes of service, costs (salary and allowances) broken down to unit level e.g. section or diplomatic mission. NSGI to recommend appropriate organisational structures (with GoC advice) having first examined the appropriateness of the policy portfolio. If a staff inspection is deemed necessary, GoC ( the Ministries with the assistance of PAPD) will undertake this, in a manner to be determined, and decide on the appropriate staffing numbers and levels to meet the new policy mandate.
	Employment/work arrangements	GoC (MFA, MoD, MoJPO) to provide existing work patterns for the respective service. NSGI to provide advice on best practice.
	(specific to MFA) Review mapping study of Diplomatic Missions	NSGI to review and benchmark against best practice and the policy mandate.
	(specific to MFA) Diplomatic training	NSGI to advise on best practice and available international options. GoC (MFA) to cost options.
	(specific to MFA) Incentives	NSGI to advise on best practice. GoC (MFA) to cost options.
	(specific to MFA) Allowances	NSGI to advise on best practice. GoC (MFA) to cost options.
	(specific to MoD) Civilian/military division of functions	NSGI lead with GoC advice.
19.	Assessment of Cost Implications of Structural Changes	
19.1	Cost-benefit analysis	GoC to provide all baseline cost data together with specific costing of options detailed above. NSGI to estimate monetary savings and non-monetary benefits of main option(s) and judge against the estimated costs involved in change (with advice from GoC).

**Annex 3 – MFA Organogram (April 2015)**



**Possible Alternative Organogram – to be taken only as an example when reviewing the structure in support of the strategy**

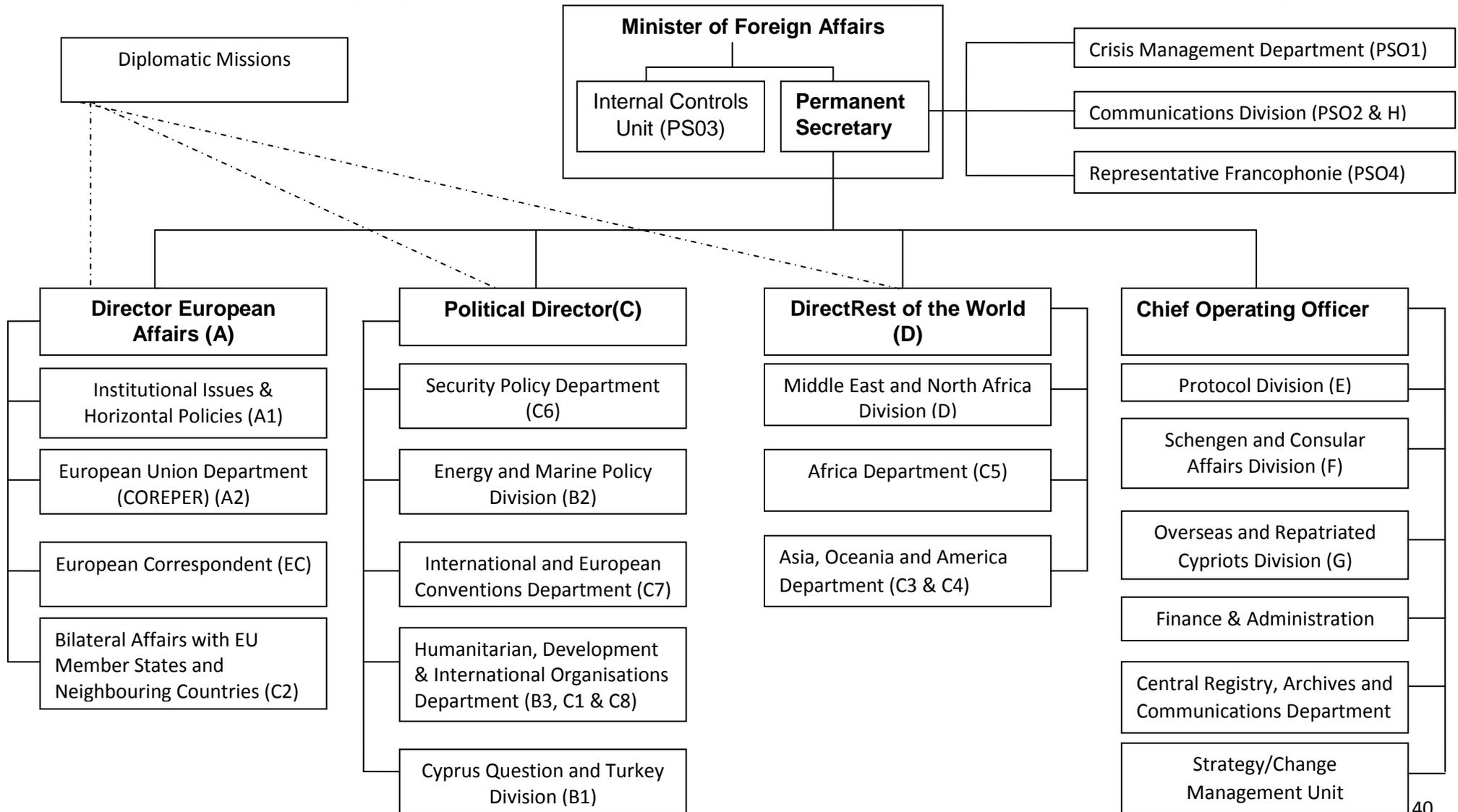


Table and Map of Overseas Posts and associated costs



Post	2014 Appropriation (source: mof.gov.cy)	No of Cy based MFA staff	No of Local MFA staff	No of Cy based other staff (e.g. commercial, CTO, cultural)	No of Local other staff	Purchased services
<b>EUROPE</b>						
Athens	€858,798 (incl Thessaloniki )	3	18	2 maritime 1 commerce	8 cultural 5 maritime 4 commerce 5 tourism	
Belgrade	€157,897	1 + 1 archives	4			
Berlin	€493,021	3	8	1 commercial	1 cultural 6 commercial	
Bratislava	€281,421	1	4			
Brussels Embassy	€385,800	1	3		1 CTO	
Brussels PR	€1.654.119	17 + 1 archives	19	5 Agriculture, Rural	1 Energy, Commerce,	

				Development and Environment 3 Energy, Commerce and Tourism 1 Interior 4 Defence 2 Labour, Welfare and Social Insurance 10 Finance 1 Treasury 1 AG's Office 2 Justice and Public Order 1 House of Representatives 2 Transport, Communications and Works 1 Education and Culture 2 Health 2 DG for European Programmes, Coordination and Development 1 Press and Information (NB: subject to change)	Industry and Tourism 1 Agriculture, Rural Development and Environment 1 Labour, Welfare and Social Insurance	
Bucharest	€231,400	1	4	1 clerical officer		
Budapest	€220,019	1	3		2 CTO	
Copenhagen	€373,586	1	3			
Dublin	€394,975	2	4			
Ekaterinsburg	See Moscow		2			
Geneva	€616,270	2	5			
Hamburg (Maritime office paid for by Ministry of Transport, Communicatio				1 maritime	3 maritime	

ns and Works)						
Helsinki	€417,019	1	4		2 CTO	
Kiev	€301,535	1	4		1 CTO	
Krasnodar	See Moscow		2			
Lisbon	€145,666	1	3			
London	€1,062,999	4 + 1 archives	19	1 commerce 2 maritime 1 CTO	4 commerce 1 cultural 1 maritime 6 CTO	1 security
Madrid	€446,789	1	5			
Moscow	€1.528.733 (incl Consulates General in St Petersburg, Krasnodar, Ekaterinsbur g and Samara)	3	15		4 commercial 5 CTO	
Paris	€597,488	3	7		4 commercial	
Rome	€693,140	2	5			1 Press
Rotterdam (Maritime office paid for by Ministry of Transport, Communicatio ns and Works)				1 maritime	1 maritime	
Samara	See Moscow		2			
Sofia	€122,776	1	4			
St Petersburg	See Moscow	1	7		1 CTO	1 cleaner 1 security
Stockholm	€465.684	2	4		5 CTO	
Strasbourg	€205,489	3	4			
The Hague	€516,511	3	5			
Thessaloniki	See Athens	1	3		1 CTO	
Vatican	€388,423	0 - Ambassador is a political appointee	4			
Vienna	€546,636	3	7		3 commercial 3 CTO	
Warsaw	€377,218	2	5	1 commerce	1 commerce 2 CTO	

AMERICAS						
Brasilia	€199,384	1	3			
Havana	€175,420	1	3			
Mexico	€235,811	1	4			
New York CYMIS and CG	€833,808	8	12	1 maritime 1 clerical officer	1 maritime 2 commercial 2 CTO	
Toronto	€209.409	1	2			
Washington	€458,448	5	6	1 clerical officer		
MIDDLE EAST/GULF						
Abu Dhabi	€314,658	1	5			
Amman	€167,853	1	4	1 clerical officer 1 Ministry of Labour, Welfare and Social Insurance (NB both jobs likely to be localised this summer)		
Beirut	€446,240	1 + 1 archives	7		3 commercial	
Cairo	€151,009	2	6	1 press and information		
Doha	€268,297	1	4			
Dubai (Commercial and CTO office paid for by Ministry of Energy, Commerce, Industry and Tourism and CTO)					4 commercial 3 CTO	
Muscat	€185,319	1	5			
Kuwait	€215,797	1 + 1 administrativ e officer	4			

Ramallah	See Tel Aviv	1	3			
Tehran	€233,191	1	4	1 clerical officer		3 guards
Tel Aviv	€529.519 (+ Ramallah)	2	5	1 maritime 1 assistant clerical officer		
<i>Tripoli (operations temporarily suspended)</i>	<i>€191,681</i>	<i>1</i>	<i>3</i>			
<b>AUSTRALASIA</b>						
Canberra	€495,043	2	6			
<b>ASIA</b>						
Beijing	€280.686	3	5	1 commercial 1 clerical officer		
New Delhi	€383,244	2	7			
<b>AFRICA</b>						
Pretoria	€268,388	2	3	1 clerical officer		

## Description of findings during the experts' missions 1 & 2 to Cyprus

### Mission 1 (29/09/2014 – 03/10/2014)

#### *Key findings*

#### *Leadership*

- 1.1 The ministry has many highly motivated staff with high level of dedication and commitment. Many staff, particularly the newer generation, showed an appetite for change. However, within the ministry there is little evidence of experience of leading and managing change including appreciation of the challenges of 'change'. Proposals for change exist but are not often implemented due to disinterest and lack of drive from the top. This is frustrating and demoralising for many MFA staff. There is little confidence that initiative and innovation is appreciated and taken seriously.
- 1.2 In the ministry there is little evidence of structured, regular team meetings with key officials. Because the flow of information often depends on informal networks rather than systems, no one, apart from the Permanent Secretary, has the full picture of the work of the MFA. Partial information and knowledge about policies and decisions is compounded by the fact that policy objectives are divided between different departments and coordination within the MFA is also informal and weak.
- 1.3 As already pointed out, coordination with other ministries remains challenging both in Nicosia and with their representatives in the missions. It relies on other ministries interest and goodwill and personal relationships. Seconded officials in embassies do not normally report through ambassadors; a notable exception is the permanent representation in Brussels.
- 1.4 In terms of allocation of posts both in Nicosia and overseas there is little evidence of HR or workforce planning. Decisions are not transparent and there is evidence that posts are created to suit individual preferences rather than the business.
- 1.5 As a consequence, there seems to be a disconnect between the needs of the business, the structure supporting the business and the number and skills of staff allocated to different business areas. In this respect it is worth noting the many vacancies that the current MFA organogram carries and in some cases has been carrying for years, suggest that the current structure does not completely reflect the business needs. It is unclear how having many vacancies impacts on budgetary and human resources planning and allocation.
- 1.6 A theme that was highlighted in many meetings is the poor investment in building the capacity and capability of staff at all levels. There is no structured induction for staff joining the ministry in Nicosia or overseas and little opportunity for personal and professional development. We

heard of instances of staff having to depend on locally employed staff in a mission to learn about consular work due to no briefing, guidance or preparation before being posted.

## *Strategy*

- 2.1 The MFA has produced a strategic plan. This was developed with little consultation within ministry or the missions and has been very poorly communicated. It was drafted in order to comply with the PFM requirement rather than setting the direction of the ministry, defining its priorities, developing a structure and organising staff and budgets to support delivery of the priorities.
- 2.2 Critically, because of the limited understanding of PFM and proposed HRM reforms and how these horizontal policies will impact the work of MFA and missions, there is limited appreciation of the dependencies between strategy, objectives, activities and resource allocations (HR and finance) and how delivery and resourcing of the strategy is going to be implemented.
- 2.3 The current strategy describes how the ministry works at present and its ambition going forward but lacks clear articulation of what the MFA needs to de-prioritise and reorganise if it were to meet current ambitions within a limited financial envelope. Also there is little indication of how performance of the ministry would be measured over time.
- 2.4 There seems to be a sense that spending time and effort to develop a strategy is a luxury that the MFA cannot afford. This is partly due to highly centralised budgetary and human resource management systems with little or no delegation of authority resulting in officials at the top, including the Permanent Secretary spending a disproportionate amount of time on administrative, transactional tasks.

## *Delivery*

- 3.1 Operational staff in the ministry work very hard to support colleagues in Nicosia and overseas despite many challenges due to an over centralised budget management system and human resource management system that operate throughout Cyprus public administration.
- 3.2 Staff find the current business systems inefficient, highly transactional, 'cost oriented', and frustrating. Decisions that affect the business of the MFA, at home or overseas, are made outside the MFA by people who do not necessarily understand the business.
- 3.3 Although many of these challenges will disappear with the implementation of the PFM reform, we found very little awareness of such reform across the ministry and no preparation in place for its implementation. For example we found no evidence of systematic data collection to understand the cost of outputs and put in place systems to justify resources requests/allocations going forward.
- 3.4 In terms of HR, we heard a lot about the current challenge of working in a highly centralised HRM system with little or no managerial input into recruitment, appointment and career development and how this affects efficiency and effectiveness of the ministry as a whole.

3.5 Staff expressed strong concerns about an ineffectual performance system and consequent lack of performance management in the MFA (as across the whole public administration) and have high expectations from this report of changes that will result in enhancing a practice of delegation, working more flexibly and promotion of a culture of personal responsibility and accountability. NSGI would welcome such changes and believe that they are essential to enabling this ministry and Cyprus public administration at large to realise its ambition. However, a package of HRM reforms is currently being considered by government – and changes in this areas are dependent on government wide policies.

3.6 A related issue, where the MFA potentially can have more discretion, is the lack of central oversight and performance assessment of locally engaged staff in diplomatic missions and non-clarity about the legislation governing employment (including disciplinary issues) in the host countries.

3.7 Additional important issues affecting professional delivery are highlighted below:

- The wish for the MFA to employ legal services with specialised knowledge to counter the over dependence on the centrally managed Legal Advisory Services resulting in delays or inadequate advice being provided
- Maintaining the institutional memory across the ministry and the missions – this is heavily reliant on individuals rather than a working system despite the hard work of the archive department to re-dress the current unsatisfactory situation.
- Dissatisfaction with Kleitos, the current IT system and level of security – this is not user friendly, it is resource intensive, does not provide for secure mobile communications hindering mobile working and increasing work load of staff.

#### **Mission 2 (10/11/2014 – 14/11/2014)**

##### ***Key Findings***

4.1 As a result of facilitating a number of workshops/seminars with officials from the same rank we found the following key themes emerging:

##### ***Leadership***

4.2 While most staff felt they had a shared understanding of the broad political vision of the Ministry, they felt they would be better placed to implement it if they had more clarity on the way in which their work related to the bigger vision, and the separate steps that were required to achieve goal identified by the Ministry.

4.3 Staff also wanted the Ministry to find better ways of working, so that staff and divisions were not working in 'silos', but were better coordinated between each other.

- 4.4 Staff wanted a stronger sense of inclusion, and felt that they wanted to be consulted on the present and future direction of the Ministry.
- 4.5 Staff were clear that they lacked management and leadership training or coaching. All felt that they – and their managers – would operate more effectively if the Ministry had a coherent programme of such training delivered at all levels.
- 4.6 One of the strongest themes was around performance management and postings. All staff felt that the current system lacked transparency, and was subjective. They wanted a new system which would be more consistent, spotting and promoting talent in a way which was fair and transparent. This would help staff feel adequately supported and directed by the system.
- 4.7 A key, clearly expressed desire throughout all these discussions was for more transparency at all levels of the MFA, and through all structures.

### *Strategy*

- 4.8 Staff saw the need for some sort of accountable structure in the Ministry to see through development and implementation of strategy. This could take different forms, including a task force, virtual team or established unit: the important point was to have a selected group of people responsible for delivering strategy.
- 4.9 Staff wanted wide consultation on strategic processes, including Embassies and other missions overseas. Wide consultation would achieve two impacts: First, the MFA would get a strategy which drew on the wide levels of experience across the whole ministry, and second, staff would feel strong ownership of the strategy.
- 4.10 Staff wanted to see the MFA develop operational or business plans which could help smaller units (divisions or Embassies) implement a wider strategy. There was substantial debate over how achievements could be measured, with no clear, consistent answer emerging – just a desire to find a mechanism which would work.
- 4.11 Staff wanted the MFA to find better ways to end intra- and cross-ministerial ‘stove-piping’ (also noted above in the Strategy section). The work of horizontal units in particular needed to be better bound into the geographical units: and the MFA needed to develop better co-operation with other ministries in Nicosia.

### *Delivery*

- 4.12 Staff felt that the MFA thought about resources tactically rather than strategically (an example often cited was the closure – for resource reasons – of some Embassies in 2013, where there appeared to be no clear strategic rationale for the choice of Embassies closed).
- 4.13 Staff acknowledged that while there were some sets of statistics describing activity in the MFA (hours worked, phone calls made/taken etc), there was nothing that helped the MFA to measure performance, in particular over time.
- 4.14 One consistent theme throughout all our contacts with the MFA was the strong need for training, development, coaching and mentoring. But staff also understood the need for them,

and the organisation, to go beyond this. The whole MFA needed to become a 'learning organisation', looking at how it achieves what it does, what works, and what could be improved. This will require more focus on risk identification and management, and knowledge management.

- 4.15 Many staff concerns centred around issues which are being, or will be, addressed under PFM and HRM. PFM is agreed and will be rolled out [HRM has not yet been agreed at the political level, but the MFA would do well to start working on the principles it enshrines.] Staff felt strongly that the issues covered under these cross cutting reforms were hugely relevant to them and their work.

## Records from workshops held in March 2015

**Change Management Team: Composition, Functions, Skills (1)****Composition**

Senior diplomat (agent of change)

Junior diplomat

Administration/accounting

IT/Archives

(50/50 split between diplomatic and admin/accounting/IT/archives staff)

**Functions**

1. Strategy outline/framework
2. Resource and budget allocation
3. Communication of strategy to ALL staff
4. Implementation, monitoring, assessment

**Skills**

1. Managerial knowledge/skills
2. Team player
3. Agent of change
4. Good social skills
5. Communication skills

**Change Management Team: Composition, Functions, Skills (2)****Composition**

6 people: 4 diplomats with overseas experience, 1 administrative staff, 1 archives and communications staff

**Function**

Identifying:

1. MFA priorities and main elements to be included in strategy
2. Weaknesses in existing system in terms of sharing information both within MFA and Missions abroad and how priorities and objectives are executed now
3. Set targets and deliverables

**Skills**

4 diplomats to have broad experience in overseas postings. Archives and Communications officer to also have had overseas experience.

## Strategy - Medium

### Align resource allocation in Ministry

<b>Strengths</b> Target focus	<b>Weaknesses</b> Resources against strategy i.e. people without skills Makes people unhappy
<b>Opportunities</b> Majority want the change Potential job satisfaction	<b>Threats</b> Embed practice

### Strategic Unit headed by senior diplomat

<b>Strengths</b> Give strength	<b>Weaknesses</b> Having wrong senior diplomat in place Another hub of power
<b>Opportunities</b> Seniority could strengthen process Easier to reconcile diplomatic and non-diplomatic departments	<b>Threats</b> The destabilising effect

### Strategy Unit to give guidance

<b>Strengths</b> Smoother transition from theory to practice	<b>Weaknesses</b> SU may not be capable of giving guidance
<b>Opportunities</b> Opportunity to use management and business skills	<b>Threats</b> Over-complication of sources of authority

**SU to monitor**

<b>Strengths</b> Consistency	<b>Weaknesses</b> Parallel structure
<b>Opportunities</b>  Pulling more people in makes process more robust	<b>Threats</b>  Impeaches on personal interests and ambitions

**SU to promote corporate and individual ownership**

<b>Strengths</b> Feeling of belonging – ownership – dedication Transparency	<b>Weaknesses</b> Resource cost (time, money, people)
<b>Opportunities</b> Transparency	<b>Threats</b> Cultural mentality

**Strategy – High Level ambition**

**Set up a policy board**

<p><b>Strengths</b></p> <p>Positive response from outside to MFA’s work</p> <p>Increase coherence with work of other governmental and non-governmental agencies</p>	<p><b>Weaknesses</b></p> <p>Senior figures often the most resistant to change</p> <p>Confidentiality issues might reduce the scope for bringing in outsiders</p> <p>Who appoints the policy board?</p> <p>Are we reproducing existing structures?</p> <p>Limited to senior figures – good as an idea but how do we operationalise in practice?</p>
<p><b>Opportunities</b></p> <p>Get “insiders” and “outsiders” to work on a coherent plan</p> <p>Be innovative and have also mid-rank and more junior people to have a voice</p>	<p><b>Threats</b></p> <p>Friction created from including outsiders</p>

**Board develops strategy**

<p><b>Strengths</b></p> <p>More flexibility within constraints of existing structure</p> <p>Ability to set new goals</p> <p>More efficient allocation of resources</p> <p>Fulfilment of new requirements for PFM</p>	<p><b>Weaknesses</b></p> <p>Underlying structure is there – might be difficult to completely overhaul</p> <p>Because of upheaval/effort required for a complete change, it might be difficult to envisage change in this new structure – because of fear to be in “perpetual revolution”</p> <p>A lot of effort has to be extended</p>
<p><b>Opportunities</b></p> <p>Question existing structure – possibility to achieve more</p> <p>External “justification” for proceeding with change that has been identified as necessary</p>	<p><b>Threats</b></p> <p>Reaction of those who are benefitting from existing structure</p> <p>Setting completely new goals/new structure might lead to unrealistic outcomes/expectations</p> <p>Confusion about new structure</p>
<p>External reactions – perceptions to this process (could be an opportunity or a threat)</p>	

### **Strategy - Low Ambition**

Establish a Strategy Unit

<b>Strengths</b> Vision Unit is dedicated to the issue: e.g. assessment of reasons for success and failure; constant feedback Coherence Avoidance of duplication	<b>Weaknesses</b> Time consuming Lack of human resources
<b>Opportunities</b> Experienced staff Self-improvement	<b>Threats</b> Sustainability of arrangements (Strategy Unit...)

Identify and appoint staff with the appropriate skills and competences

<b>Strengths</b> Motivation Good outcome of their work Transparency in processes	<b>Weaknesses</b> Loss of flexibility in a small MFA Too specialised on one issue – risk of neglect of other issues
<b>Opportunities</b> Motivated officers – ready to be improved	<b>Threats</b> It can be divisive Sensitivity of whole process

Design/implement communication strategy (effective feedback/mechanisms)

<p><b>Strengths</b></p> <p>Transparency</p> <p>Motivation</p> <p>Attract all/more available expertise e.g. academic/officials/other ministries</p> <p>Improvement of the image of MFA</p>	<p><b>Weaknesses</b></p> <p>Risk to publicise details you should not</p> <p>Time consuming/limited human resources</p>
<p><b>Opportunities</b></p> <p>Engagement from outside the MFA</p>	<p><b>Threats</b></p> <p>Confidentiality</p> <p>Culture not ready</p>

Align resources to strategy

<p><b>Strengths</b></p> <p>Better results</p> <p>Lower costs</p>	<p><b>Weaknesses</b></p> <p>Small MFA loses flexibility</p>
<p><b>Opportunities</b></p> <p>PFM</p>	<p><b>Threats</b></p> <p>Culture to be ready</p> <p>Possibility of public criticism</p>

Design a monitoring process to measure progress

<p><b>Strengths</b></p> <p>Motivation</p> <p>Effectiveness</p>	<p><b>Weaknesses</b></p> <p>Time consuming for a small MFA</p>
<p><b>Opportunities</b></p> <p>Transparency</p> <p>PFM</p>	<p><b>Threats</b></p> <p>Confidentiality</p> <p>Possible people think to be undermined (due to failure)</p>

## Leadership

### Professional learning

<b>Strengths</b> Improve staff skills in a consistent and targeted way Continuous improvement Incentive to get better	<b>Weaknesses</b> May occupy too many staff Not enough staff for the unit
<b>Opportunities</b> Skilled and well-guided personnel	<b>Threats</b> More employability outside public sector Danger to create excessive interest to employees

### Rules on postings

<b>Strengths</b> Better allocation of resources Transparency Get rid of discretion	<b>Weaknesses</b> Rigid system
<b>Opportunities</b> Create a transparent and fair system of transfers	<b>Threats</b> Create an over regulated framework

### Measures to improve co-ordination

<b>Strengths</b> Work more efficiently More responsibility Better decisions	<b>Weaknesses</b> Too much information Over documentation Not sufficient means
<b>Opportunities</b> Improve quality of work Speedy decision making Wider consultation	<b>Threats</b> Lack of time Mistakes Reduced co-ordination ability

### Opening/closing Embassies

<b>Strengths</b> Prioritise resources and policy of the MFA	<b>Weaknesses</b> Damage diplomatic relations/political cost
<b>Opportunities</b> Establish Embassies in more countries Better staffing of missions	<b>Threats</b> Close down missions for financial reasons

### Delegate responsibility

<b>Strengths</b> Save time and resources Accountability	<b>Weaknesses</b> Need for correct and comprehensive system of evaluation
<b>Opportunities</b> Create a better and more fair system of evaluation	<b>Threats</b> Increase tensions

### Communication by Minister

<b>Strengths</b> Staff has a wide and clear picture of priorities	<b>Weaknesses</b> Not specific, not inclusive regarding staff with different functions
<b>Opportunities</b> Direct communication with leadership/motivation/sense of direction	<b>Threats</b> Misinterpretation

## SWOT ANALYSIS – High Level Leadership

### (1) Structure/Induction

<b>Strengths</b> Better preparation More aware Efficiency Confidence	<b>Weaknesses</b> Time Training Not enough people
<b>Opportunities</b> Better services Enhances reputation	<b>Threats</b> Personnel disconnect/gaps in services

### (2) Development programmes

<b>Strengths</b> Sharing expertise and institutional memory Increasing skills	<b>Weaknesses</b> Time Finance?
<b>Opportunities</b> Better performance Ref. point Prof. Competing for resources	<b>Threats</b> Scepticism Culture/mentality (working) Not understanding the value

### (3) Talent Development

<b>Strengths</b> Skills Expertise	<b>Weaknesses</b> Lack of vision
<b>Opportunities</b> Meritocracy	<b>Threats</b> Challenge to authority and current structure

**(4) Introduce different capacity approaches**

<p><b>Strengths</b></p> <p>Better implementation of strategies</p> <p>Higher level of capacities</p> <p>Better understanding of requirements</p>	<p><b>Weaknesses</b></p> <p>Time</p> <p>Resources</p> <p>Management</p> <p>Complexities</p>
<p><b>Opportunities</b></p> <p>Better capability</p> <p>Higher reputation</p> <p>Visibility of practice</p>	<p><b>Threats</b></p> <p>Existing cultural mentality</p>

**Leadership – High Ambition**

1. and 3. Set and communicate direction and success; Inclusion of missions (Set goals and deliverables and communicate to all levels clearly (diplomatic + admin + local staff); consultation at all levels and with external stakeholders)

<p><b>Strengths</b></p> <p>Sense of common purpose</p> <p>Clarity</p> <p>Everybody works towards the same goals</p> <p>Better chance of success</p> <p>Better use of resources</p> <p>Avoid overlapping/duplications</p>	<p><b>Weaknesses</b></p> <p>Time consuming</p> <p>Finding the right tools of communication</p>
<p><b>Opportunities</b></p> <p>Evaluate/monitor results</p> <p>Better chance of success</p> <p>Public image of MFA</p>	<p><b>Threats</b></p> <p>Non-inclusive (must be inclusive after consultation within MFA missions)</p>

2. Strengthen formal communication and consultation on MFA direction (set up structures and processes)

<p><b>Strengths</b></p> <p>Create a culture of cooperation and information sharing</p> <p>Institutionalising</p> <p>Clear framework</p>	<p><b>Weaknesses</b></p> <p>Possible lack of flexibility</p> <p>Time consuming</p>
<p><b>Opportunities</b></p> <p>Improve delivery</p> <p>Structural change</p>	<p><b>Threats</b></p> <p>Lack of willingness to change</p>

4. Increase transparency of decisions at all levels (setting criteria and guidelines on most decisions related to implementation of the strategy; criteria should be clear and apply to everyone with no exception)

<p><b>Strengths</b></p> <p>Sense of justice</p> <p>Eliminate political interference</p>	<p><b>Weaknesses</b></p> <p>Resistance to change</p> <p>Unwillingness to be accountable</p>
<p><b>Opportunities</b></p> <p>Systematic approach which will encourage change of existing practise</p>	<p><b>Threats</b></p> <p>Conflict:</p> <p>-&gt; within MFA</p> <p>-&gt; by external stakeholders</p>

5. Agree on employment status and performance management of LE staff (setting up guidelines concerning the status of employment and performance evaluation (legal and procedural))

<p><b>Strengths</b></p> <p>Transparency</p> <p>Clarity</p> <p>Easier for the HoM (tool)</p> <p>Save time and energy</p>	<p><b>Weaknesses</b></p> <p>Resistance/unwillingness</p>
<p><b>Opportunities</b></p> <p>Avoid friction between staff</p>	<p><b>Threats</b></p> <p>Issue of changing local status?</p>

### Restructuring and reprioritisation

<p><b>Strengths</b></p> <p>Setting higher ambitions/goals</p> <p>Potential for more efficiency and creativity</p> <p>Better time management</p> <p>Freeing up resources</p>	<p><b>Weaknesses</b></p> <p>Assumption that everything in existing structure is not functional can have implications – inefficient use of existing structures/resources</p> <p>Demoralising effect on some who are affected by change</p> <p>“Uncharted territory” – how to proceed – evaluate etc</p>
<p><b>Opportunities</b></p> <p>New start</p> <p>Motivating those who might have capacity but are under-performing in the current structure</p> <p>Opportunity for fresh ideas and co-opting more people/agents in new structure</p>	<p><b>Threats</b></p> <p>Chaotic process</p> <p>Conflict</p> <p>Resistance to change by those who feel they are “losing” from change</p>

## Publish the Strategy and Reviews

<p><b>Strengths</b></p> <p>Transparency – chance to explain to others what we do</p> <p>Publication can make us realise that we also have an “audience” with expectations and can lead to targeting also towards that goal</p> <p>Increase appreciation of MFA</p> <p>Document that MFA employees can utilise for guidance</p>	<p><b>Weaknesses</b></p> <p>Publication is like an invitation to be judged/evaluated – can lead to anxiety/stress</p> <p>Criticism not always constructive especially if public not aware of all constraints/resources/goals</p>
<p><b>Opportunities</b></p> <p>Feedback</p> <p>Process can help us make explicit also to ourselves our strategic goals</p>	<p><b>Threats</b></p> <p>Steer so as to create balance between maintaining confidentiality and having transparency</p> <p>Taking/publishing decisions which might not be the best but simply the ones that resonate with the public</p>

## Delivery – Medium-High ambition

### Replace Kleitos

<b>Strengths</b> Speed Communication security Pooling/inclusiveness	<b>Weaknesses</b> Cost of a new system
<b>Opportunities</b> Opportunity for more efficient communication with other Ministries/Departments	<b>Threats</b> Losing archives

### Set up Legal Services

<b>Strengths</b> Speed up process Specialised legal opinion	<b>Weaknesses</b> AG's office would need to lose a member/s of staff Unit could become over-burdened
<b>Opportunities</b> Specialisation of person who is seconded to MFA from AG	<b>Threats</b> Risk of unconstitutionality of advice in MFA Domino effect for other Ministries

Improve policy co-ordination with other ministries

<p><b>Strengths</b></p> <p>Improve efficiency</p> <p>Better understanding</p> <p>Gives a wider perspective</p> <p>All report through HoM overseas</p>	<p><b>Weaknesses</b></p> <p>Time consuming</p> <p>Depends on other Ministries' goodwill</p> <p>Losing resources/enhancing understaffing</p> <p>No consequences for not delivering</p>
<p><b>Opportunities</b></p> <p>Streamlining of processes</p> <p>Gaining from expertise of MFA seconded officers</p>	<p><b>Threats</b></p> <p>Individuals feel they lose power</p> <p>Internal networks function (but depend on persons)</p>

Review size and shape of Missions; consider better use of EEAS/Hon cons/other agreements

<p><b>Strengths</b></p> <p>Possible budget savings</p> <p>Better network</p> <p>Explore the established facilities</p>	<p><b>Weaknesses</b></p> <p>Risk of bad decisions</p> <p>Reciprocity issues</p> <p>Time consuming, allocating resources</p>
<p><b>Opportunities</b></p> <p>Wider representation</p>	<p><b>Threats</b></p> <p>Political interference</p> <p>Problems with local staff to manage change/close embassies</p>

Agree with Central Legal Services a dedicated legal resource for the MFA

<p><b>Strengths</b></p> <p>Would give MFA ability to deal with emergencies</p>	<p><b>Weaknesses</b></p> <p>Need for more than one person depending on specialisation</p>
<p><b>Opportunities</b></p> <p>Ability to respond e.g. in EU meetings</p>	<p><b>Threats</b></p> <p>Need for political agreement for MFA to have resource</p>

Increase use of VTC (to reduce travel)

<p><b>Strengths</b></p> <p>Cost savings</p> <p>Immediate communication</p>	<p><b>Weaknesses</b></p> <p>Not very relevant – would not reduce travel e.g. to EU meetings</p>
<p><b>Opportunities</b></p> <p>Better co-ordination</p> <p>Different quality of discussions</p>	<p><b>Threats</b></p> <p>Security</p>

Consider scheduling of Kleitos transmissions to minimise disruptions

<p><b>Strengths</b></p> <p>None</p>	<p><b>Weaknesses</b></p> <p>Overloading people on shift</p>
<p><b>Opportunities</b></p> <p>None for MFA – for posts to resolve</p>	<p><b>Threats</b></p>

Modernise payment for visa/consular services

<p><b>Strengths</b></p> <p>Save time</p> <p>More secure</p> <p>Better control</p> <p>Efficiency</p>	<p><b>Weaknesses</b></p> <p>Will take time to change and adjust</p>
<p><b>Opportunities</b></p> <p>Better customer service</p>	<p><b>Threats</b></p> <p>Relies on internet connection</p> <p>Credit card fraud</p>

**Delivery – LE Staff**

[to replace diplomats] (General comment from group – conflating categories of LE staff in the report does not allow for an accurate reflection of current situation)

<b>Strengths</b>  Cost Different kinds of experience/capacity Better awareness of local conditions Flexibility to hire according to local conditions	<b>Weaknesses</b>  Do they have adequate experience at a national bureaucracy level?  Loyalty  Lack the normal “socialisation” process that civil servants undergo
<b>Opportunities</b>  Enrich the pool of employees  Having young and bright people can be good because they can have fresh approaches/knowledge and they can be very motivated	<b>Threats</b>  Loyalty  Friction with other category of employee  LE staff might have been socialised more in host country frame of mind/going native problem for diplomats  Hiring because of nepotism/outside influence

### Span of control (1) Under MFA Control

Strategy	Leadership	Delivery
Identify and appoint staff	Strengthen formal communications & consultation on MFA direction	Consider scheduling of Kleitos transmissions to minimise work disruptions
Create a Strategy Unit	Talent development	Increase use of VTC [to minimise the need for travel]
Design and monitoring process	Introduce different capacity building approaches	Review key business processes in the Ministry and overseas (e.g. IT, financial)
Strategy Unit to be headed by a senior diplomat	Promote inclusion of Missions administrative, technical and diplomatic staff in defining success	Review size and shape of missions – consider better use of EEAS, honorary consuls and other agreements
Align resource allocation in the Ministry and missions with strategic processes	Set and communicate clear directions and what success looks like	Appoint a Policy Board
SU to give guidance to divisions	Including explicit, regular communications from the Minister to all staff	Restructuring and reprioritisation of the MFA
SU to promote corporate and individual ownership	Establish small but dedicated unit to focus on professional learning and development across the network	
SU to monitor performance	Structured induction	

### Span of control (2) Facilitated Control

Strategy	Leadership	Delivery
Map and engage stakeholders	Agree on employment status and performance management of LE staff	Agree with Central Legal Services access to a dedicated specialised legal service for the MFA
Design, implement and communicate strategy	Increase transparency of decisions at all levels	Put in place a standardised system where all seconded staff working in missions overseas report through their

		Ambassador
Align resources to strategy	Enforce rules about the number of postings overseas	The Board to develop a strategy
Publish the strategy and all reviews	Develop and implement professional development	Improve policy coordination between MFA and those ministries whose policies impact on MFA work
LE staff is able to carry out the duties of a diplomat at a lower cost		

### Span of control (3) Outside MFA Control

Strategy	Leadership	Delivery
		Modernise payment for consular and visa services (on line, card payment)
		Set up a dedicated legal service in MFA
		Kleitos successor

# FACILITATED CONTROL

## Strategy

## Leadership

## Delivery

Map/engage stakeholders  
S ①

Align, influence, communicate strategy  
S ②

Align resource to strategy  
S ⑤

Align on employee status & performance management & HR staff  
CoM/H/HR 1/200

Increase transparency of decisions at all levels  
CoM/HR/HR ②

Engage rules about the number of meetings/overseas  
CoM/HR/R ③

Take a cost/benefit approach to spending and closing initiatives instead of relying only on necessity  
CoM/HR/HR ②

Delegate responsibilities for approvals and financial and control permissions as far down the line as possible  
HR/CoM/HR ③

Align with central legal services across to a different specialist legal team for HR...  
D ②

Put in place a shadow system for all essential staff working in essential work...  
HR/HR ③

Deliver  
Align across delivery...  
HR/HR ③

Delivering  
Develop good practice and specific policy areas...  
HR/HR ④

Delivering  
Review the delivery of all services...  
HR/HR ⑤

Delivering  
Improve policy coordination...  
HR/HR ①

Delivering  
Consider systematic...  
HR/HR ②



# MFA

# OWN

# CONTROL

## Strategy

## Leadership

## Delivery

1. Inside Control  
2. Identify and equalize  
3. Create Strategy Unit  
4. Design a measurable process

1. Strategy Unit to be headed by a senior diplomat - report

2. Align resource allocation in the Ministry and align with strategic priorities

3. SO to give evidence to Parliament

4. SO to promote corporate and individual partnership

5. SO to monitor performance

1. Change the name of the unit to reflect the new structure in the Ministry

2. Form a selection of senior, identifying technical & diplomatic skills a leading success

3. Set 8 accounts - clear direction of what success looks like

4. Schedule regular communication for the Ministry to all staff

5. Establish small but dedicated unit to focus on professional learning and development across the sector

6. Use measures to improve conditions for staff and learn from best practice

1. Consider scheduling of stakeholder meetings to minimize any disruption

2. Increase use of VTC to minimize the need for travel

3. Review key business processes to the program and program (if it is not done)

4. Review the role and scope of the unit to ensure it is aligned with the overall strategy

# OUTSIDE MFA CONTROL

Strategy      Leadership      Delivery

Reduce payment for  
services and plan services  
(in line with payment)  
D 5 0

Reduce  
costs in the  
supply chain in 2014  
(Risks include)  
Priority 7

Reduce  
costs in the  
supply chain  
(Risks include)  
Priority 8



## Example of Business Plan

<b>Business Plan</b>		<b>Finance</b>		<a href="#">Link to guidance</a>		
Finance Directorate works to enable the FCO to get the best possible settlement from HMT, use this funding to meet our Foreign Policy Priorities and satisfy the board and external stakeholders that we do so in accordance with policy.						
Total number of Staff in Post/Directorate (FTEs)		Total number of FCO UK Based Staff (FTEs)		Business Plan signed off by: (Name, Position & Date)		
		Total number of FCO LE Staff (FTEs)				
<b>Four-Year (Strategic) Goals for 2014/15 - 2017/18</b>						
1	FCO has sufficient resources to live within its future funding settlement, with resources aligned to the highest priority activities needed to meet the Foreign Policy Priorities.					
2	Highly efficient, accurate and relevant short and medium term financial management, including budget management, forecasting and financial reporting.					
3	Successful Financial Excellence initiative that: makes finance simpler, more accessible and more relevant; transforms the organisation's financial management capability; and ensures that financial aspects underpin all key corporate and policy decisions.					
4	PUS (as Accounting Officer) is confident the FCO is meeting its internal/external reporting requirements and complying fully with HMT rules on Managing Public Money.					
5	Finance Directorate is considered to be a great place to work and is able to recruit and retain high calibre professional and generalist staff.					
<b>Outcomes for 2014/15 Please set out the main outcomes for the year ahead, in order of priority, indicating which of the Four-Year Goals they will help to achieve</b>				<b>4 Year Goals</b>	<b>FCO Priority Outcome/ OGD Lead</b>	<b>ODA (Y/N)</b>
(i)	Diplomatic Excellence Measuring Framework: Financial Management Strand – Ensure FCO spend against budget in FY 2014/15 is between 99-100% of budget. Any risks to under/overspend are identified at an early stage and reprioritisation options are put to the Board through the monthly reporting cycle. FRT			2	Network	N

(ii)	Diplomatic Excellence Measuring Framework: Financial Management Strand - FCO lays unqualified FY2013/14 Accounts [including BBC World Service consolidation] before the 1 July 2014 deadline, and the NAO Management Letter contains no serious concerns. CAT & FET	4	Network	N
(iii)	By March 2015, the FCO has undertaken a detailed assessment of potential efficiency savings and established a clear understanding of its future financial needs, so that it's well positioned for the next Comprehensive Spending Review. PSP	1	Network	N
(iv)	Allocate provisional budgets covering 90% of available funding by end August 2014, with the remaining allocated by January 2015. MTFP	1,4	Network	N
(v)	Delivery of £323m ODA target in 2014/15, and improved recording of ODA activity to ensure that £90m of the £100m ODA uplift in 2015/16 is available to support the network. PSP	1,4	Network	N
(vi)	Improve management information to support high level decision making ( <i>DIP measure</i> ). Develop the available technology to provide improved reporting and analysis for financial accounting [integrated set of Resource Accounts shared with the NAO by 30 Sept 2014], management accounting [including PAG charging & ODA by 31st December 2014] and supporting financial regionalisation [Hub Dashboards, improved Balance Sheet analysis by 31st March 2015]. FET	2,3	Network	N
(vii)	To provide excellent support, consultation and review service to DGs Directors and Posts supporting them managing their resources to deliver FCO priorities, reinforced by creation of new Regional Finance Hubs (fully operational by January 2015) with clear roles, responsibilities, procedures and tasking between Finance Directorate, Hubs and Posts to deliver accurate, consistent and timely information and increase professionalism. FET/RMD	2,3	Network	N
(viii)	Using practical initiatives (cross team working, social events) to develop a positive environment for Finance Directorate to have earned a high level of staff engagement and employee satisfaction across the new expanded directorate. Ensure colleagues are clear about their individual objectives and the overall goals of the Directorate. Develop culture of excellence to ensure FD creates a reputation as a strong department for career progression.	5	People	N
(ix)	Produce Whole of Govt Accounts [WGA] by 31st July 2014 (approved by NAO by 15 August), and in conjunction developing a plan to resolve all medium and long-term balance sheet issues by the end of FY14/15, developing clear processes for monitoring assets and liabilities across the network. CAT	4	Network	N
<b>Diplomatic Excellence Outcomes for 2014/15 Please set out your Outcomes (1-2) for the year ahead to strengthen capability in support of Diplomatic Excellence.</b>			<b>Diplomatic Excellence Strand (Policy, People, Network)</b>	
a	The Regionalisation Programme and consolidation of Finance functions within the UK deliver a clear Finance Operating Model for the FCO network using less resource, and achieving better compliance (increased FPCIs), consistency and standardisation. FET	Network		

b	Financial Management Strand – Ensure FCO spend against budget in FY 2014/15 is between 99-100% of budget. Any risks to under/overspend are identified at an early stage and reprioritisation options are put to the Board through the monthly reporting cycle. FCO lays unqualified FY2013/14 Accounts [including BBC World Service consolidation] before the 1 July 2014 deadline, and the NAO Management Letter contains no serious concerns.	Network
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### Mid-Year / End-Year Review

*Heads of Mission / Directors should review their Post's / Directorate's progress at the MYR and EYR stages and provide RAG ratings on the delivery of Outcomes and a brief explanation for the ratings.*

<b>2013 Staff Engagement Index</b>		<b>Security Breaches 2013</b>		<b>FCO Budget Allocation 2014/15 (£m)</b>	
<b>2014 Staff Engagement Index</b>		<b>Security Breaches 2014</b>		<b>Forecast over/underspend (%)</b>	
<b>Explanation</b>					
<b>MYR Rating</b>	<b>EYR Rating</b>	<b>Explanation</b>			
	<b>Amber</b>	Ongoing. FCO has lived within its SR10/13 settlements while maintaining and, in some cases, enhancing its frontline activity. The backdrop to the 2015 Spending Review is very difficult. Work is underway on an FCO bid for additional funds in priority areas and on a contingency plan for reducing costs if budgets cuts are imposed.			
	<b>Green</b>	The basics are right - finance hubs in place, improved MTFP data being utilised more widely. There remain challenges ahead in future years to continue to improve.			
	<b>Amber</b>	Financial considerations are increasingly embedded into decision making and our systems have improved. Ongoing challenges around processes and matrix management.			
	<b>Green</b>	There has been a high level of compliance with HMT rules with very few exceptions (for which retrospective approval has been granted; e.g. LLA). Accounts continues to be unqualified by NAO. Work to ensure compliance of CSSF has begun.			
	<b>Amber</b>	We rate Finance Directorate as a 'good' place to work with high profile, interesting work helping to retain both specialist and generalist staff. Some generalist positions remain difficult to fill and there is a sense that the Directorate does not receive a lot of credit for the work it does.			
<b>MYR Rating</b>	<b>EYR Rating</b>	<b>Explanation</b>			

Amber	Green	<i>Enabler: people.</i> £10m forecast Resource underspend as at the end of February 2015. The process for managing the budget is much improved and more tightly controlled compared to previous years.
Green	Green	<i>Enabler: people.</i> Achieved at mid-year. Accounts submitted on time and earlier than previous years. No material issues/serious concerns. A good process/comms with stakeholders has helped with progress.
Amber	Amber	<i>Enabler: engagement and communications planning. Barrier: policy.</i> FCO well positioned for SR15. HMT Efficiency savings review completed and commended by Cab Sec. Initial stage of SR work on Bids (future financial needs) and Efficiencies now complete - by 30 March ExCo will have seen a full set of papers covering both. But detailed contingency work, especially on Efficiencies, not finalised. Change in direction on SR15 oversight/governance in autumn and an initial lack of analytical capacity main reasons for Amber rating.
Green	Green	<i>Enabler: engagement and communications planning. Barrier: ambition.</i> Budget provisionally allocated for 2015-16 ahead of MTFP process based on existing plans. Balanced budget delivered with remaining funding allocated in January 2015.
Amber	Green	<i>Enabler: people. Barrier: people.</i> Confident of meeting the ODA 2014/15 target. Plans in place to use £95m of the £100m uplift for 2015/16 to support the network, with current risk of £53m, and considering further options to meet the remaining £5m gap. Delivery remains dependent on (i) ensuring DFID accept our proposals on scoring platform charging as ODA and (ii) all Posts and Programme Teams delivering their targets. ODA Activity Recording improved through constant outreach by ODA Team – 7% improvement in February.
Amber	Green	<i>Enabler: people. Barrier: ambition.</i> The technology has been developed and work is in hand to maximise its impact across the Posts, including educating staff to make the most the tools available to them. The FCO's annual Resource Accounts will be generated in OBIEE at the end of FY2014/15 and a proof-of-concept pilot was run successfully at Qtr 3. Separate reporting for UKTI has been prepared and will be available for UKTI from 1st April. Balance Sheet reporting of creditors and debtors has improved in-year through dedicated dashboards and more work is planned to assist individual budget holders and hubs with other Balance Sheet reporting in the new financial year.  <i>DIP metrics:</i> we are looking to identify what is required for updating the 2013 MI delivery plan. QDS completion rate is at 100%. Our predictive analysis has improved - the FCO has remained within the glide path (within 1% of RDel total spend) and positive feedback has been received from both non-Executive Board members and the Management Board.
Amber	Amber	<i>Enabler: people. Barrier: engagement and communications.</i> Performance has been greatly improved as has engagement with Directors/DGs (quality KPR and discussions) but measuring the objective is difficult. Professionally staffed Regional Hubs are in place and the embedding of processes is ongoing. At this point each hub is at a different stage of development and there are inconsistencies of approach and practice which are still being addressed. The regional finance model is now being reviewed to ensure the FCO maximises the regional hub model and to ensure that relevant activity is removed from Posts where possible.
Amber	Amber	<i>Enabler: people. Barrier: people.</i> An ambitious and challenging outcome which has been partially met. Positives: good atmosphere; good informal opportunities and sharing of knowledge (specialist and generalist); more ADC passes than last year; interaction between RMD and Finance teams is strong, as is the interaction between Technical Developers and finance specialists. Additional challenge has emerged around the incorporation of CSC and CPG into Finance Directorate in the last quarter. Progress so far has been encouraging with a reform action plan in place and work on better integration underway with more joined up comms and more regular interaction/engagement.

<b>Amber</b>	<b>Amber</b>	<i>Enabler: people. Barrier: outside influences.</i> Target on WGA met but NAO refused to agree to HMT timetable and completed 05/09. Work continuing on resolving medium/long term issues with balance sheets. There is a risk of new problems occurring due to lack of compliance.
<b>MYR Rating</b>	<b>EYR Rating</b>	<b>Explanation</b>
<b>Green</b>	<b>Green</b>	The finance element of the regionalisation programme is in place, overlaying standard financial practices across the eight regional hubs. Additionally, Finance Directorate has absorbed the Resource Management Department and several sections from the Corporate Services Programme during the first half of the year. However, since the reorganisation a number of additional challenges have been placed on the Directorate [including UKTI single budget & DfID Corporate Services Consolidation, plus reviews of FCO Services and British Council]. A number of staff are due to leave the Directorate at the end of the year so whilst we are forecast to be slightly above our headcount target this will be rectified early in the new financial year.
<b>Amber</b>	<b>Green</b>	<p>The financial management strand of Diplomatic Excellence scored 8.29 out of 10 as at February 2015. This reflects achievement of the target of 99-100% spend in FY2013/14 (outcome i) and the laying of unqualified Annual Accounts on time (outcome ii) and is in line with our previous rating. Financial Performance and Compliance Indicators (FPCIs), which measure financial performance in UK Departments and overseas posts and make up the third element of this strand, were overhauled in April 2014 to reflect changing financial processes and trends (e.g. the increasing use of Government Procurement Cards).</p> <p>Improvements in financial management continue to be made. Regional finance hubs are now in place and staffed by finance professionals and work is ongoing to ensure consistent practices across regions. Most transaction processing has been centralised in the Global Transaction Processing Centres in Milton Keynes and Manila. Financial data has been increasingly moved online, and processes have been streamlined (e.g. budget forecasting) or abolished (e.g. the monthly Certified Post Account Analysis Report). New, simplified financial guidance has been posted on the FCO intranet and finance training is being reviewed to reflect the new processes and responsibilities.</p>
<b>Overall MYR Rating</b>	<b>Overall EYR Rating</b>	<b>Overall Progress (max 250 words)</b>
<b>Amber</b>	<b>Green</b>	<p>FCO Accounts for 13-14 were unqualified, submitted on time and with no serious concerns expressed by NAO. FCO on track to spend at least 99% of its 14-15 budget. MTFP delivered finalised 15-16 budgets in January 2015. Firmly on track to meet ODA target for 14-15 and plans in place to use the £100m ODA uplift for 15-16 to support the network. Improved MI to support high level decision-making.</p> <p>Preparations for the Spending Review underway but a bit behind schedule, especially on contingency planning for budget cuts. Improved support to DGs, Directors and Posts to help them manage resources; professionally-staffed Regional Finance Hubs now in place (though inconsistencies in approach need addressing). Deadline for approval of Whole of Government Accounts missed (NAO's fault not our own) and resolution of medium and long term issues with balance sheets ongoing. Further progress in developing Finance Directorate as a great place to work. Successfully integrated with RMD but new challenges to integrate CSC and CPG. Risks continue to be managed around One HMG and the impact on the Directorate. Continued flexibility needed to respond to changing priorities e.g. DFID consolidation, UKTI.</p>

## Suggestions for Reform from the diplomatic missions in The Hague, Moscow and Brussels

### Cyprus Embassy/Permanent Representation, The Hague

#### A

**Probation period:** The two year probation period should be of significant importance for the Ministry in order to make a final decision as to who will and who will not continue in the MFA. To do this, all new recruits should go through all of the Divisions of the Ministry during the two years, not only so that more than one Director will have the opportunity to formulate a view of the individual, but also to avoid the possible feeling of superiority/inferiority towards colleagues if one is sent to a more/less high profile Division. It is vital that from early in one's career a general appreciation of all the aspects of work of the MFA is important. Only after successfully completing the probation period should a new recruit be considered for transfer abroad.

**Mentoring:** New colleagues are invariably thrown into the "lion's den" from the first day and are expected to perform. What is lacking is guidance, through mentoring, by a more senior and experienced colleague. Though time consuming, I believe that the more senior members of the Ministry have an obligation towards the newer recruits and more junior officers. Often one's own experiences, both professionally and personally, can be both useful and comforting.

**Transfers:** An Advisory Committee could assist the leadership of the Ministry in deciding the transfers up to the rank of Head of Mission. The Committee, which shall be "advisory" should not only include senior members of the MFA serving in Nicosia, but also senior members serving abroad. Other than the Permanent Secretary, the members of the committee should be different at each round of transfers, with a minimum of two years before being eligible to sit on the Committee again.

**Transfers:** Transfers, particularly for those colleagues who are married and who have children, should as far as possible be made known to the persons concerned at least 3 months ahead of time. If the transfers are for the summer, this should apply from August 15<sup>th</sup> so that there is two weeks to acclimatize before beginning the school year.

**Hardship Posts:** There needs to be a thorough review, with objective criteria, as to what is regarded as a hardship post, including issues such as safety, political stability, hygiene, climatic conditions, cost of living, schooling, social conditions, availability of basic goods. Hardship posts are not static and change both with the individual sent (single or with family) and the particular time. A regular review of the postings and incentives given for colleagues to serve there, including tangible increased overseas allowance is needed.

**Continuous Education:** Opportunities particularly for language training, with emphasis on Turkish, Arabic, German and French. All diplomats sent abroad should be given language

training in the language of the country they are going to, both three months before and a minimum of 9 months after. Successful passing of language proficiency exams (not basic knowledge) could be rewarded with an increase in the overseas allowance.

**Staffing of Embassies:** Each Embassy should have no less than two diplomats for it to be functional, practical and viable.

**Accreditations from Nicosia:** We could examine increasing accreditations directly from Nicosia.

**Permanent Legal Department at the Ministry:** Imperative that such a Department exists at the Ministry staffed by individuals with appropriate legal background

**Policy Planning Division:** Serious thought should be given to establishing a Policy Planning Division that is adequately staffed.

**Researchers:** The Ministry could hire qualified individuals with appropriate degrees as researchers. They would be part of the MFA, but would not be eligible for transfer. In this way, there is also continuity.

**Multiple Accreditations:** Heads of Mission should be required to visit the country of accreditation at least once a year and as often as possible, in certain cases, in order to develop those personal contacts and promote Cyprus, politically, economically, and culturally in the best way possible. This is not a substitute for regular telephone contact with the capitals in question, but a necessity.

**Diplomatic Academy:** Under normal circumstances, the Ministry should have had such an Academy. As such, the “on the job training” would have been greatly assisted by learning what the role of a diplomat is, basic elements of diplomacy and decorum and all the facets of work covered by the Ministry. Former colleagues and individuals from the academic, business world and other agencies could also have been used for this purpose. The academy could also reach out to other such academies.

**More robust placement of MFA diplomats in international organisations:** Over time we have neglected placing/seconding our diplomats in international organisations. We need to not only focus on the EU, but also the UN, UN agencies, COE, OSCE and organisations that deal with energy.

**Honorary Consuls:** Urgent need to review where we are lacking Honorary Consuls in important countries and to examine best way of identifying potential candidates.

## **B**

**Management of the MFA by the MFA:** We need to further decentralize and move the micromanagement of the Embassies/Residences to be the responsibility of the Heads of

Mission. This will free up a lot of the minutiae from the Office of the Permanent Secretary, the Administration Department and the Accounts Department.

**Purchasing of Embassies and Residence:** In those major capitals where Cyprus will always have a presence, a programme of purchasing Embassies and Residences should be put in place.

**Maintenance of Embassies and Residences:** A programme of visits by the MFA and the Public Works Department needs to be instituted so that there is “on the spot” knowledge of the condition/needs of the Embassies/Residences, particularly those that are owned by the State. Colleagues should be required to submit yearly reports on the state of the properties and have a programme of repairs/ major work required.

**Review of what is required in an Embassy/Residence:** Though there is no “one size fits all”, there should be a basic list of what is considered as necessary for a functioning Residence and Embassy.

**Tenders for official cars:** It would be cost productive if we know that in a given year “X” number of official cars are to be replaced to request quotes directly from the companies.

**Local Staff:** Should be evaluated on a yearly basis by the Head of Mission.

**Diplomatic Missions could be considered into three categories.**

- 1.** Embassies which their mission and function is of paramount importance for the Republic of Cyprus no austerity measures should have any effect on them. i.e Permanent Representation in the UN, Permanent Representation in the EU, etc.
- 2.** Missions which are important for the interests of the Republic of Cyprus but due to austerity measures some fine tuning could take place in order reduce their running expenses. (Diplomatic Missions in important Capitals, Strategic Political and Economic Partners etc)
- 3.** Diplomatic Missions performing mainly the usual practice of Bilateral Diplomatic Relations could suffer the real consequences of the current economic situation and suspend their operation or close down.

This categorization of Diplomatic Missions can provide a new perspective in managing our Missions and finding ways of reducing their running expenses.

In this sense **category 1** Missions would be more useful and financially beneficial to be relocated in state own Buildings (Ambassadorial Residence included).

**Category 2 and 3** Missions it might be more practical to continue with the current rental status. However, in order to keep their running expenses low, the Missions should maintain a good level of mobility. Hence, signing short-term Renting Contracts while furnishing lightly and inexpensive, so any cost of moving to be manageable or insignificant. Additionally, the co-location of services practice could be considered.

**The Local Staff** recruitment procedure should be examined thoroughly, since in many occasions their terms of employment are not fully aligned with the pragmatic needs of the Mission. We should consider recruiting Local Staff personnel able to perform a wider circle of tasks on the basis of current needs. e.g. IT personnel being able to perform archiving/administrative/accounting tasks, while individuals with classic studies would be able to perform other minor diplomatic tasks and supporting other day-to-day office workload. Of course they shall have an increased salary as required by the domestic legislation but will not require the allowances of a regular transferred diplomat.

Depending on the circumstances, diplomatic mission's personnel should vary quantitative and qualitative. In cases where Diplomatic Missions are understaffed, Cy could consider following the established practice of other countries and create a Capital based "pool of back up diplomats" i.e Deputy Head of Mission, in order to assist and provide viability to the said Embassies.

In the same sense, major Diplomatic Missions could perform other regional tasks and assist smaller Embassies in the region. Finally, co-location with Diplomatic Missions of other friendly countries will allow the sharing administrative management and support costs.

### **Recruitment/Career**

The Recruitment practice of the various EU Agencies could be adopted by the Ministry.

As regards the professional development, previous experience in various posts as well as successful secondments on various fora and organizations as well as training in targeted programs should be taken into account during the consideration process of promoting an individual to a higher rank.

## **Cyprus Embassy in Moscow**

### **A. Effective Ministry**

1. The Ministry should acquire control of its budget as well as the administrative procedures regarding salaries and career advancement of its personnel.

Additionally, Diplomatic Missions should be able to allocate funds provided in the approved Budget of the Ministry.

2. The existing office automation system has failed to deliver significant reduction of paper consumption and to include all diplomatic missions in a trust worthy electronic communication system. Therefore the adoption of an updated and secure communication system is a necessity for practical reasons.

### **B. Principles of Management.**

3. As regards recruiting procedures, new diplomats should hold relevant academic degrees to the field of diplomatic work/practice. (i.e BA Law, BA Political Science, Economics, Sociology, etc.)

In order to overcome the bureaucratic delay caused by the dependence of the Ministry from the Law Office of the Republic of Cyprus, particularly on pressing and urgent issues, the Ministry could consider/evaluate the possibility of creating a Law Department, adequately staffed.

### **C. Transfer procedures**

In order to support those Diplomatic Missions which are inadequately staffed (only the Head of Mission) the Ministry could consider transferring non-diplomatic officials to the Embassies.

Furthermore a Transfer Committee, considering the strategic orientation of the Ministry, could support and advice the Minister on the allocation of Diplomats to the various Diplomatic Missions of Cyprus.

### **D. Incentives**

Diplomats with meritorious service in hardship posts or posts with increased requirement on Consular issues should be rewarded with tangible benefits as regards their professional development, recognition and evaluation.

## **Cyprus Permanent Representation to the EU**

### **STRATEGY**

- Systematic strategy planning important
- Need to link the resources to the strategic priorities of the MFA

### **LEADERSHIP**

- Transparency and equal treatment sine qua non
- Objective Measurement of performance
- Training a necessity
- Link career with incentives
- Important to differentiate the diplomatic missions

## **WORKING PRACTICES**

- Establish a coordination mechanism between Nicosia and Brussels
- Same between MFA and other Ministries
- Agree on criteria for secondment of officials from all Ministries
- Working hours should be rationalised
- Need to establish a system of automatic flow of information
- A secured IT mechanism should be put in place
- Teleconference a necessity
- Need for a recruitment of a legal adviser

## **IMPACT OF REFORM**

The implementation of the reform is the biggest challenge. For this to happen, there is a need to have the political will to launch changes that, at the end, will have an impact on the rights and the benefits mainly of diplomats.

In a long-term perspective, the reform process will create a different, more efficient, working culture and enhance the role of MFA.

## Officials Consulted

### Persons met during scoping and second visits

Mr Ioannis Kasoulides, Minister of Foreign Affairs  
Ambassador Alexandros Zenon, Permanent Secretary of the MFA  
Mrs Melina Catsounotou, Project Manager, Reform Team  
Mrs Constantia Chrysanthou, PAPD  
Mrs Katerina Demosthenous, Reform Team, Presidency  
Mr Odysseas Oddyseos, Permanent Secretary's Office  
Mr Marios Kyriakides, Archives and Communication Officer  
Mr Thanasis Patsalides, Archives and Communication Officer  
Mr Nearchos Palas, Director of Protocol Division  
Mr Michalis Zacharioglou, Director of Communications Policy Division  
Mr Giannis Iakovou, Director of Overseas and Repatriated Cypriots Division  
Mr Stelios Georgiades, Overseas and Repatriated Cypriots Division  
Mr Petros Kestoras, Director of Schengen and Consular Affairs Division  
Mrs Rea Yiordamli, Deputy Permanent Secretary-Director of European Union Division  
Mr George Zodiates, Deputy Director of Energy and Marine Policy Division  
Mr Andreas Hadjichrysanthou, Director of Cyprus Question and Turkey Division  
Mrs Kypriani Stavrinaki, Cyprus Question and Turkey Division  
Mr Leonidas Pantelides, Director of Middle East and North Division  
Mrs Aliko Paschali, Middle East and North Division  
Mrs Toula Evzona, Administrative Officer A  
Mrs Eleni Papamichael, Administrative Officer A  
Mrs Irene Gregoriou, Assistant Clerical Officer  
Mrs Despina Pirikki, Casual Administrative Officer  
Mrs Soulla Takkidou, PAPD  
Mr Antonis Economides, Office for the Reform of the Civil Service

### Task Force Members

Ambassador Pantias Eliades, Director of Political Division  
Mrs Charis Christodoulidou, European Union Division  
Mr Andreas Eliades, Director of Permanent Secretary's Office  
Mrs Marina Constantinou, Head of Administrative Affairs Division  
Mrs Maria Symeonidou, Administrative Officer A  
Mrs Charis Orphanou, Administrative Officer  
Mr Evanthis Hadjiliasis, Head of Accounts Department  
Mrs Eleni Constantinou, Archives and Communication Department

Workshop attendees during second visit

Heads of Division

Selection of Attaches and First Secretaries

Selection of Counsellors

External Stakeholders met during November Visit

Mr John Mousas, Business Consultant

Mr Savvas Agrotis, Businessman

Mr Louis Schizas, J&P Libya Country Manager

Mr Prodromos Prodromou, Member of Parliament, Deputy President of the Committee on Foreign and European Affairs

Members of the French Embassy

Members of the US Embassy

Cyprus Representations visited

Embassy and Permanent Representation to the EU, Brussels

High Commission, London, including representatives from the Cyprus Tourism Office, Commercial and Cultural Sections and the Cyprus representation to the IMO

## **Information from the Diplomats' Union**

It goes without saying that reform and public service capacity-building, as well as advice on current “best practices” in other foreign ministries were long overdue. To this end, the advisory services of NSGI are very much needed.

Reform of the Ministry of Foreign Affairs (MFA) cannot, however, be seen as separate and isolated from the current working and living conditions of the MFA's permanent staff, as these have been shaped by the economic crisis and ensuing measures to tackle it.

The crisis in the economy of Cyprus and the macroeconomic adjustment programme implemented to address it, resulted in a new working environment in which the remuneration and benefits that MFA officers (diplomatic and non-diplomatic staff) are entitled to when serving abroad, to cover additional expenses, have been severely curtailed. Indicatively, all remunerations, including living allowances, rent allowances and educational allowances have been reduced by 15%, often resulting in a loss of 30 to 50 % of the gross annual income of the officers.

In addition, and while recognizing the progress and the positive steps taken the last two years, it is clear that these new working and living conditions have compounded the need for transparency, and ultimately the establishment of clear rules and criteria, on the decisions taken by the competent authority for the assignments of officers to diplomatic missions.

The reform of the MFA cannot be considered as complete and comprehensive unless it addresses these areas as well. These issues should be addressed the soonest possible, not least to maintain staff morale and motivation as well as appetite for reform. Otherwise, the effort for reform will have much slimmer chances of success.

Acknowledging that it is out of the mandate and scope of the NSGI advisory services to address these issues, the governing board of the Staff Union requests that this gap is identified at the final report, and that a recommendation is being put forward to address it the soonest, in close consultation and cooperation between the leadership of the Ministry and the Staff Union.

Nicosia, 30/3/2015

**Documents Reviewed**

Map of Embassies/Staff and Staffing List of the MFA

Schemes of service for diplomatic staff

Salary scales for diplomatic and administrative staff

Appraisal forms

IT systems used by MFA for communicating and managing at home and abroad

Daily bulletin prepared by Communications Directorate

Budget

Views from Heads of Mission about reform proposals

## The Estonian Foreign Ministry: a comparative example of structures and working methods

Estonia (pop 1.3m, GDP/Capita \$18,800) created its MFA following independence in 1991, with advice and assistance from Finland, Germany and other countries. The budget for 2015 is €62m. It has a total of 45 missions overseas, including 33 Embassies, 7 Permanent Representations, 4 Consulates General and one Consulate. Its total of 625 staff is made up of 301 diplomatic staff (130 in Tallinn, 171 overseas), 205 support staff, and 120 locally employed staff. The MFA also has a network of 190 Honorary Consuls.

The structure of the [Ministry](#) includes one minister, a Secretary General, and five under secretaries. Different departments and units cascade from this core structure. The MFA has an Undersecretary who is in charge of all administrative departments (Finance, Personnel, Administration and IT). The Secretary General is a senior diplomat and cannot be appointed from outside the service. Promotions and appointments are decided by a Public Service Commission, on which 2 union members sit as observers.

Within the MFA, strategic planning is handled in a Planning Unit made up of 5 people. However, only two of these spend some of their time on strategic planning (the Unit is also involved in speechwriting, policy development and coordination with other ministries).

The MFA's strategy is public. There is a small foreign policy establishment in Estonia (policy makers, academics, and two think tanks supported by the government), and these are engaged in discussion of some core strategic issues.

Senior leadership in the ministry (the Minister, the Secretary General and all undersecretaries) meets weekly to co-ordinate all policy and activity, and this invariably includes discussion on strategic priorities. The Ministry also holds an annual 'Policy Planning Seminar', gathering together all officials down to the level of Director. This is the central event for monitoring achievements against the Strategy, and at which the Strategy can be updated or adjusted. Finally, there is a separate annual meeting of heads of overseas missions, again to align MFA work with the Strategy.

Separately, different departments have to report annually on their achievement against MFA objectives. The MFA acknowledges that it is not easy to measure diplomatic achievements; so there is no rigid format that individual departments have to use to report back. This gives enough flexibility to staff and departments, while ensuring that objectives are effectively tracked.

The reviews of strategy then result in budgetary decisions being taken, within the four year or one year budgetary cycles, with resources being moved to strategic priorities where necessary. Decisions on the opening or closing of overseas missions (major long-term

financial decisions), the MFA will take into account policy requirements (e.g. the importance of the political relationship with the third country), service delivery needs (e.g. is there a demand for visa services or export promotion) and cost.

The Ministry has a full programme of learning and development for all staff. An annual training plan is developed each year, setting out all the courses and other development opportunities available to staff, for them to choose what they want and need to attend. The courses focus on training for generic skills such as leadership and management, as well as more specialised skills including languages. Training sessions are presented by existing members of staff, thereby enhancing knowledge transfer across the ministry. Staff rotating into new positions will have a specially developed package of training relevant to their new position.

Relations with other ministries in Tallinn are reported as being good. The MFA and other ministries co-ordinate their work through the Government's national strategy, and they do not have formal agreements on working practices. To bind the relationships and scatter foreign policy expertise across Tallinn, the MFA has diplomats seconded to the offices of the Prime Minister, the President and the Speaker of Parliament, and to the Ministries of Economy and Defence.

## Working in Very Small Embassies and Posts (VSEPs): the FCO experience

The FCO has 80 posts categorised as ‘very small’ with only one or two diplomats. Most, but not all, of these are in difficult or isolated capitals. There are no direct comparisons between the UK network of one/two person posts and Cypriot network. But we asked a selection of UK officials working in VSEPs about their experience. The key relevant points we concluded were as follows:

- Administering the post can be a challenge, and is time consuming. To make this work, the individual needs to have the right skills and training. They also need to be effectively supported from the centre, with rapid and helpful advice and guidance.
- IT has to be robust and practicable. If it is not, then the officer becomes even more isolated.
- Regional ‘hubs’ can help (e.g. our Embassy in Eritrea has back up from staff in other parts of the region) to provide some extra support to the individual on particular types of work (e.g. consular). But it is not always easy to get the network of regional hubs properly balanced. In the case of a small ministry like the Cyprus MFA, it might make more sense to have all back up support based in Nicosia. If the MFA continues with single-diplomat posts, it will need to establish a clear mechanism for support from Nicosia, with a budget to support that as required (e.g. for occasional visits from Nicosia to cover some duties).
- Diplomatic staff can be effectively supported by staff on local contracts (in the case of the FCO, mostly these local staff are mostly locals of the country where the Embassy is). The level of competent support will vary between countries, and in some places high turnover of staff means that money spent on training and development is effectively wasted in the medium term. So the local conditions and labour market will make it easier to have a one person post in some, but not all, countries.
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- Arrangements to cover absences (in particular annual leave) are very important. The FCO has not yet found a good way to manage this across all small posts. Where there are limits to the amount of time a lone Ambassador can be away from the post, then the Ambassador has to make arrangements to get cover – which either means that he/she has limited chunks of leave, or he/she has to rely on the goodwill of colleagues in the network to offer to cover for a set period. If Cyprus maintains a

network of single-diplomat posts, we would strongly recommend that there are systematic rules and arrangements in place for cover.

- Single diplomats can often rely on help from other Embassies in the capital. Isolated UK embassies often work closely with US or European Embassies to share buildings, reporting and other support. Where the EEAS delegation is reasonably staffed, small UK Embassies can tap into some of their reporting and other political work. In some really creative cases, single diplomats can (with the consent of the capital) arrange for cover to be provided by another country on a reciprocal basis. For example, the UK could strike a deal with Germany that in a country where they are both represented by only one diplomat, then the two diplomats cover for each other where possible during absences.
- Business planning is essential. The Ambassador has to negotiate with the capital a clear and realistic business plan so that a) the Ambassador knows what is expected of him/her; and b) the capital knows the limits of what it can expect in the course of the year. This can clearly mean that small posts have to clearly limit expectations – both to the capital, and to the public (e.g. for consular affairs).

## Learning and Development in the FCO

### Diplomatic Academy

The recently launched Diplomatic Academy is a way of sharing and increasing skills, knowledge and expertise. It provides both a formal curriculum and also many informal opportunities for learning. It has both a physical home in the King Charles St building in London and an intranet presence to ensure it is accessible to staff at home and overseas. All staff are expected to work through the Diplomatic Academy materials as they become available in 2015.

The eleven faculties of the Diplomatic Academy are:

International Policy	Europe
Diplomatic Practice	Multilateral
States and Societies	Security, Defence & Intelligence
Understanding the UK	Law
Consular & Crisis Management	Languages
Economics and Prosperity	

Each faculty is owned by the FCO Director in that area.

The Diplomatic Academy complements other formal learning and development on offer by including the specific skills, knowledge and expertise needed by staff working on international issues on behalf of the British government. The Academy's focus will be on learning from one another by giving staff the opportunity to share their expertise widely across the FCO and to learn from others.

The learning and development is broken into three levels – foundation, expert and practitioner – as staff work their way through the organisation. In time, completing the diplomatic Academy modules at each level will be a prerequisite for promotion.

All Foundation level material is available digitally, so it can be accessed anywhere in the world. Some units are designed as e-learning, and others include materials designed for locally-run workshops. The material is designed to be completed over the course of about a year.

Some Practitioner level material will be available digitally, but at this level there will be a wide range of learning opportunities including workshops, seminars, masterclasses, classroom-based courses and informal, ad hoc events, both in the UK and overseas.

Expert level learning will vary according to the individual needs of the learner. It may include attachments to academic institutions or secondments.

### **Specific training**

Induction - all new entrants to the FCO are provided with an induction package during their first weeks and months. This includes information about the FCO and its priorities, international policy and diplomatic skills, working with Ministers and Parliament. This is underpinned by more specific induction when the new entrant is placed into their first role to introduce them to their department and their job. New entrants are also supported by an internal coach, who works with them separately to their line manager to support their development. Whenever staff move between jobs at home and abroad they receive an induction to their new role/post, which usually (except in the case of Heads of Post) includes a week-long handover from their predecessor.

Pre-posting training – as well as the usual preparations for going overseas (e.g. visiting the country desk; other Ministries with an interest in that country; meeting business people and academics/think tanks/NGOs) staff are required to undertake some mandatory training. Some of this is job specific, while some, e.g. security training is more generic.

New Heads of Mission undertake a suite of training, including:

- Overseas Leadership Development – a four day course covering acting strategically, leading change, creating vision, purpose and meaning, being personally effective, influencing and communicating, delivering results and leading and developing people and teams.
- Crisis Management – a 2.5 day course to give Ambassadors the tools to ensure that they and their mission plans for, responds effectively to, and recovers from a crisis affecting their post.
- Leading under pressure – a 1.5 day course to build resilience for those serving in challenging locations
- Other generic civil service wide leadership training as appropriate
- Training on running a Residence, event management, managing residence staff, health and safety.
- Communication for leadership – a two day course
- Overseas security course – a two day course
- Senior budget holder course – a one day course to explain the responsibilities of managing and being accountable for the Post account

Training is also offered to spouses/partners of Heads of Mission to help them understand their role including managing the expectations that they may encounter