



برنامج الأمم المتحدة الإنمائي  
المملكة العربية السعودية



Empowered lives.  
Resilient nations.

United Nations Development Programme  
Country: Saudi Arabia  
Project Document

|                                |   |
|--------------------------------|---|
| <b>Project Title:</b>          | <b>SAU10-90112 OPERATIONAL EXCELLENCE IN RCJY PH1</b>                                     |
| <b>Expected CP Outcome(s):</b> | Sustainable Development Mainstreamed across the Economy                                   |
| <b>Expected Outcomes(s):</b>   | sustainable performance and growth of RCJY  |
| <b>Executing Entity:</b>       | Royal Commission for Jubail and Yanbu (RCJY) –Operational Excellence Division, HQ, Riyadh |
| <b>Implementing Agencies:</b>  | UNDP  |

**Brief Description**

This project focuses on the maturation of the Operational Excellence (OpX) Division of RCJY with 3 overarching outputs: (1) Effective structure, activities, and processes of Operational Excellence department to reflect axiomatic core work; (2) Results-based management system founded on Balanced Scorecard (BSC) Key Performance Indicators (KPIs); and (3) Harmonised continuous improvement initiative across RCJY that will form the axiomatic core of OpX division activities.

The project is expected to contribute to the results of the UNDP SA programme by fostering a currently underutilised resource and unrealised opportunity that has the potential to: (1) Moderate fiscal challenges; (2) Contribute to social, environment, and economic pillars of sustainable development; and (3) Help achieve the RCJY aspiration of attaining global best-practice for industrial cities.

|                                  |  |
|----------------------------------|--|
| Programme Period:                | 2012-2016  |
| Key Result Area (Strategic Plan) | Outcome 3:<br>Countries have strengthened institutions to progressively deliver universal access to basic services |
| Atlas Award ID:                  | SAU10/90112  |
| Start date:                      | 5 April 2015   |
| End Date                         | 4 November 2015  |
| PAC Meeting Date                 | 5 April 2015_  |
| Management Arrangements          | NIM  |

|                                    |                  |
|------------------------------------|------------------|
| <b>Total resources (2015-2016)</b> | <b>\$237,247</b> |
| Total Phase 1 (2015):              | \$237,247        |
| Total allocated resources:         | \$237,247        |
| • RCJY                             | \$237,247        |

Agreed by (Royal Commission for Jubail and Yanbu)

Eng. Ali Al-Meiman - General Director of Operational Excellence - RCJY

Agreed by (UNDP):

Dr. Ashok Nigam – Resident Representative – UNDP



UNDP Saudi Arabia

Date: 06/04/2015

RCJY

Signature: -

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Ref: SAU10-09: 25: 37 0406150

Date: 16/06/1436H(06/04/2015)

## I. SITUATION ANALYSIS

Diversification of the economic base has been a key objective of economic and social development in the National Development Plans. The Kingdom realized importance of decreasing its dependence on oil resources that may likely be depleted in the long run and that are subject to the volatility of international energy markets and the impending financial challenges.

Apart from the potential for impending financial challenge, the Kingdom's 9<sup>th</sup> Development Plan (2010-14) contains a number of entries that indelibly connect national objectives to institutional efficiency:

- Exerting further efforts to improve the productivity of the national economy in general and of the sectors with comparative advantages in particular (p.49).
- Taking appropriate measures to improve the organizational effectiveness, raising the performance efficiency of government agencies and employees, and streamlining work procedures and systems in order to improve the quality of services provided to citizens (p.50).
- Reducing the operational costs of government agencies and utilizing the savings in raising the level of effectiveness and efficiency (p.50).
- Improving internal and external efficiency of government agencies (p.50).
- Promoting the culture of performance excellence among employees of all government agencies (p.50).

Similar national objectives can be found in the Kingdom's 10<sup>th</sup> Development Plan (2015-19), including:

- Improving efficiency of government expenditure and increasing the portion allocated for enhancing capital assets (8.2)
- Developing the organizational structures, and adopting quality systems in government bodies (19.2)
- Raising the efficiency and productivity levels of the government employees by adopting performance indicators (19.9)
- Improving the capacities of planning and follow up divisions at government agencies (19.10)
- Developing the mechanisms and programs of operation and maintenance to ensure the quality of goods and services and to reduce costs (20.9)
- Exerting efforts to ensure efficiency, efficacy and good quality of the products or services provided to citizens by government agencies (23.4)

To align with the Kingdom's development objectives and also RCJY's own desire to be at par with the world most successful and best practised organization, the RCJY restructured its organization set-up of cities under its jurisdiction and the head quarter (RCHQ) in 2010 to improve the efficiency and productivity levels of its operations and technical and administrative staff. As a result, a new division titled as "Operational Excellence (OpX) division was established in order to develop and implement mechanisms and programs throughout RCJY to enhance the quality, efficiency and effectiveness of operations and services with cost effective manner and also to maximize the utilization of available resources.

To this time, operational excellence, as manifest in its irreducible core of continuous improvement and results-based management, is in initial stage but progressing continuously to utilize resources and opportunities that has the potential to: (1) Moderate fiscal challenges; (2) Contribute to social, environment, and economic pillars of sustainable development; and (3) Help achieve the RCJY aspiration of attaining global best practice for industrial cities.

While continuous improvement and cost reduction tend to dominate the conceptual model of operational excellence, there are other associated indirect factors that contribute to sustainable development, which are part of the objectives of operational excellence at RCJY:

- A culture of continuous improvement foreshadows innovate ideas to reduce wastage of power, water, and materials, and holds the promise to foster energy and water conservation, and clean energy thinking, therefore contributing to environmental sustainability.
- Institutional efficiency releases government funds for social initiatives and human development.
- Better use of public fiscal resources contributes to national economic sustainability.

References for Environmental Impact Study for UNDP project.

1. Environmental Impact Study for Jubail Industrial Area, Contract No:202-T04R.



## II. STRATEGY

The dire need for a unified continuous improvement initiative, as well as results-based management, across RCJY has been established. But with limited resources within the OpX division, and given the size (3 geographic locations; 23 divisions; 90 departments) and complexity of RCJY (disparate department functions from engineering and maintenance, to health and education), the question of where to start the continuous improvement initiative remains.

Given the above, the recommended strategy for the project to transform OpX is to proceed in phases. Apart from the ultimate financial benefits, the phased project offers two important opportunities for RCJY:

1. Decision gates at the end of each phase to guide progress to the next stage.
2. Close working relationship between the consultant and OpX division staff for capacity-building.

The following summary is for the services of an International Consultant(s) to provide technical assistance to establish the working framework of the OpX division, and to capacity-build divisional staff:

### **Phase 1 (7 months: 05 April 2015 – 04 November 2015):**

Phase 1 will establish the framework for effective operation of OpX division, and review the existing continuous improvement initiatives in Jubail. Results-based management will be promoted with a review of Balanced Score Card (BSC) KPIs using the SMART framework. Recommendations will follow for appropriate continuous improvement across RCJY.

- **Outputs:**

1. Report and recommendations for Operational Excellence department structure, activities, Key Performance Indicators (KPIs), and job descriptions.
2. Operational Excellence department Standard Operating Procedures (SOP), including Continuous Improvement Project Document and Project Schedule.
3. Report on Balanced Scorecard (BSC) dimensions, and associated KPIs, for Operations & Maintenance Divisions in Jubail and Yanbu.
4. Employee attitudes measurement instrument.
5. Report on employee attitudes in Operations & Maintenance Division Departments in Jubail and Yanbu (10-off) to inform KPIs and future training workshops.
6. Report on community/client/tenant satisfaction survey instruments and results to inform KPIs and future training workshops.
7. Report and recommendations on existing continuous improvement initiatives in Jubail, and benchmark investigation of international comparable best-practice.
8. Quarterly and end-of-Phase report, including recommendations for progression to Phase 2, as well as cost estimate for Phase 2 ( $\pm 10\%$ ).
9. Design Unified continuous improvement across RCJY.
10. Scope of work & schedule for harmonized CI initiative for O&M departments in Jubail & Yanbu.

- Consultation (Mission): **50 days**
- Consultation (Home base): **115 days**
- Cost estimate <sup>1</sup>: **\$237,247**
- Individual Consultant (one consultant) **\$216,426**
- Financial auditing (\$10,000/year) **\$9,524**
- General Management Services (5%) **\$11,297**

### **Notes:**

1. Cost estimates classified in accordance with the Association for the Advancement of Cost Engineering (AACE) International Recommended Practice No. 18R-97; AACE (2005).

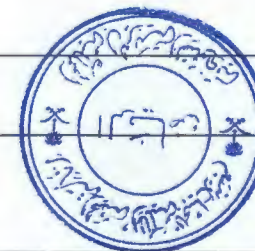
### **Phases 2, 3 and 4:**

For sustainability purposes, the need, timeline and cost of phases 2, 3, and 4 will be discussed during the project





### III. RESULTS AND RESOURCES FRAMEWORK



Intended Outcome as stated in the Country Programme Results and Resource Framework:

**Sustainable Development Mainstreamed across the Economy**

Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:  
increase in HDI; % share GDP from non-oil sectors; % share GDP from knowledge sectors; % share GDP from private sector-led growth



Applicable Key Result Area (from KSA 9<sup>th</sup> (2010-4) & 10<sup>th</sup> (2015-9) Development Plans: **Institutional effectiveness; contribute to social, environment, and economic pillars of sustainable development**

Partnership Strategy: **Royal Commission for Jubail and Yanbu (RCJY)**

Project title and ID (SAU10/90112): **Operational Excellence in RCJY**

| INTENDED OUTPUTS  | OUTPUT TARGETS FOR (2015)  | INDICATIVE ACTIVITIES  | RESPONSIBLE PARTIES    | INPUTS          |
|---|--|--|------------------------|-----------------|
| <p><b>Output 1</b><br/>Effective structure, activities, and processes for OpX division to reflect axiomatic core work.</p> <p><u>Baseline:</u><br/>Current structure, activities, processes, KPIs &amp; job descriptions either ineffective, or non-existent.</p> <p><u>Indicators:</u></p> <ol style="list-style-type: none"> <li>Clearly defined structure linked to activities, processes, KPIs &amp; job descriptions implemented and operational.</li> <li>Standard Operating Procedures (SOPs) written, implemented &amp; operational.</li> </ol> <p><u>Targets:</u><br/>End Q2 2015</p> <p><u>Related CP outcome:</u><br/>Institutional efficiency</p> | <p>- Report &amp; recommendations for OpX TQM structure, activities, processes, KPIs, functional job analysis, training needs analysis 2015.</p> <p>- Standard Operating Procedures (SOP) for OpX TQM, including CI Project Document &amp; CI Project Schedule 2015.</p> | <p>1.1 Review &amp; evaluate structure, activities, processes, KPIs for OpX TQM to reflect axiomatic core work.</p> <p>1.2 Conduct functional job analysis and training needs assessment for Operational Excellence - TQM department, and design job descriptions.</p> <p>1.3 Design OpX TQM Standard Operating Procedures (SOP), including:</p> <p>a) <u>CI Project Document</u>: Standard form for problem, scope of work, expected outcomes &amp; cost-benefit analysis for business case.</p> <p>b) <u>CI Project Schedule</u>: List of value flow tasks, due dates, resources &amp; responsibilities.</p> | <p>Consultant/RCJY</p> | <p>\$52,850</p> |

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| INTENDED OUTPUTS   | OUTPUT TARGETS FOR (2015)  | INDICATIVE ACTIVITIES  | RESPONSIBLE PARTIES  | INPUTS  |
|--|--|--|--|---|
| <p><b>Output 2</b></p> <p>Results-based management system founded on Balanced Scorecard (BSC) Key Performance Indicators (KPIs)</p> <p><u>Baseline:</u></p> <p>Original BSC KPIs (2009) never used; may now include outdated or even inappropriate KPIs; no connection to CI initiative; BSC dimensions themselves may not be appropriate for RCJY; employee attitudes not measured; community/client/tenant surveys may be incomplete</p> <p><u>Indicators:</u></p> <ol style="list-style-type: none"> <li>1. Definitive link from BSC dimensions to KRAs (set by Strategic Planning) to KPIs (evolving from CI initiative) for O&amp;M Jubail &amp; Yanbu</li> <li>2. Employee attitudes measuring instrument designed, and O&amp;M survey analyzed to inform KPIs.</li> <li>3. Community/client/tenant surveys reviewed; amended as required to inform KPIs.</li> </ol> <p><u>Targets:</u></p> <p>End Q3 2015</p> <p><u>Related CP outcome:</u></p> <p>Institutional efficiency</p> | <ul style="list-style-type: none"> <li>- Report on Balanced Scorecard (BSC), KRAs(key Results Area) &amp; KPIs for O&amp;M Jubail &amp; Yanbu 2015</li> <li>- Employee attitudes measurement instrument to inform KPIs &amp; training workshops 2015</li> <li>- Report on employee attitudes in O&amp;M Jubail &amp; Yanbu to inform KPIs &amp; training workshops 2015</li> <li>- Report on community, client &amp; tenant survey instrument &amp; results O&amp;M Jubail &amp; Yanbu to inform KPIs &amp; training workshops 2015</li> </ul> | <ol style="list-style-type: none"> <li>2.1 Review &amp; evaluate BSC dimensions, KPIs &amp; KRAs for currency &amp; fit, based on SMART, with interface to Strategic Planning &amp; city depts. (O&amp;M Jubail &amp; Yanbu; 10-off depts.).</li> <li>2.2 Design employee attitudes measurement instrument based on demonstrated internal reliability &amp; construct validity. Attitudes to include organisation commitment, job commitment, job satisfaction &amp; orientation to customers &amp; innovation, as a minimum.</li> <li>2.3 Measure &amp; analyze O&amp;M employee attitudes baseline at Jubail &amp; Yanbu.</li> <li>2.4 Review &amp; evaluate community, client &amp; tenant satisfaction survey instruments &amp; available results; should cover all services &amp; based on demonstrated internal reliability &amp; construct validity.</li> </ol> |  <p>Consultant/RCJY</p> |  <p>\$69,775</p> |
| <p><b>Output 3</b></p> <p>Harmonized continuous improvement initiative across RCJY that will form the axiomatic core of OpX division activities</p> <p><u>Baseline:</u></p> <p>Multiple uncoordinated CI initiatives in Jubail not reviewed for impact, nor</p>  | <ul style="list-style-type: none"> <li>- Report &amp; recommendations on CI initiatives in Jubail &amp; benchmarked international best practice 2015</li> <li>- Scope of Work &amp; schedule for harmonised CI initiative for O&amp;M Jubail &amp; Yanbu 2015</li> <li>-Reports Quarterly &amp; End of phase 1 ; Recommendations Phase 2-4 2015</li> </ul>   | <ol style="list-style-type: none"> <li>3.1 Review &amp; evaluate CI initiatives in Jubail</li> <li>3.2 Benchmark international best practice for continuous improvement at comparable organizations</li> <li>3.3 Design Unified continuous improvement across RCJY.</li> <li>3.4 Design Scope of Work (SoW) &amp; schedule for harmonized CI initiative across O&amp;M Jubail &amp; Yanbu (10-off depts.)</li> </ol>   | <p>Consultant/RCJY</p>   | <p>\$93,801</p>   |

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| INTENDED OUTPUTS  | OUTPUT TARGETS FOR (2015) | INDICATIVE ACTIVITIES   | RESPONSIBLE PARTIES | INPUTS           |
|---|---------------------------|---|---------------------|------------------|
| <p>benchmarked against national &amp; international best practice.</p> <p><u>Indicators:</u><br/>Analysis of impact of CI initiatives in Jubail, and benchmarked standard for best practice.<br/>Design Unified continuous improvement across RCJY.<br/>SoW written for roll-out of CI initiative across O&amp;M Jubail &amp; Yanbu.</p> <p>(2) Quarterly and end-of-phase reports to inform progress to Phases 2-4</p> <p><u>Targets:</u><br/>End Q3 2015</p> <p><u>Related CP outcome:</u><br/>Institutional efficiency</p> |                           | 3.5 Review Opx TQM progress & recommend pathway forward to phase 2-4. |                     |                  |
| <b>Total Phase 1</b>  |                           |   |                     | \$216,426        |
| AUDITING Fees   |                           |   |                     | 9,524            |
| UNDP GMS 5%   |                           |   |                     | \$11,297         |
| <b>GRAND TOTAL</b>  |                           |   |                     | <b>\$237,247</b> |



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## IV. WORK PLAN

### Phase 1 (7 months: 05 April 2015 – 04 November 2015)

| EXPECTED OUTPUTS   | PLANNED ACTIVITIES   | TIMEFRAME |            |            |    | RESPONSIBLE PARTY | PLANNED BUDGET |                    |        |
|--|--|-----------|------------|------------|----|-------------------|----------------|--------------------|--------|
|  |  | Q1        | 2015<br>Q2 | 2015<br>Q3 | Q4 |                   | Funding Source | Budget Description | Amount |
| <p><b>Output 1</b><br/>Effective structure, activities, and processes for OpX division to reflect axiomatic core work</p> <p><u>Baseline:</u><br/>Current structure, activities, processes, KPIs &amp; job descriptions either ineffective, or non-existent</p> <p><u>Indicators:</u></p> <p>3. Clearly defined structure linked to activities, processes, KPIs &amp; job descriptions implemented and operational.</p> <p>4. Standard Operating Procedures (SOPs) written, implemented &amp; operational.</p> <p><u>Targets:</u><br/>End Q2 2015</p> <p><u>Related CP outcome:</u><br/>Institutional efficiency</p> | <p>1. Review &amp; evaluate structure, activities, processes, KPIs for OpX TQM to reflect axiomatic core work</p> <p>2. Conduct functional job analysis and training needs assessment for Operational Excellence - TQM department, and design job descriptions.</p> <p>3. Design OpX TQM Standard Operating Procedures (SOP), including:</p> <p>a) <u>CI Project Document:</u> Standard form for problem, scope of work, expected outcomes &amp; cost-benefit analysis for business case.</p> <p>b) <u>CI Project Schedule:</u> List of value flow tasks, due dates, resources &amp; responsibilities.</p> |           |            |            |    | RCJY/Consultant   | RCJY           | \$52,850           |        |



| EXPECTED OUTPUTS  | PLANNED ACTIVITIES  | TIMEFRAME |            |            |    | RESPONSIBLE PARTY | PLANNED BUDGET |                       |        |
|---|---|-----------|------------|------------|----|-------------------|----------------|-----------------------|--------|
|   |   | Q1        | 2015<br>Q2 | 2015<br>Q3 | Q4 |                   | Funding Source | Budget<br>Description | Amount |
| <p><b>Output 2</b><br/>Results-based management system founded on Balanced Scorecard (BSC) Key Performance Indicators (KPIs)</p> <p><u>Baseline:</u><br/>Original BSC KPIs (2009) never used; may now include outdated or even inappropriate KPIs; no connection to CI Initiative; BSC dimensions themselves may not be appropriate for RCJY; employee attitudes not measured; community/client/tenant surveys may be incomplete</p> <p><u>Indicators:</u></p> <p>4. Definitive link from BSC dimensions to KRAs (set by Strategic Planning) to KPIs (evolving from CI initiative) for O&amp;M Jubail &amp; Yanbu</p> <p>5. Employee attitudes measuring instrument designed, and O&amp;M survey analysed to inform KPIs.</p> <p>6. Community/client/tenant surveys reviewed; amended as required to inform KPIs.</p> <p><u>Targets:</u><br/>End Q3 2015</p> <p><u>Related CP outcome:</u><br/>Institutional efficiency</p> | <p>1. Review &amp; evaluate BSC dimensions, KPIs &amp; KRAs for currency &amp; fit, based on SMART, with interface to Strategic Planning &amp; city depts (O&amp;M Jubail &amp; Yanbu; 10-off depts).</p> <p>2. Design employee attitudes measurement instrument based on demonstrated internal reliability &amp; construct validity. Attitudes to include organisation commitment, job commitment, job satisfaction &amp; orientation to customers &amp; innovation, as a minimum.</p> <p>3. Measure &amp; analyse O&amp;M employee attitudes baseline at Jubail &amp; Yanbu.</p> <p>4. Review &amp; evaluate community, client &amp; tenant satisfaction survey instruments &amp; available results; should cover all services &amp; based on demonstrated internal reliability &amp; construct validity.</p> |           |            |            |    | RCJY/Consultant   | RCJY           | \$69,775              |        |



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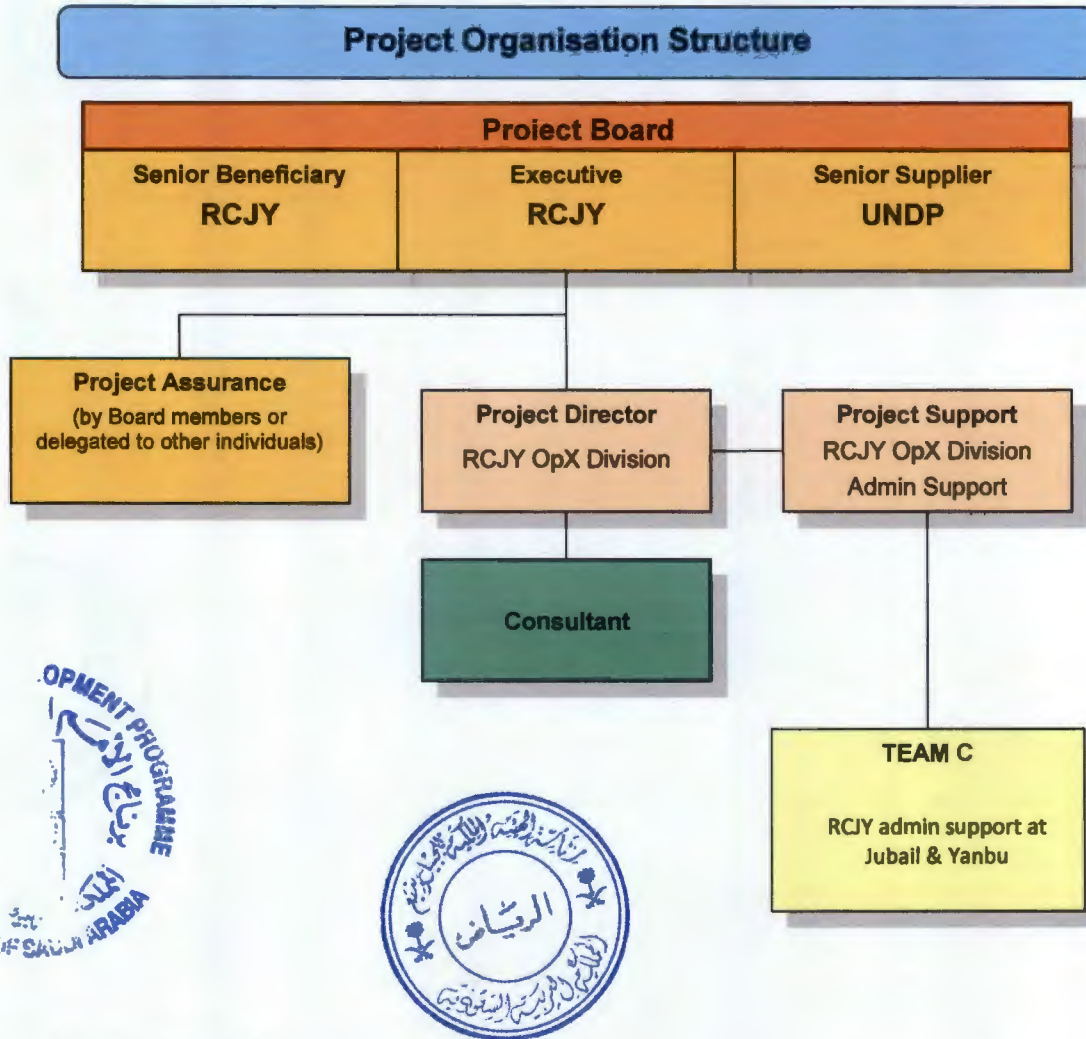


| EXPECTED OUTPUTS  | PLANNED ACTIVITIES  | TIMEFRAME |            |            |    | RESPONSIBLE PARTY | PLANNED BUDGET |                       |        |
|---|---|-----------|------------|------------|----|-------------------|----------------|-----------------------|--------|
|   |   | Q1        | 2015<br>Q2 | 2015<br>Q3 | Q4 |                   | Funding Source | Budget<br>Description | Amount |
| <p><b>Output 3</b></p> <p>Harmonised continuous improvement initiative across RCJY that will form the axiomatic core of OpX division activities</p> <p><u>Baseline:</u><br/>Multiple uncoordinated CI initiatives in Jubail not reviewed for impact, nor benchmarked against national &amp; international best practice.</p> <p><u>Indicators:</u><br/>Analysis of impact of CI initiatives in Jubail, and benchmarked standard for best practice.<br/>Design Unified continuous improvement across RCJY.</p> <p>SoW written for roll-out of CI initiative across O&amp;M Jubail &amp; Yanbu.<br/>(2) Quarterly and end-of-phase reports to inform progress to Phases 2-4</p> <p><u>Targets:</u><br/>End Q3 2015</p> <p><u>Related CP outcome:</u><br/>Institutional efficiency</p> | <ol style="list-style-type: none"> <li>1. Review &amp; evaluate CI initiatives in Jubail.</li> <li>2. Benchmark national and international best practice for continuous improvement at comparable organisations.</li> <li>3. Design Unified continuous improvement across RCJY.</li> <li>4. Design Scope of Work (SoW) &amp; schedule for harmonized CI initiative across O&amp;M Jubail &amp; Yanbu (10-off depts).</li> <li>5. Review OpX TQM progress &amp; recommend pathway forward to Phases 2-4</li> </ol> |           |            |            |    | RCJY/Consultant   | RCJY           | \$93,801              |        |
| <b>IC Sub-Total</b>   |   |           |            |            |    |                   |                | \$216,426             |        |
| <b>Audit Fees</b>   |   |           |            |            |    |                   |                | 9,524                 |        |
| <b>UNDP fees</b>  |   |           |            |            |    |                   |                | \$11,297              |        |
| <b>PHASE 1 TOTAL</b>  |   |           |            |            |    |                   |                | \$237,247             |        |



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## V. MANAGEMENT ARRANGEMENTS



### Execution Arrangements

This project is able to be implemented under the National Implementation Modality (NIM). The 'Implementing Partner' (i.e., RCJY) will assume responsibility for mobilizing and applying effectively the required inputs in order to reach the expected outputs. The project presents an opportunity for knowledge transfer from consultant to RCJY in a 'learning by doing' approach, so that it is expected that the project will contribute to institution building and national capacity development.

UNDP will provide Implementation Support Services (ISS) for recruitment of international consultants as noted in the Work plan. All activities under the project will be done through standard Project Board mechanism to serve as a steering committee between RCJY, UNDP, and the Project Director to ensure coherence of all activities under the project. UNDP will provide technical advisory support to all activities through the UNDP Country Office in Riyadh, UNDP Regional Service Centre in Cairo, and various units in UNDP Headquarters in New York, as well as support for overall project management activities on request through the ISS mechanism on a cost-recovery basis.

### Project Board

The Project Board is the group responsible for making management decisions on a consensus basis for a project when guidance is required by the Project Director, including recommendations for approval of project revisions. Project reviews by this group will be made in Riyadh at the end of the Phase, or as necessary when raised by the Project Director. This group is consulted by the Project Director for decisions when management tolerances (i.e., constraints normally in terms of time and budget) have been exceeded. This group contains three roles: (1) Executive representing the project ownership to chair the group; (2) Senior Supplier role to provide guidance regarding the technical feasibility of the project; and (3) Senior Beneficiary role to ensure the realization of project benefits from the perspective of project beneficiaries.

### Project Director

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The Project Director will report regularly to the OPX GM RCHQ, and coordinate the activities of the Consultant. The Project Director will also require Project Support in Riyadh to collect and distribute data, reports, and information as and when required from other Riyadh Divisions, and those in Jubail and Yanbu.

**Consultant**

The Consultant will report regularly to the Project Director, and report to the Project Board at the end of the Phase. A presentation will be made to the Board in Riyadh, including progress against schedule and budget, constraints and risks, and information to inform the decision gate leading to the next Phase.

**Project Assurance**

Project Assurance is the responsibility of each Project Board member, but the role can be delegated to staff within each agency. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate milestones are managed and completed. The Team Leader for Governance UNDP Saudi Arabia will hold the Project Assurance role for the UNDP, and a similar level RCJY representative would undertake this role.

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## VI. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

- Quarterly and End-of-Phase Reports shall be prepared by the Consultant and submitted to the Project Director and UNDP.
- A Monitoring Schedule Plan shall be activated in Atlas, and updated by the Consultant to track key management actions/events during the project.
- An Issue Log shall be activated in Atlas, and updated by the Consultant to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas, and regularly updated by the Consultant by reviewing the external environment that may affect the project implementation.
- A project Lesson-learned log shall be activated, and regularly updated by the Consultant to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of phase 1.

### Quality Management for Project Activity Results

Replicate the table for each activity result of the AWP to provide information on monitoring actions based on quality criteria. To be completed during the process "Defining a Project" if the information is available. This table shall be further refined during the process "Initiating a Project".

| OUTPUT 1:   |  |   |
|---|--|---|
| Activity Result 1<br>(Atlas Activity ID)                                      | Short title to be used for Atlas Activity ID   | Start Date:<br>End Date:                          |
| Purpose   | What is the purpose of the activity?   |   |
| Description   | Planned actions to produce the activity result.  |   |
| Quality Criteria  | Quality Method   | Date of Assessment                                |
| how/with what indicators the quality of the activity result will be measured? | Means of verification. What method will be used to determine if quality criteria has been met? | When will the assessment of quality be performed? |
|   |  |   |
|   |  |   |
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|---|--|---|
| <b>OUTPUT 2:</b>  |  |   |
| <b>Activity Result 1 (Atlas Activity ID)</b>  | <i>Short title to be used for Atlas Activity ID</i>  | <b>Start Date:</b><br><b>End Date:</b>  |
| <b>Purpose</b>  | <i>What is the purpose of the activity?</i>  |   |
| <b>Description</b>  | <i>Planned actions to produce the activity result.</i>   |   |
| <b>Quality Criteria</b><br><i>how/with what indicators the quality of the activity result will be measured?</i> | <b>Quality Method</b><br><i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | <b>Date of Assessment</b><br><i>When will the assessment of quality be performed?</i> |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |

|   |  |   |
|---|--|---|
| <b>OUTPUT 3:</b>  |  |   |
| <b>Activity Result 1 (Atlas Activity ID)</b>  | <i>Short title to be used for Atlas Activity ID</i>  | <b>Start Date:</b><br><b>End Date:</b>  |
| <b>Purpose</b>  | <i>What is the purpose of the activity?</i>  |   |
| <b>Description</b>  | <i>Planned actions to produce the activity result.</i>   |   |
| <b>Quality Criteria</b><br><i>how/with what indicators the quality of the activity result will be measured?</i> | <b>Quality Method</b><br><i>Means of verification. What method will be used to determine if quality criteria has been met?</i> | <b>Date of Assessment</b><br><i>When will the assessment of quality be performed?</i> |
|   |  |   |
|   |  |   |
|   |  |   |
|   |  |   |



## VII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of Saudi Arabia and UNDP, signed on 4 January 1976.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

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## VIII. ANNEXES



**Risk Analysis.** Use the standard [Risk Log template](#). Please refer to the [Deliverable Description of the Risk Log](#) for instructions

**Terms of Reference:** TOR for key project personnel should be developed and attached

**Special Clauses.** In case of government cost-sharing through the project which is not within the CPAP, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [ ]above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.
8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [5%]cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
  - (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.
9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.
10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."



**ANNEX I: RISK LOG**

| # | Description                           | Date Identified                    | Type   | Impact & Probability   | Countermeasures / Mngt response                                 | Owner  | Submitted, updated by  | Last Update                                  | Status                                     |
|---|---------------------------------------|------------------------------------|--|--|---|--|------------------------|--|--|
| 1 | Enter a brief description of the risk | When was the risk first identified | Environmental<br>Financial<br>Operational<br>Organizational<br>Political<br>Regulatory<br>Strategic<br>Other<br>Subcategories for each risk type should be consulted to understand each risk type (see Deliverable Description for more information) | Describe the potential effect on the project if this risk were to occur<br><br>Enter probability on a scale from 1 (low) to 5 (high)<br>P =<br><br>Enter impact on a scale from 1 (low) to 5 (high)<br>I = | What actions have been taken/will be taken to counter this risk | Who has been appointed to keep an eye on this risk | Who submitted the risk | When was the status of the risk last checked | e.g. dead, reducing, increasing, no change |

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**ANNEX II**

**Schedule of Payments**

| DATE                     | Amount (USD) | Contributor |
|--------------------------|--------------|-------------|
| To Be Paid in April 2015 | 237,247      | RCJY        |
| TOTAL                    | 237,247      |             |

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## Annex III

### LIST OF ACRONYMS

|                |   |
|----------------|---|
| <b>AACE</b>    | Association for the Advancement of Cost Engineering                                   |
| <b>BSC</b>     | Balanced Scorecard (Financial, Business Processes, Customer, Capabilities & Learning) |
| <b>CI</b>      | Continuous improvement  |
| <b>CPAP</b>    | Coutry Programme Action Plan  |
| <b>GDP</b>     | Gross Domestic Product  |
| <b>HDI</b>     | Human Development Index   |
| <b>HR</b>      | Human Resources division at RCJY  |
| <b>IT</b>      | Information Technology division at RCJY   |
| <b>KPI</b>     | Key Performance Indicator   |
| <b>KRA</b>     | Key Results Area  |
| <b>KSA</b>     | Kingdom of Saudi Arabia   |
| <b>O&amp;M</b> | Operations & Maintenance division at RCJY   |
| <b>OpX</b>     | Operational Excellence division at RCJY   |
| <b>PS</b>      | Public Service division at RCJY   |
| <b>RCJY</b>    | Royal Commission for Jubail and Yanbu   |
| <b>SMART</b>   | Specific-Measureable-Attainable-Relevant-Time-related (in relation to KPIs)           |
| <b>SOP</b>     | Standard Operating Procedures   |
| <b>SoW</b>     | Scope of work   |
| <b>TA</b>      | Technical Affairs division at RCJY  |
| <b>TQM</b>     | Total Quality Management  |
| <b>UNDP</b>    | United Nations Development Programme  |
| <b>USD</b>     | United States Dollars   |



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## **Annex IV:**

### **OPERATIONAL EXCELLENCE CONSULTANCY – PHASE 1**

|   |                                       |
|---|---------------------------------------|
| <b>Location :</b>   | Riyadh, Jubail & Yanbu - SAUDI ARABIA |
| <b>Application Deadline :</b>   |                                       |
| <b>Additional Category</b>  | Environment and Energy                |
| <b>Type of Contract :</b>   | Individual Contract                   |
| <b>Post Level :</b>   | International Consultant              |
| <b>Languages Required :</b>   | English                               |
| <b>Starting Date</b><br>(date when the selected candidate is expected to start) | : 05- April-2015                      |
| <b>Duration of Initial Contract :</b>   | 165 Working days                      |

### **Background**

In 1975, Royal Decree No. M/75 was issued establishing the Royal Commission for Jubail and Yanbu (RCJY). The main aim of the commission is the overall management of industrial cities located in Jubail and Ras Alkhair, on the Arabian Gulf, and Yanbu, on the Red Sea. RCJY is headquartered in Riyadh.

In more recent times, and within the framework of the 9<sup>th</sup> (2010-4) and 10<sup>th</sup> (2015-9) National Development Plans, focus has been placed on institutional efficiency, productivity improvement, and promoting a culture of performance excellence. Such focus is the genesis of this Operational Excellence consultancy.

RCJY is a complex conglomerate, consisting of 3 geographic locations, 22 divisions, and 88 departments, covering disparate functions, from Engineering and Construction, to Health Care and Education; from Operations & Maintenance, to Colleges & Institutions. Key to an effective Operational Excellence Division will be the acquisition of capabilities in continuous improvement processes; a focus on results-based management; and ability to articulate solutions to the needs and demands of the various disparate departments. It will be part of the Consultant's role to work with division staff for such capacity building.

To this time, Operational Excellence, as manifest in its irreducible core of continuous improvement and results-based management, has been an underutilised resource, and unrealised opportunity that has the potential to moderate fiscal challenges, contribute to social, environment, and economic pillars of sustainable development, and help achieve the RCJY aspiration of global best-practice for industrial cities.

While continuous improvement and cost reduction tend to dominate the conceptual model of Operational Excellence, there are other associated indirect factors that contribute to sustainable development for the country as a whole:

- A culture of continuous improvement foreshadows innovate ideas to reduce wastage of power, water, and materials, and holds the promise to foster energy and water conservation, and clean energy thinking, therefore contributing to environmental sustainability.
- Institutional efficiency releases government funds for social initiatives and human development.
- Better use of public fiscal resources contributes to national economic sustainability.

RCJY has asked UNDP for assistance in the provision of an International Consultant as an expert in the fields of Operational Excellence and Results-Based Management. The primary outcomes of the Consultancy will be:

1. Effective structure, activities, and processes of Operational Excellence Division to reflect axiomatic core work.
2. Results-based management system founded on Balanced Scorecard (BSC) Key Performance Indicators (KPIs).
3. Unified continuous improvement initiative across RCJY as the platform for Operational Excellence Division activities.



Given the considerable task at hand, and the limited existing resources of the Operational Excellence Division in the areas of continuous improvement and results-based management, the project has been divided in 4 Phases. Phase 1 of the project ONLY makes up the Scope of Work for this Consultancy.

## Duties & Responsibilities

- Review and evaluate structure, activities, processes, and Key Performance Indicators (KPIs) for Operational Excellence department to reflect core work.
- Conduct functional job analysis and training needs assessment for Operational Excellence department, and design job descriptions.
- Design Standard Operating Procedures (SOP) for Operational Excellence department, including:
  - a) Project document to articulate scope of work, expected outcomes, and cost-benefit analysis for substantiation of a business case.
  - b) Project schedule for value flow tasks, due dates, costs, resources, and responsibilities associated with the project document.
- Review and evaluate existing KPIs for 10-off Operations & Maintenance departments in Jubail and Yanbu. Review for currency and fit based on Balanced Scorecard (BSC), S.M.A.R.T., and with interface to the 10-off departments, as well as Strategic Planning department in Riyadh. Review appropriateness of BSC dimensions for RCJY.
- Design employee attitudes measurement instrument based on demonstrated internal reliability and construct validity. As a minimum, attitudes should include organisation commitment, job commitment, job satisfaction, and orientation to customers and innovation. Data collection by departments in Jubail and Yanbu.
- Review and evaluate community/client/tenant satisfaction survey instruments and results. Instruments should cover all services, and be based on demonstrated internal reliability and construct validity.
- Data entry and analysis of employee attitudes baseline in 10-off departments at Jubail and Yanbu.
- Review and evaluate current continuous improvement initiatives in Jubail (3-off initiatives), and benchmark international best-practice for continuous improvement in comparable organisations.
- End-of-Phase review of Operational Excellence progress, including cost estimate and recommendations for pathway forward to Phase 2.

The fundamental charter of the Consultant will be two-fold:

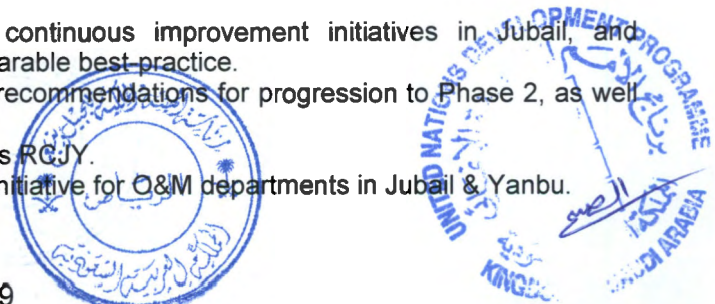
- Technical assistance: Assist to establish framework for Operational Excellence Division.
- Capacity-building: Mentor Operational Excellence staff to implement continuous improvement initiative.

The Consultant will remain in close contact with UNDP, but will report directly to RCJY. The Consultant should not discuss relevant matters with external parties in relation to the assignment without coordination with RCJY project director. In addition, he/she is not authorized to make any commitment on behalf of UNDP, or RCJY.

## Expected Outputs

This Consultancy relates to Phase 1 of the project ONLY. As such, only those outputs for Phase 1 are shown below.

1. Report and recommendations for Operational Excellence department structure, activities, Key Performance Indicators (KPIs), and job descriptions.
2. Operational Excellence department Standard Operating Procedures (SOP), including Continuous Improvement Project Document and Project Schedule.
3. Report on Balanced Scorecard (BSC) dimensions, and associated KPIs, for Operations & Maintenance Divisions in Jubail and Yanbu.
4. Employee attitudes measurement instrument.
5. Report on employee attitudes in Operations & Maintenance Division departments in Jubail and Yanbu (10-off) to inform KPIs and future training workshops.
6. Report on community/client/tenant satisfaction survey instruments and results to inform KPIs and future training workshops.
7. Report and recommendations on existing continuous improvement initiatives in Jubail, and benchmark investigation of international comparable best practice.
8. Quarterly and end-of-Phase report, including recommendations for progression to Phase 2, as well as cost estimate for Phase 2 ( $\pm 10\%$ ).
9. Design Unified continuous improvement across RCJY.
10. Scope of work & schedule for harmonised CI initiative for O&M departments in Jubail & Yanbu.





## Schedules & Duration

This Consultancy relates to Phase 1 of the project ONLY.

**Phase 1:** 7 months: 05 April 2015 – 04 November 2015

Phase 1 will establish the framework for effective operation of Operational Excellence Division, and review the existing continuous improvement initiatives in Jubail. Results-based management will be promoted with a review of Balanced Scorecard KPIs using the SMART framework. Recommendations will follow for appropriate continuous improvement across RCJY.

- Consultation (in-country): 50 days
- Consultation (home base): 115 days

It is expected that Phase 1 of the Consultancy will consist of a total of 165 person-days. It is anticipated that in-country work will be spread across the 7 months to include a number of trips to Saudi Arabia, each corresponding with key stages of the project, key outputs, and in consultation with the UNDP and RCJY.

## Competencies

### Functional competencies:

- Strong understanding of major corporations organizational needs, in terms of continuous improvement, institutional efficiencies, and results-based management;
- Demonstrates strong quantitative skills and the ability to carry out assessments;
- Able to review and evaluate, and provide suitable and strongly analytical feedback;
- Possesses proven ability to analyse from a global perspective, with the ability to offer practical policy advice on operational matters;
- Uses Information Technology effectively as a tool and resource;
- Ability to formulate project documents and reports according to UNDP Policies and Procedures;
- Able to convey results of project/research to team;
- Able to communicate and understand the needs of the different divisions and departments;
- Knowledge of local context or previous experience in Saudi Arabia will be an asset.

### Personal competencies:

- Displays cultural, gender, religion, race, nationality, and age sensitivity and adaptability;
- Highest standards of integrity, discretion, and loyalty.

## Required Skills and Experience

### Academic Qualifications:

- Advanced degree in Business, Economics, Administration, or related fields.

### Experience:

- At least 8 years working experience, as well as considerable knowledge of Operational Excellence, results-based management, project management, change management, strategic planning, risk management, and operational environments.

### Language Requirements:

- Fluency in speaking and writing English.

## How to apply:

Interested individual consultants must submit the following documents/information to demonstrate their qualifications:

1. Offerer's letter;
2. CV or signed P-11 form;
3. Financial proposal.

Documents should be submitted through the UNDP job online system. You will be asked to upload the documents on the second page of the online application form. Please note that the system will NOT accept the uploading of more than one (1) document, so please merge or scan all your documents into one prior to uploading.

### Financial Proposal:



- The financial proposal shall specify a total lump sum amount. Payment will be made in lump sum in three (3) instalments upon completion of the expected outputs indicated in the present TOR, and their acceptance by RCJY, as well as submission of payment documents (PEF, CFP etc.). In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include indication of day rates applied, and a separate lump sum amount showing all other expenses, including travel, accommodation, per diems, etc.

The individual consultant will be evaluated by cumulative analysis. The award of the contract shall be made to the individual consultant whose offer has been evaluated and determined as:

1. Responsive/compliant/acceptable; and
2. Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation:
  - a) Financial Criteria weight: 30%
  - b) Technical Criteria weight: 70%
    - i. Competencies: 30%
    - ii. Experience: 30%
    - iii. Education: 10%

Individual Consultant General Terms and Conditions are available at <http://www.undp.org/content/dam/undp/documents/procurement/documents/IC%20-%20General%20Conditions.pdf>

**UNDP is committed to achieving workforce diversity in terms of gender, nationality and culture. Individuals from minority groups, indigenous groups and persons with disabilities are equally encouraged to apply. All applications will be treated with the strictest confidence.**

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