



IOM International Organization for Migration
OIM Organisation Internationale pour les Migrations
OIM Organización Internacional para las Migraciones

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DELOCALIZATION: MANILA AND BEYOND

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I. INTRODUCTION

1. In order to meet the requirements of an increasingly complex organization within the constraints of Zero Nominal Growth, the Administration started transferring certain backoffice functions to Manila in 2002. In January 2005, pursuant to the recommendations of the External Auditors, the IOM Office in Manila became the Manila Administrative Centre (MAC).
2. In April 2005 the Administration announced that it was examining the possibility of establishing a second administrative centre, this time in the western hemisphere. Member States responded with questions about the timing and rationale for such a move, competition with MAC and the risk of overlap with the Missions with Regional Functions (MRFs).
3. This paper seeks to answer those questions and ends with a broad outline of the context and possible way forward. It also provides a brief update on MAC.

II. BACKGROUND AND UPDATE ON MAC

Should IOM for the time being not focus on consolidating MAC by following up on the recommendations made by the External Auditors and the internal audit unit?

4. In 2005 MAC was streamlined and consolidated (the latest information on staff in Manila is appended).
5. While it intends to continue improving MAC, the Administration believes it should also push on and plan ahead. In its four years as an administrative centre, MAC has considerably enriched IOM's experience in operating key administrative support services in a decentralized manner. It has been the subject of repeated internal and external audits to ensure that it is efficient and cost effective. In the report submitted to the Hundred and first Session of the Executive Committee, the External Auditors highlighted the valuable contributions MAC global support units provided to Missions and to the Organization as a whole. They also concluded that *"the rapid growth of MAC has resulted in an organizational structure that seems to be fragmented"*. They recommended that MAC be restructured and the reporting lines from Manila to Headquarters streamlined and consolidated. IOM's internal auditors reached similar conclusions.
6. As a result, MAC and Headquarters worked out a new structure that came into effect in July 2005. This structure groups the various units in Manila according to their area of work and puts each group under the responsibility of one manager, leaving six managers who report to the MAC Director. Furthermore, functional links with Headquarters were clarified to avoid confusion.

III. RATIONALE FOR ESTABLISHING ANOTHER ADMINISTRATIVE CENTRE

Why is IOM considering establishing another administrative centre?

7. With Zero Nominal Growth, the pressure on the Organization's core structure to do more with less continues. As a result, the Administration must pursue various measures to achieve further efficiencies. MAC has proven the effectiveness of transferring some functions from Geneva to a lower-cost location, especially when severe budgetary constraints threaten optimal responsiveness. MAC has also taught the Organization some valuable lessons. It is recognized that for one administrative centre to provide round-the-clock support to Missions worldwide is almost impossible. IOM Missions in the western hemisphere cannot be provided with critical and timely administrative support from MAC; they are placed at a disadvantage by time zone differences.

8. Earlier this year, after initial consideration was given to the opening of an administrative centre in the western hemisphere (WHAC), the Administration surveyed MRFs in the Americas; the survey revealed the gaps to be bridged, and the needs expressed showed a clear pattern. Overall, MRFs expect a regional support structure to provide them and their Missions with more efficient, rapid and timely assistance, and to increase their management and operational efficiency. An added bonus would be the availability in the region of a pool of experts in key administrative support areas.

9. MAC was the beginning of a deliberate process. What triggered that process - the need and search for cost efficiency - continues to move it forward. Cautiously pushing ahead with its exploration of options, the Administration is now focusing on a region that is able to draw the least benefit from MAC and where specific needs have been identified.

IV. POSSIBLE OVERLAP OF FUNCTIONS WITH MAC

10. IOM is aware of the need to avoid duplication and overlap of administrative functions and responsibilities.

11. To this end, the functions performed by WHAC should be additional to the administrative support already provided now and/or exclusively focused on the region. Should IOM decide to have WHAC perform additional accounting controls, or to house a regional focal point for transactional and more detailed audits, these would be functions identified as necessary, made affordable by the low-cost location. Unlike MAC, the support WHAC would provide in a given domain (i.e. human resources, staff development and learning, public information and outreach) would be focused on a region - the Americas - and thus make optimal use of language, where applicable, and time zone affinities.

V. POSSIBLE DUPLICATION OF FUNCTIONS WITH MRFs

12. The Administration is aware of the risk that WHAC may duplicate the administrative functions currently performed by MRFs; it will remain alert to that risk when it decides what functions WHAC can perform most effectively. One distinctive feature of WHAC would be that it would provide shared support to four MRFs and their regions. Because of the economies of

scale, the Organization could have WHAC perform support functions it cannot afford to have each MRF perform. MRFs in the Americas have been directly involved in the needs assessment, which should also help avoid overlap. They have clearly pointed out support gaps and needs which cannot be covered without additional delocalized support in the region. These are in areas for which the MRFs in question are either not equipped or are under-equipped to provide much needed assistance to their Missions. They include IT development, administrative and financial support, and human resources management.

VI. ANALYSIS OF NEEDS AND POSSIBLE LOCATION OF WHAC

13. This section updates the results of the Administration's analysis of needs and of the criteria for selecting WHAC's location set out in document IC/2005/6 of 16 June 2005.

Analysis of needs

14. One major outcome of the needs assessment is that Missions, including MRFs in the Americas, expect a regional support structure to provide more efficient, rapid and timely finance and administrative assistance. Therefore, the functions to be delocalized to or established in WHAC during a first stage should be limited in scope and application to the regional level.

15. The functions identified at this stage for transfer to/establishment at WHAC are:

- resources management functions:
 - accounting control - checklists of accounts and quality control of the financial transactions of Missions in the region;
 - human resources – staff administration for local employees in the region;
 - staff development and learning activities for the region;
 - verification and settlement of airline invoices in the region;
- information technology functions:
 - provision of timely IT support to Missions in the region.

16. The next steps in the process and further decisions on delocalizing functions to WHAC will depend on the results of the first stage and careful evaluation of overall developments in the delocalization process.

Analysis of possible location

17. While financial aspects are an essential component of the analysis of the relative advantages and disadvantages of possible locations, a number of non-financial indicators are equally, if not more, important. Therefore, besides the key requirement that WHAC be located in a Member State which has met its financial obligations to the Organization, the Administration identified the following criteria for assessing locations:

- context: security, political and economic stability, privileges and immunities;
- human resources: workforce availability, education and language;
- infrastructure: the cost of living, the average wage of local staff, the cost of office space, other facilities.

18. Using the above criteria, the Administration reviewed possible locations for WHAC, including:

- existing MRFs/SLMs in the region (Buenos Aires, San José, Lima, Washington, D.C., New York);
- some existing Country Missions (Colombia, Uruguay, Chile, Mexico);
- the Panama City of Knowledge.^[1]

19. In addition, the Administration compared the cost of setting up a preliminary structure in different locations in the region.

20. Most of the locations considered met the criteria for delocalization and each had its relative advantages and disadvantages. Taking all the criteria into account, the Panama City of Knowledge emerged as a comparatively advantageous location at this stage, for the following reasons:

- Panama is a Member State which has fulfilled its financial obligations to the Organization;
- in terms of context, Panama provides a relatively stable political, economic and security environment; it extends full diplomatic privileges and immunities, exempts local staff from income taxes, and grants the spouses of international staff the right to work;
- in terms of human resources, a qualified bilingual (Spanish and English) workforce is available at relatively competitive salary levels;
- in terms of infrastructure, Panama has a relatively low cost of living and low average cost of local staff (USD 1,500 per month); it offers sophisticated communication facilities (in terms of fiber-optic cables and network connection) and good airline connections; office space can be rented at the relatively low cost of USD 5.5 per square metre per month;
- a number of other international organizations with which IOM regularly interacts have set up country or regional offices in the Panama City of Knowledge. It can therefore be expected that a WHAC located there will facilitate effective coordination and cooperation with these organizations.

^[1] An international complex for education, research and innovation, organized to promote and facilitate synergies between universities, scientific research centers, businesses and international organizations.

VII. POSSIBLE STRUCTURE OF AN ADMINISTRATIVE CENTRE IN THE WESTERN HEMISPHERE

21. The preliminary structure for the first year of operation of WHAC (based in the Panama City of Knowledge) and the relevant cost estimates are presented below.

	<u>USD</u>
1 international staff:	180,000
10 local staff:	178,500
1 administrative assistant	
5 resources management staff (accounting, human resources, etc.)	
2 IT staff	
2 general support staff	
Office space (250 square metres)	16,500
Other running costs	<u>80,000</u>
TOTAL	455,000 =====

VIII. THE WAY FORWARD

22. It would be shortsighted to consider MAC as the end of IOM's delocalization process. The call for ever greater efficiency will not stop and compels dynamic, responsive organizations to continue exploring the possibility to perform key administrative functions in lower-cost locations. The Administration is committed to delocalization, but in a careful step-by-step process conducted in consultation with Member States.

23. It is now four years since the delocalization process to MAC began. During that time the Administration has identified and resolved the initial problems, clarified roles and responsibilities and restructured MAC to enable it to operate in the most efficient and effective manner. The Administration now feels it can embark with confidence on the next phase in the process, exploring the possibility of establishing an administrative support centre in the western hemisphere. Should a positive decision be taken to establish WHAC, the Administration will proceed carefully, making the necessary adjustments along the way. The question of whether further administrative centres are needed and if so, where they should be placed, will have to be assessed in the light of developments, needs and opportunities as the occasion arises.

Annex

STAFF IN MANILA - BY FUNCTION, FUNDING AND GENDER
AUGUST 2005

DESCRIPTION	NUMBER OF STAFF			NUMBER OF STAFF		
	OFFICIALS	EMPLOYEES	TOTAL	MALE	FEMALE	TOTAL
BY FUNCTION:						
DELOCALIZED FUNCTIONS:						
INFORMATION TECHNOLOGY SERVICES (ITS)	2	16	18	13	5	18
MIMOSA AND SOFTWARE DEVELOPMENT	1	8	9	7	2	9
ACCOUNTING SERVICES (MAS)	0	9	9	3	6	9
HUMAN RESOURCES	1	8	9	2	7	9
PROJECT TRACKING UNIT (PTU)	2	3	5	1	4	5
STAFF SECURITY UNIT (SSU)	1	2	3	2	1	3
WEBSITE INTRANET & DIGITAL ASSETS MANAGEMENT (WIDAM)	1	5	6	3	3	6
AIRLINE INVOICE SETTLEMENT UNIT (AISU)	0	4	4	2	2	4
HEALTH & INSURANCE SUPERVISION	0	2	2	1	1	2
HEALTH CLAIMS PROCESSING	0	4	4	0	4	4
FIELD PROCUREMENT UNIT (FPU)	0	3	3	2	1	3
FIELD DATA AND STATISTICS (FDS)	0	3	3	0	3	3
TREASURY SERVICES (MTS)	0	3	3	2	1	3
FINANCIAL REPORTING (US AND GUATEMALA)	0	1	1	0	1	1
BUDGET AND TERMINAL EMOLUMENTS	0	1	1	0	1	1
REGIONAL MISSION AND PROJECT FUNCTIONS:						
MANILA REGIONAL SUPPORT AND ADMINISTRATION	1	9	10	2	8	10
MIGRANT ASSISTANCE AND MOVEMENT PROJECTS	0	1	1	0	1	1
LABOR MIGRATION SERVICES (LMS)	0	1	1	0	1	1
CANADA CULTURAL ORIENTATION	1	1	2	0	2	2
REGIONAL REPRESENTATIVE	1	1	2	1	1	2
CANADIAN WARRANTS AND TAX REIMBURSEMENT	0	1	1	0	1	1
MIGRANT HEALTH SERVICES	0	1	1	0	1	1
VIETNAMESE RESETTLEMENT	0	4	4	1	3	4
TOTAL MANILA ADMINISTRATIVE CENTRE	11	91	102	42	60	102
BY FUNDING SOURCE:						
ADMINISTRATIVE PART OF THE BUDGET	5	14	19	8	11	19
DISCRETIONARY INCOME	4	55	59	25	34	59
PROJECT FUNDS	2	22	24	9	15	24
TOTAL MANILA ADMINISTRATIVE CENTRE	11	91	102	42	60	102

Note: The following positions have been established and advertised, but were not included in the above list.

WIDAM - 4 positions
 VRPP - 2 positions
 PBMP - 1 position
 ITSC - 3 positions
 MHS - 2 positions
 MPRC-PUB - 1 position
 MRF accounts assistant - 1 position