HUNDRED AND THIRD SESSION

IOM’S DELOCALIZATION PROCESS AND ADDITIONAL INFORMATION ON THE
PROPOSED WESTERN HEMISPHERE ADMINISTRATIVE CENTRE (WHAC)
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Introduction

1. The present document provides: (a) background on IOM’s delocalization process; (b) criteria for the selection of positions and functions to be delocalized from expensive locations; (c) criteria for the selection of locations to which functions can be delocalized, and (d) preliminary structure and cost estimates of the proposed Western Hemisphere Administrative Centre to be based in Panama.

IOM’s delocalization process

2. IOM began a process of decentralization during 1996/1997 following the recommendations of the Management Review. A number of core functions were transferred to the Field with the establishment of subregional offices. Most notably, the responsibilities and positions providing support to project development, project management and project implementation, together with finance and administration, were established in the subregional offices to bring these functions closer to the operations. Regional Bureaux at Headquarters were abolished and a number of staff members were either transferred to field locations, took up other functions or left the Organization voluntarily with early retirement options, where these were applicable. This was a significant shift and change in the way IOM operated and paved the way for further streamlining and cost-efficiency measures. Delocalization of back-office functions to cheaper locations was one of those measures.

3. Also in 1996, the Administration undertook to freeze the Administrative Part of the Budget at Zero Nominal Growth (ZNG) for five years. Since then the Organization has grown significantly in membership, staff and activities. Membership has more than doubled, the number of staff has grown by more than five times, and the Operational Part of the Budget as well as the number of offices and projects have increased approximately four times during that period. The Administrative Part of the Budget, however, starting from 2001 when the five years of ZNG were completed, has grown less than 10 per cent. Since 1996 the annual cost/statutory increases have been absorbed through a combination of cost-efficiency measures. One of the most important and effective cost-efficiency measures was the delocalization process.

4. Manila was already a regional office when the Administration decided that it should also serve as a location from where back-office or support functions would be performed. A senior official from Headquarters was transferred to Manila in the early part of the process to manage the gradual transfer of administrative functions that were identified, principally from Headquarters. At each stage of the process, Member States were kept informed of the development of Manila as an administrative centre, the transfer of functions and positions from Headquarters, and the financial and staffing implications. Given the growth of IOM and the continuation of the policy of ZNG in the Administrative Part of the Budget, the delocalization process has been driven by the need for cost containment.

5. Since the establishment of Manila as an administrative centre, the size and reach of the services performed from MAC have grown significantly. Some of the functions established in or transferred to MAC were initially regional functions (e.g. accounting support for the offices in the Asia region) and others were of global nature (e.g. information technology). Yet others were
related to support of specific projects or large operations. This mix of regional, global and operational support has been driven by the needs of the Organization.

6. MAC now has more than 130 staff members, most of whom are locally recruited. The functions performed in MAC include the back-office part of accounting, personnel administration, medical claims processing and an important support to IOM’s information technology needs. Other functions such as procurement, staff security, and financial management of various specific programmes are also performed in MAC. IOM would not have been able to manage the recent significant growth and been in such a relatively strong position administratively and financially without the support of MAC.

7. With the growth of the Organization and the need to manage complex operations effectively whilst providing value-added services to various stakeholders, it is imperative that appropriate administrative structures be established in line with the present and anticipated needs. Consequently, the delocalization of functions to cheaper locations is a constantly evolving process and needs to be carefully managed.

8. When the MAC was established, the Administration did not have any plans for the further creation of such centres. The Administration’s proposal to establish a second location from where back-office and other functions can be performed has to be seen in the context of the evolving needs of the Organization, the experience gained from establishing and running the MAC and the growing complexities of managing an extremely wide range of migration management projects, including various emergency operations. The Administration believes that spreading the risk by carrying out some of the delocalized back-office functions from another location would be a good strategic move. In addition, the Administration would be able to benefit from language and time zone factors that a location in the Western Hemisphere would provide. As in the case of Manila, the Administration will establish the WHAC with a minimum structure initially and allow it to evolve as the needs of the Organization emerge.

9. Establishing the WHAC will not close the doors for other locations in other regions to be considered at a future date to host such administrative centres in line with changing migration patterns and administrative needs. Conversely, it does not guarantee that Manila and/or other locations will permanently remain as administrative centres if the operational needs or the direction of the Organization should significantly change.

10. The Administration hereby clarifies that paragraph 12 of document SCBF/287 should be read in the context of an evolving process of delocalization and not necessarily as an end to the process with the establishment of WHAC. Document SCBF/287 focused on the establishment of WHAC at the present time, given the current needs of the Organization. Furthermore, the applicable criteria (see below) for the selection of a location to host an administrative centre will be universally and consistently applied across all regions.

Criteria for the selection of locations where functions can be delocalized

11. As stated earlier, the need for additional or fewer locations to carry out administrative and back-office functions will depend on the evolving nature of the Organization and its requirements.
12. In generic terms, if and when an administrative centre is deemed necessary, the conditions that should be satisfied for a location to be considered for such a centre would include that it be in a country which:

- is a Member State in good standing vis-à-vis its obligations to the Organization;
- has the required infrastructure and a stable environment in terms of security; political, economic and social stability;
- has granted IOM full privileges and immunities;
- has ample qualified human resources available (in the various fields of financial and human resources administration and information technology) and with appropriate language skills;
- has good logistics, in particular air and other means of transport for the efficient movement of people and goods;
- has a cost-of-living, level of salaries and cost of infrastructure at competitive rates as compared with Headquarters, other IOM administrative centres and relevant missions.

Criteria for the delocalization of functions and positions to cheaper locations

13. The criteria for the delocalization of functions and positions to cheaper locations should include that the functions:

- are repetitive in nature;
- rely on information technology support;
- are location neutral and can be effectively carried out from any location;
- involve heavy transaction processing;
- provide administrative backstopping support to large programmes or emergency operations;
- provide general and administrative support to IOM Missions.

Preliminary structure and cost estimate for the proposed Western Hemisphere Administrative Centre in Panama

14. The preliminary structure envisaged for the first year of operation of WHAC to be based in Panama City of Knowledge will be composed of one international staff member and 10 local staff and the approximate cost is estimated at USD 500,000. Funding will be allocated from 2007 Discretionary Income.

Conclusion

15. The Administration will continue to consult IOM Member States at all stages of the delocalization process and will adapt its planning and proposals to the changing circumstances and needs of the Organization. In the immediate future, the Administration will submit proposals in the context of the Programme and Budget for 2007 to establish a Western Hemisphere Administrative Centre in Panama.