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

SUBCOMMITTEE ON BUDGET AND FINANCE

NINETY-SECOND SESSION

2-3 November 2004

**SCBF/271**  
**RESTRICTED**

18 October 2004

**UPDATE ON MANILA DELOCALIZATION**

## UPDATE ON MANILA DELOCALIZATION

### I. INTRODUCTION

1. This document provides an Update on Manila Delocalization. The previous update was provided to Member States in a paper dated 22 April 2004.

### II. PROGRESS TO DATE

#### Transfer of functions

2. Since the 22 April 2004 report, there has been steady progress in the transfer of functions to Manila.
3. The transfer of **IT** functions continues to build on the solid base of IT services already established. The 24-hour Field support helpdesk, established in 2003, is fully functional and has fielded over 1,200 support requests thus far in 2004. While many calls were supported remotely, in a number of cases assistance was provided on location, via staff visits to major programme sites in Africa, the Middle East, and Asia. The IT unit now features a software development group dedicated to supporting many of IOM's key computer packages, such as MIMOSA – IOM's principal operations software – as well as the Field accounting, medical insurance, claims processing and airline payment systems. The recently completed server room/data centre, which has been constructed in line with tight specifications to ensure a secure platform for IOM's IT functions, houses many mission-critical systems and hosts much of IOM's e-mail and web-based applications. The IOM payroll system is scheduled to be replaced by a new computer package also to be supported out of Manila.
4. The transfer of **Human Resources** functions is advancing. A unit servicing General Service staff in the Field became operational in July 2004. This unit provides essential support to over 3,000 General Service staff worldwide, including assistance with staff hiring, separations, staff regulations and staff rules. In addition, IOM is transferring the significantly larger function of support to the contractual and administrative needs of the nearly 1,000 internationally recruited staff worldwide and Geneva-based General Service staff. The bulk of the above human resources functions are targeted to be operational by the end of 2004.
5. The **Medical Claims Processing Unit** has functioned smoothly for a year and a half – since March 2003. The timing of the transfer was appropriate, as the volume of claims has risen rapidly concurrent with the growth of IOM. The Unit processed 5,888 staff medical claims through the first nine months of the year and is expected to handle a total of 8,000 claims in 2004, an increase of more than 30 per cent over 2003. The volume is expected to grow further as IOM harmonizes its conditions of service, extending standard insurance coverage to an increased number of Field Offices. Despite

the increased workload, the Unit remains staffed by three locally hired personnel, and there has been no staff turnover since the function was established. A fourth staff member is being recruited to administer additional categories of claims to be transferred to Manila before the end of 2004. The Unit is housed in an area with limited access and with a dedicated and secure filing room.

6. The **Field Procurement Unit**, which has been in existence for over a year, continues to promote best practices in the area of purchasing. The Unit has experienced a dramatic increase in activity and, so far in 2004, the Unit has assisted with over 300 procurement requests from IOM Field Offices. The Unit has also arranged for over 100 shipments to Field Offices of equipment and non-food items. Following the issuance of new procurement policies in 2003, supplemental guidelines on the specialized topics of competitive bidding and asset inventories were distributed to provide further guidance to project staff. Such initiatives should generate savings, stretching project budgets through obtaining better prices for goods and services.

7. **Manila Accounting Services**, established late in 2003, has expanded with the addition of several qualified and experienced Certified Public Accountants. The unit has gradually assumed additional duties over the past few months, and is now entering and validating all IOM Field Office accounts. In addition, the unit is performing a more detailed review of Field Office accounts on a selective basis (quality control function). Thirteen Field Offices and approximately 1,518 vouchers have been reviewed thus far in 2004. Other transferred functions include staff tax reimbursements, Canadian Warrant invoicing and accounting, staff travel claims and financial reporting for Associate Experts.

8. The **Airline Invoice Settlement** function began operation on 3 May 2004. A new software system, GATOR, was developed to streamline the payment of invoices, and four local staff were recruited to administer the system. The transferred function and new system has significantly upgraded the service, reducing late payments, credit risks and billing errors. Since the inception of the operation, 2,209 airline invoices have been processed totalling USD 12,418,155. The number of invoices is expected to increase as a progressively larger portion of the processing is shifted to Manila. Some labour-intensive and IT-intensive migrant movement tracking and statistical functions are also being transferred (**Field Data and Statistics**).

9. An estimated 50 per cent of IOM's **Printing** has moved to Manila, to take advantage of the lower costs for printing documents, publications, bags for refugees and migrants, Christmas cards, and other materials which require efficient production in large quantities. The most recent transferred printing project was the *IOM News*, the Organization's quarterly newsletter, which began production in Manila during the summer of 2004, resulting in a savings of several thousand dollars per issue. The first issue was distributed from Manila in September 2004. The transfer of printing projects is expected to continue, as similar opportunities for large-scale printing arise.

10. **The Staff Security Unit (SSU)** is involved in upgrading security systems in over 50 IOM Offices classified under various phases of the United Nations security alert. Extended support is provided to IOM operations in particularly insecure areas in Afghanistan, Sudan (Darfur), Pakistan (tribal areas), Liberia, Côte d'Ivoire and elsewhere. SSU recently assigned several full-time security officers to the Middle East to ensure IOM's operations are as secure as possible. The Unit has completed several regional training courses, strengthening staff awareness and building organizational preparedness. SSU recently completed security training for United Nations staff based outside Iraq and assisted on-site in Pakistan with the Afghanistan Out-of-Country voting. SSU has formulated and issued an "IOM Staff Safety/Security Policy" and is engaged in raising IOM standards to ensure full compliance with it and UNSECOORD guidelines.

11. The **Project Tracking Unit (PTU)** completed its move to Manila with the transfer of its final staff member in July 2004. The institutional electronic library which tracks all active IOM projects is now fully managed from Manila. The Unit assists project developers and managers in meeting donor and other institutional reporting and recording requirements. The Unit has been able to meet the demand for its services through the addition of qualified technical staff due to the relatively lower costs in the Philippines.

12. The **Treasury Services** function has been established to provide treasury and cash management support to Field Offices. One of its principal functions will be to process international payments on behalf of IOM's network of Field Offices. Three staff members have been locally recruited and trained, a secure electronic banking system has been installed, and the first payments began in October 2004.

13. The support and development for IOM's web site, intranet, and digital assets are in the process of being transferred to Manila, taking full advantage of the available local IT support. The **Web site Intranet and Digital Asset Management (WIDAM)** unit should provide a solid base for IOM's expanding information dissemination and storage needs. The web and intranet are rapidly becoming one of IOM's principal modes of communication with staff, Member States and other stakeholders, replacing hard copy documents and other slower, less efficient forms of communication. A library for the storage of thousands of key images and other assets is also under construction.

14. The **Occupational Health Service** is transferring several functions, with particular focus on the administratively intensive areas such as the review of entry on duty medical examinations for IOM locally recruited Field staff. Although the medical examinations themselves are performed by outside doctors in the country of hiring, there is a substantial administrative and oversight component to this work, particularly for locations with potential health risks.

15. Although an exhaustive discussion of each transferred function is not possible, it should be noted that a number of other activities have been moved, such as the financial reporting and monitoring for two of IOM's largest projects – the USA Refugee Programme and the Guatemala FONAPAZ Fiduciary Fund. Furthermore, the monthly maintenance of foreign currency exchange rates in the IOM accounting system is now carried out from Manila.

16. IOM realized early in the delocalization process the importance of maintaining effective, reasonably priced communications between Geneva and Manila. Therefore, a voice-over-IP telephone capability was established, permitting communication between the two locations at a fraction of the cost for conventional telephone services. A video-conferencing capacity was also established using existing Internet connections. The video-conferencing makes possible the scheduling of inter-office meetings and facilitates long-distance training opportunities.

17. To ensure that the management and operation of the Manila Office is as efficient as possible, IOM maintains a regular schedule of outside reviews and audits. An in-depth audit by the IOM Office of the Inspector General is scheduled for November 2004. IOM's External Auditors, the Office of the Auditor General of Norway, will visit the office in January 2005. This will be the third visit by the External Auditor since autumn 2002.

18. Finally, the Government of the Philippines is to be commended for its support throughout the delocalization process. The Government redrafted the existing cooperation agreement with IOM during 2003, clarifying and standardizing IOM's privileges and immunities. They established an expedited importation procedure for procurement of equipment and assisted IOM in regularizing staff benefits with the local social security and health administrations. They have contributed to raising the awareness of IOM and migration issues in both the country and region and are assisting, through in-kind contributions of staff and facilities, in the implementation of IOM projects.

### **Human Resources**

19. The Manila Administrative Centre currently has 73 staff members, composed of nine international staff and 64 General Service staff. This represents an increase of 18 over the total of nine international and 46 General Service staff reported in the April 2004 paper. The increases were mainly due to the transfers of movement management functions (Airline Invoice Settlement Unit, Field Data Statistics) and additional accounting duties.

20. Below is a breakdown of the functions and funding sources for positions in Manila as of September 2004:

	<u>Number of Staff</u>	
	<u>Officials</u>	<u>Employees</u>
<b>By function:</b>		
Information Technology Services (ITS)	1	14
Manila Regional Support and Administration	1	6
Manila Accounting Services (MAS)		6
Project Tracking Unit (PTU)	2	3
Staff Security Unit (SSU)	2	2
Airline Invoice Settlement Unit (AISU)		4
Migrant Assistance and Movement projects		4
Health Claims Processing		3
MIMOSA (Operations System)	1	2
Treasury Services (MTS)		3
Field Procurement Unit (FPU)		3
Labour Migration Project		3
Human Resources		2
Canada Cultural Orientation	1	1
Regional Representative	1	1
Medical Insurance Supervision		2
Web site Intranet and Digital Asset Management (WIDAM)		1
Financial Reporting (United States and Guatemala)		1
Canadian Warrants and Tax Reimbursement		1
Terminal Emoluments and Project Financial Reporting		1
Field Data and Statistics (FDS)		1
Total	<u>9</u>	<u>64</u>
<b>By funding source:</b>		
Administrative Part of the Budget	3	7
Discretionary Income	3	44
Project Funds	<u>3</u>	<u>13</u>
Total	<u>9</u>	<u>64</u>

21. Three Official positions comprising the Regional Representative and the Heads of PTU and SSU as well as seven General Service staff are funded from the Administrative Part of the Budget.

22. A selective recruitment procedure is enforced to ensure that staff are qualified in their area of expertise. In recognition of the relative newness of staff to IOM, a cost-effective training solution is provided through monthly “increase your knowledge” sessions. At these sessions, staff or visitors brief on skills development or aspects of IOM’s work. Specialist staff may avail themselves of further training opportunities which arise throughout the Organization. There are regular staff meetings to ensure that staff members are aware of organizational priorities and to foster teamwork.

### **Cost Analysis**

23. As nearly three years have passed since the start of delocalization and the transfer of many functions, the extent of the Manila cost advantage can now be more precisely assessed, based on a review of the actual results. The below analysis includes actual

costs for 2002, 2003, and a projection for 2004. Even in the first year, 2002, which was weighted with heavy implementation expenditure, the cost advantage compared to Geneva was 25 per cent. In the second and third years, 2003 and 2004, the cost advantage grew to 46 per cent and 52 per cent, respectively. The advantage arises primarily from lower staff and office costs in Manila. The average cost for a locally recruited employee in Manila is approximately USD 13,000. While expenditures such as travel and communications are higher due to working with Geneva at a distance, these costs are not significant when compared to the cost advantage in the area of staff, premises, and IT. IOM has gained experience during the first years of operation and many of the start-up costs have already been incurred, therefore the continuation and growth of the cost advantage in future years is reasonably assured.

**Analysis – Cost Advantage of Manila vs. Geneva  
(in USD)**

Year	Notes	Budget / Forecast				Actual		
		Functions in Geneva	Functions in Manila	Cost Advantage		Staff and Office Costs in Manila	Cost Advantage	
				Amount	%		Amount	%
2002	1	1 676 400	1 215 300	461 100	28%	1 265 100	411 300	25%
2003	2	3 939 600	2 032 300	1 907 300	48%	2 130 800	1 808 800	46%
2004	2,3	5 121 500	2 642 000	2 479 500	48%	2 461 957	2 659 533	52%
2005	2	6 658 000	3 434 600	3 223 400	48%			
2006	2	8 655 300	4 464 900	4 190 400	48%			
		26 050 800	13 789 100	12 261 700	47%			

Notes:

- (1) Compares actual budgeted staffing, inclusive of the budgeted implementation costs in the amount of USD 372,200. Actual implementation costs include USD 311,500 in 2002, with the balance of the budget expended earlier in 2001. The 2002 budget projection of USD 1,676,400 did not anticipate the transfer of the Staff Security Unit (SSU) to Manila, for which actual staff and office costs in 2002 amounted to USD 79,100.
- (2) Assumes 48 per cent composite cost advantage in 2003 continues through 2006, with 30 per cent annual growth. The cost advantages are quite large in the major office cost areas: in the range of 75 to 80 per cent for local staff, 60 per cent for office space.
- (3) Actual Staff and Office Costs refers to the projection for the year ending December 2004, based on actual costs for eight months to August 2004, with due consideration for major changes occurring in the last quarter of 2004.

### **III. PLAN FOR TRANSFER OF ADDITIONAL FUNCTIONS**

24. The plan for additional transfers, announced in the April 2004 paper, is being implemented according to schedule, with one exception.

#### **Background**

25. Delocalization of functions was initially achieved by applying a relatively gradual, voluntary approach to delocalizing functions. In subsequent discussions regarding the level of the Administrative Part of the Budget, Member States encouraged IOM to further reduce costs through a faster-paced delocalization of Geneva-based functions. IOM addressed the issue of accelerated delocalization by appointing a team to develop a plan. The plan, which identified specific areas to be transferred, was described in the April 2004 paper, and emphasized targeted – but required – staff moves and changes as follows:

- Ten General Service positions to be eliminated at Headquarters and their functions transferred to Manila (three Accounting and Treasury, two Human Resources, three Movement Management, one Migration Policy and Research, one Migration Health Services).
- Four Professional positions to be transferred to Manila (two Information Technology, one Migration and Policy Research, one Migration Health)
- Regarding Human Resources, a separation between strategy/policy responsibilities and operational functions (Administration, Field support), of which the administration of IOM staff and Field personnel functions to be moved to Manila.

26. In order to increase the Organization's public information outreach, two Professional positions from Media and Public Information were identified for transfer to the Field; one each to Bangkok and Washington respectively.

#### **Implementation Status**

27. Staff changes in Geneva were announced and affected staff were notified of their status and options. Efforts were made to absorb staff in redundant posts while termination packages were made available for those leaving. Impacted departments have submitted detailed plans, providing schedules for the transfer of the listed functions. The Manila Office has moved forward to prepare the necessary local support structures and staffing requirements, and the details are described earlier in this paper. In several instances, the transfers have already been completed. It is anticipated that the remaining steps in implementation will be accomplished by the end of 2004 with the exception of one Migration Health professional position, the move of which has been deferred because of developments which may make another off-shore location preferable.



### **Future Initiatives**

28. The above represents the first phase of a multi-year process. Predictably, the functions that are the most suited to a transfer are in the area of Information Technology, Accounting, Treasury, Human Resources, and Movement Management. Implementation of future moves is dependent upon successful completion of the current phase. Transfer costs and the pace of technology development within IOM will affect the extent and timing of future transfers. The accelerated delocalization process will continue parallel with the voluntary transfer of functions if and when opportunities occur such as through retirement, resignations and terminations.

### **Conclusion - Cost Containment and other Advantages**

29. The principal objective of the delocalization is cost containment. The rapid growth in Member States, programmes and offices in recent years has placed increased demands on the Organization's administrative structure funded under the relatively fixed Administrative Part of the Budget. The transfer of functions to Manila is expected to relieve the financial pressure by permitting IOM to make more efficient use of its resources. The lower cost environment of Manila increases the purchasing power of IOM's core funding, enabling the Administration to fund more staff and equipment within the existing resources and limiting the need for budget increases to manage growth.

30. Delocalization continues as an effective strategy to cope with the Organization's growth in the face of severe budgetary constraints. There has been consistent progress, resulting in a steadily growing cost advantage for IOM.