



Good Practice Note No. 24

Opening New Offices

Part of a series of notes to help Centers review their own internal management processes from the point of view of managing risks and promoting good governance and value for money, and to identify where improvement efforts could be focused. The good practices described in this series of notes should not be interpreted as minimum standards in every case, as not all may be appropriate to every Center.

SUMMARY

This Note recommends that Centers adopt a systematic approach to decisions relating to the opening of new regional, country or project offices, and provides guidance to Centers as to the various aspects which should be considered. The Note proposes the following good practices:

- A clear business case analysis is prepared to support the investments required to open a new office, and these should be linked with business objectives established for the office, against which performance should be periodically assessed.
- The basis of funding the costs of establishing and running the new office is determined. This includes details of the extent to which Center unrestricted funds will contribute to the capital and recurrent costs, to what extent/how such costs will be recovered from restricted grants financing projects, and whether the proportions of such funding sources are expected to change over time. This will provide a basis for later evaluation of actual financing and decisions to maintain the office on a medium or longer term.
- The new office is opened under a clear legal status with the host country's national government, that host country requirements in relation to the office – at national, regional, local levels - are well understood by all parties, and that an appropriate level of privileges and immunities is obtained which facilitates the operations of the office.
- Where the new office is to be hosted by another institution, the terms and conditions of the hosting arrangement is clear to both parties.
- There are clear responsibilities for the management of the new office and for oversight of activities of the new office from headquarters.
- Safety and security issues relevant to the location are taken into consideration in choosing the physical location and determining the capital expenditure and security service budgets for the new office and expatriate residences.



- A staffing plan/budget is established for the new office, based on initial and any expected medium term increases in human resource requirements.
- Job descriptions and selection criteria, consistent with the staffing plan/budget, should be prepared as part of the initial analysis of the requirements for the new office, and used in any staff recruitment for the new office.
- Requirements on the Center in relation to local labor and taxation laws for locally recruited staff are clearly established and built into the staffing contracts and the office's administrative budgets.
- Newly recruited staff for new offices are provided with orientation to the Center, and training in its policies and procedures relevant to their responsibilities.
- As part of the initial planning for opening the new office, the local market for service providers essential to support the recurrent operations of the office are evaluated and, where possible, competitive tendering for such services is planned.
- A capital budget is prepared as part of the business case for the new office, and if expected to remain open in the medium and longer term the expansion/replacement needs of the office are included in the Center's future institutional capital budgets.
- Recurrent expenditure budgets for the initial years of the new office are prepared as part of the business case for the new office, and updated once the office is opened as part of the normal budgeting cycle of the Center.
- Where the new office is to operate its own bank accounts, the arrangements with the local banks are clearly established in writing. The bank accounts are opened (and closed) from headquarters in accordance with the Center's delegations of authority in this area, and appropriate local and headquarter signatories approved and updated for subsequent staff changes.
- The information requirements for the new office's reporting to headquarters on operational, administrative and financial matters are in line with the Center-wide requirements applied to all outreach offices and appropriate recording and reporting systems are planned and documented in a procedures manual so that the new office can quickly implement these requirements.



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INTRODUCTION

From time to time, Centers open new regional, country or project offices (also sometimes referred to as “outreach offices”) in locations away from Headquarters, usually in another country. This may be due to planned or actual increased level of activity in the region/country arising from changes in Center strategy, changes in donor funding that requires more activities in the region/country, a need to shift an existing office from a neighbouring country or to assist with the operation of a major, long term project or set of projects in the region/country.

This Good Practice Note, drawn from information obtained from various Center checklists and audits, provides a checklist of items that Centers should consider when opening a new office, to help ensure a smooth process and avoid some typical risks.

CONSIDERATIONS WHEN OPENING A NEW OFFICE

Rationale for Opening Office

Good practice

A clear business case analysis is prepared to support the investments required to open a new office, and these should be linked with business objectives established for the office, against which performance should be periodically assessed.

Usually Boards of Trustees request that decisions to open a new office be approved by them, or at least that they be consulted in advance of any such decision. At the same time, Center management should clearly analyze the business case for opening a new office and the expected returns on investment. Both require that the business case be documented and be supported by staffing and financial budgets (which may show different scenarios depending on how the Center’s work in the region/country evolves), and that these be used in subsequent evaluations/retrospective reviews.

Business cases should address:

- Business objectives of the proposed office and their relevance to the Center’s overall mission and strategic plan, and related performance criteria. The CGIAR IAU has prepared a separate Good Practice Note on Business Objectives and Performance Criteria for Regional, Country and Project Offices which provides guidance in this area.



- Examination of alternatives such as possibility of operating from a neighbouring country where the Center already has a presence.
- Availability of necessary infrastructure needed for operations – including physical facilities, transport and communication facilities, and capital equipment requirements. Where other CGIAR Centers have a presence, hosting by them or at least co-location to facilitate some sharing of facilities and support services should be analyzed. This may minimize the costs of establishment of a new office and its ongoing operation, as well as tangibly demonstrate collaboration between Centers. Reasons for not going this route should be clearly justified. Alternatives such as hosting by a partner institution may also be considered, and often some form of hosting is mandatory if the Center does not have its own legal personality in the country for the purpose of contracting and operating bank accounts.
- Arrangements for local staffing (either through host institutions or the local market).
- Examination of alternatives such as possibility of operating from a neighbouring country where the Center already has a presence.

Financial Sustainability

Good practice

The basis of funding the costs of establishing and running the new office is determined. This includes details of the extent to which Center unrestricted funds will contribute to the capital and recurrent costs, to what extent/how such costs will be recovered from restricted grants financing projects, and whether the proportions of such funding sources are expected to change over time. This will provide a basis for later evaluation of actual financing and decisions to maintain the office on a medium or longer term.

Host Country Relations and Legal Status

Good practice

The new office is opened under a clear legal status with the host country's national government, that host country requirements in relation to the office – at national, regional, local levels - are well understood by all parties, and that an appropriate level of privileges and immunities is obtained which facilitates the operations of the office.

Each CGIAR Center, being a separate legal entity, must negotiate its status with each Country in which it has a permanent presence, or to which it regularly sends staff on visits. It is the Center, not the CGIAR – which is presently not a legal entity in and of itself – that is the party to any treaty with any country governing its status, including those countries in which it has, or wishes to establish, an office. The agreements vary in the coverage (number of countries) and nature (ranging from full agreements



with national governments granting privileges and immunities, to technical cooperation agreements signed with Ministries of Agriculture or national agricultural research institutes, to a government determination or regulation which brings the Center under national legislation relating to cooperation with international organizations and other bodies).

All Centers have some form of recognition as international organizations by, and hosting agreements with, the countries in which their headquarters are located (though the levels of privilege and immunities can vary from Center to Center). Thus, the legal dimensions of establishing offices in other parts of the headquarters host country are usually straightforward. Some Centers have also been successful in obtaining the same level of recognition and privileges and immunities in some other countries in which they work. Thus the main issues will arise where an office is to be opened in a country where such recognition is not already in place.

In such cases, clarity of host country requirements at national, provincial and local levels should be understood by all parties, whether they are encapsulated in treaties or agreements specific to the Center, or covered under various legislation and regulations which are deemed by the government to apply to the Center. These might cover:

- Immunities and privileges for the Center, including diplomatic protection of its property and records; exemptions from import duties, income, sales and other taxes on imported and locally purchased goods, fuel and services and on funds transfers made to and from the office; exemption from foreign exchange restrictions; and beneficial vehicle registration (e.g. diplomatic or international organization tags).
- Visas and working permits for Center expatriate staff and experts who are either posted or visiting the office for official business.
- Immunities and privileges for such staff and experts, including exemptions from import duties on personal effects; exemptions from income, sales, fuel and other taxes (at various levels of government); exemption from foreign exchange restrictions; and immunities in relation to their official duties.
- Legal recognition for the purposes of opening and operating bank accounts; for entering into employment contracts with nationally recruited staff and consultants; and contracting with local suppliers and service providers.
- Requirements in relation to tax-related reporting and withholding on salaries, fees and payments to local staff, consultants, and suppliers and service providers.
- Requirements in relation to national, provincial or local regulatory inspections, such as for occupational health and safety, for environmental safety (where the Center wishes to operate experimental stations) and for taxation purposes.
- Requirements (where applicable) in relation to the transfer of germplasm into and out of the country, including phytosanitary/quarantine requirements, and ownership of any germplasm held by the Center in the country as part of its genetic resources collections (including backup safety stocks).



- Notification requirements in the event the office is subsequently closed, and disposition of the Office assets in such situations.

Obtaining recognition as international organizations and negotiating privileges and immunities with governments can be a long process, even where the governments are of countries which are CGIAR members. For this reason, as well as other operational efficiency reasons, many Centers prefer to shelter their offices under another CGIAR Center or other international organization which does have the required privileges and immunities. In such cases, such arrangements should be known to and sanctioned by the host country government.

Host Institution Arrangements

Good practice

Where the new office is to be hosted by another institution, the terms and conditions of the hosting arrangement is clear to both parties.

In all cases where the new office is to be hosted by another CGIAR Center, another international organization, or a national partner institution, there should be a written agreement between the Center and the host institution outlining the terms and conditions of the hosting. These would include:

- Exact nature of the facilities, utilities and supplies and services to be provided by the host institution, and related service standards
- Hosting charges for facilities and utilities provided by the host institution (if these are to be provided gratis this should be included in the agreement also).
- Basis for reimbursement of any direct costs and related overhead (oncost) charges, where the direct costs are incurred by the host institution on behalf of the office. These can include local staff payroll, consultancy contracts, supplies and services contracted on behalf of the Center.
- Arrangements for periodic discussions/review of the hosting arrangement.
- Content, frequency and timeliness of financial reports where the host institution makes payments on behalf of the office. These should be consistent with the requirements on the office for financial reporting to headquarters.

Where local bank accounts are to be opened for the office by the host institution (and thus legally in that institution's name), the understandings as to the responsibilities of both parties in relation to these accounts.



Office Management and Oversight

Good practice

There are clear responsibilities for the management of the new office and for oversight of activities of the new office from headquarters.

Generally, Centers will have existing organizational arrangements for local management and for headquarters oversight of regional, country and project offices. These vary from Center to Center but include:

- Appointment of an officer in charge (OIC) of the office, who is accountable for the overall administration of the office and relations/coordination with the host country authorities. They may also be responsible for Center relations with national and regional agricultural research partner organizations and with local representatives of donors. They may also, where the Center has a geographically decentralized organization structure, also have program management responsibilities. In such cases they will usually need to be supported by senior administrative staff.
- Inclusion in the OIC individual performance agreements and assessments, their office management responsibilities
- Clear reporting line of the OIC to a senior manager in headquarters. Centers vary based on their organizations who this will be, and in the case of sub-regional offices, the reporting line may be initially to a senior manager based in another, larger office in the region.
- Clear delegations of authority from Headquarters (or a supervising regional office) for spending and other decision making by the OIC
- Clear delegations of authority from the OIC to other staff within the new office
- Clear relationship between scientific staff in the new office with the OIC and with program managers at headquarters.
- Clear relationship between finance, human resources, information technology and administrative staff in the new office with the OIC and with functional managers at headquarters. It is often desirable for the local staff to have some kind of reporting line to these functional managers in headquarters in addition to their reporting lines to the OIC, including headquarter's participation in their performance agreements and assessments. In some cases Centers have made this reporting line to headquarters the primary one, though the OIC retains certain administrative supervisory responsibilities.
- Standard operating procedures (SOPs) approved by Headquarters which document the expectations for internal control and oversight of the Office's operations. Where the Center has a number of regional locations, general SOPs covering all locations, supplemented as necessary by other documents clarifying any variations or additional requirements specific to the location promote consistency of practice within the Center and efficient oversight from Headquarters.



Security and Safety

Good practice

Safety and security issues relevant to the location are taken into consideration in choosing the physical location and determining the capital expenditure and security service budgets for the new office and expatriate residences.

Where a new office is being established, the Center should thoroughly review the security and safety of the location and take the results into consideration when choosing the office physical location and budgeting for capital expenditures (for appropriate physical security measures), advising on expatriate residence locations, identifying additional residence security improvements to be paid by the Center, and for budgeting for security guard services for the office and for expatriate residences. These needs will vary considerably depending on the location. This review should include consultation with other CGIAR Centers and other international organizations, embassies and enterprises already present in the country.

Where possible, and particularly for those locations subject to a high risk of military and civil disturbances, significant physical natural disasters or pandemics, the Center should arrange to be included in the security and safety briefings and assistance/evacuation plans of the international organization (often the UNDP) or embassy which has undertaken to coordinate such matters for international and diplomatic staff located in that country.

Staffing

Good practice

A staffing plan/budget is established for the new office, based on initial and any expected medium term increases in human resource requirements.

The staffing plan/budget should take into account the scientific and administrative staff requirements. The former will be related to the research and coordination activities expected to be managed from the office. The latter should relate to the expected support requirements which the office will have to manage on its own. These will vary depending if the office will be hosted by another institution, and what services the host institution will be providing. Support requirements could potentially include:

- Procurement – sourcing and negotiating with local suppliers, contract or purchase order preparation, adherence to Center procurement policies and procedures, maintaining procurement records



- Finance – preparing expenditure requests, maintaining supporting voucher records, petty cash custodianship, bank account management and reconciliation, preparation of expenditure and cash flow budgets and periodic financial reports to headquarters.
- Human Resources – managing local staff payroll, support to expatriate staff, managing visa and permit requirements
- Administration – managing facilities, utilities and service contracts, fixed asset records, travel, partner agreement administration, information and communication technology, vehicles/drivers, interactions on administrative matters with host country authorities
- Experimental station management – if the office is to provide such facilities

Segregation of duties for internal control purposes should be a consideration in any staffing plan/budget for support staff. While not always possible for very small offices, for larger offices such duties as accounting, procurement, payroll preparation, fixed asset register maintenance, custody of cash and bank reconciliations should be segregated.

The staffing budget should also make appropriate provision for initial recruitment costs associated with the opening of the new office, as this will usually involve time spent at headquarters or other regional offices on the recruitment process travel by staff from there to the location to conduct interviews.

Good practice

Job descriptions and selection criteria, consistent with the staffing plan/budget, should be prepared as part of the initial analysis of the requirements for the new office, and used in any staff recruitment for the new office.

The Headquarters Human Resources division should be closely involved in the development and subsequent update of job descriptions and selection criteria.

Good practice

Requirements on the Center in relation to local labor and taxation laws for locally recruited staff are clearly established and built into the staffing contracts and the office's administrative budgets.

Requirements will vary by location depending on host government requirements and the extent of privileges and immunities granted by the government to the Center. The Center should establish up front any requirements regarding the tax status of locally recruited staff salaries and benefits, any requirements to withhold income tax and pass this on to the national taxation authorities, and record keeping and reporting requirements. It should preferably get this information in writing from the host government authorities or local counsel/taxation advisors engaged to review these matters. Changes in requirements should be monitored by the Office and reported to the corporate services functions



(especially Human Resources and Finance) at Headquarters. Information on the requirements and any subsequent changes should be kept at both the local Office and at Headquarters.

Training

Good practice

Newly recruited staff for new offices are provided with orientation to the Center, and training in its policies and procedures relevant to their responsibilities.

Important for any office, but particularly so when a new office is being established and all or most of the staff will be brand new to the Center, the new staff (whether local or expatriate) should be provided orientation to the Center's mission and activities, its overarching policies such as codes of ethics and risk management policies, and specific policies, procedures and systems which the staff will be expected to know and apply in their day to day work. The budget for opening the office should include a special provision for this, and the recurrent budget for the office should make provision for ongoing training for existing staff and orientation/training for future new recruits. This may include the travel costs of training visits to headquarters, and visits of headquarters staff to the new office.

Local Service Providers

Good practice

As part of the initial planning for opening the new office, the local market for service providers essential to support the recurrent operations of the office are evaluated and, where possible, competitive tendering for such services is planned.

Local service providers are typically required to support the following recurrent operations:

- Travel
- Vehicle maintenance and repairs
- Office and computer equipment maintenance and repairs, and help support
- Internet connectivity
- Medical and related insurance for local staff where this is not fully covered by national schemes funded from tax contributions, or global policies taken out by the Center
- Local insurance coverage for fixed assets where not covered by global policies taken out by the Center
- Consumables supplies



Capital Equipment

Good practice

A capital budget is prepared as part of the business case for the new office, and if expected to remain open in the medium and longer term the expansion/replacement needs of the office are included in the Center's future institutional capital budgets.

Capital budgets may include:

- Leasehold improvements to the office or to expatriate staff residences
- Vehicles
- Office and laboratory equipment (furniture such as desks, chairs, meeting room furniture; office equipment such as telephones, faxes/scanners/photocopiers, projection facilities, servers, network equipment, desktop/laptop/ handheld computers, printers; air conditioners; scientific equipment)
- Any furniture or other capital items to be provided for expatriate staff residences

Recurrent Expenditure Budgets

Good practice

Recurrent expenditure budgets for the initial years of the new office are prepared as part of the business case for the new office, and updated once the office is opened as part of the normal budgeting cycle of the Center.

These budgets should be based on the staffing plans/.budgets, expected annual travel requirements for office staff including any expatriate staff, benefit travel for expatriate staff, local purchases of supplies and services.

Banking Arrangements

Good practice

Where the new office is to operate its own bank accounts, the arrangements with the local banks are clearly established in writing. The bank accounts are opened (and closed) from headquarters in accordance with the Center's delegations of authority in this area, and appropriate local and headquarter signatories approved and updated for subsequent staff changes.



Reporting to Headquarters

Good practice

The information requirements for the new office's reporting to headquarters on operational, administrative and financial matters are in line with the Center-wide requirements applied to all outreach offices and appropriate recording and reporting systems are planned and documented in a procedure manual so that the new office can quickly implement these requirements.

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