

THE PROBLEM OF ADMINISTRATIVE SIZE

It is not surprising that there should be a correlation between annual ‘throughput’ –the amount of money collected and allocated per annum – and the number of people providing secretariat services: higher through-put requires more people for processing. What is surprising is that judging from the situation at two of the institutions examined in the course of the case studies discussed earlier, the relationship would appear to be almost linear, over a considerable variation of throughput.

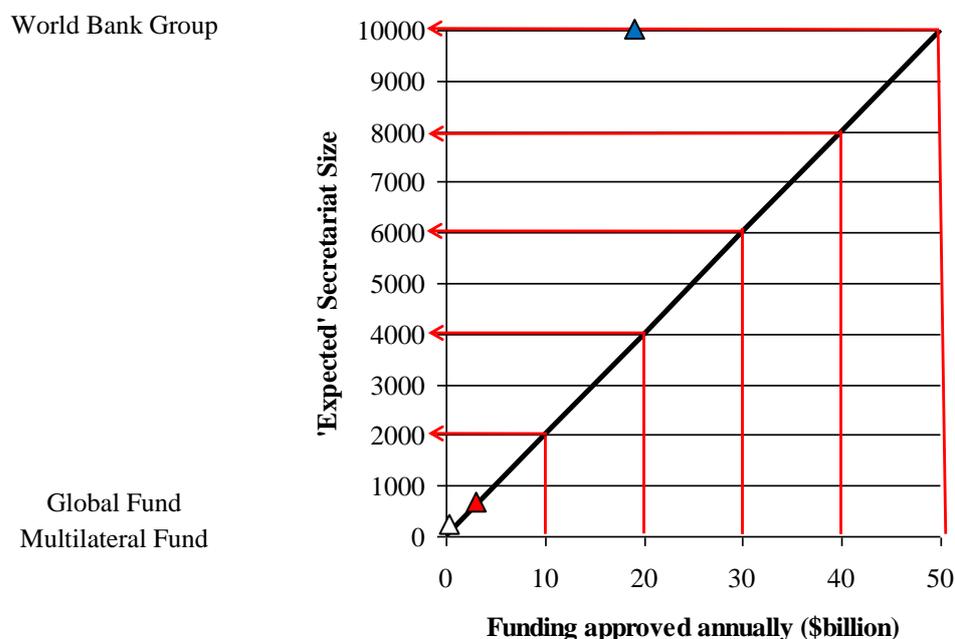


Figure 1. Estimated Administration Sizes

The Montreal Protocol *Multilateral Fund*, with its relatively modest average annual throughput of \$150m, on the one hand, employs 28 people in its Secretariat, which leads to a figure of **0.19** people per \$million annual throughput. The *Global Fund*, with its order of magnitude larger annual throughput of \$2,754.9 m, on the other hand employs 568 people in its Secretariat, leading to an average of **0.21** people/\$m. Naturally, it would take many more data points to establish a proper correlation, but it is remarkable that the figure of how many administrative positions it takes to service a given amount of throughput is as constant. And for the sake of argument, it is not implausible just to assume a linear relationship, particularly since the two cases suggest that this would lead to a conservative estimate of required administrative personnel for larger throughput figures.¹

Using an average figure of 0.2 administrative position needed for processing \$1 million of projects and programmes *per annum*, it becomes clear that if one is indeed thinking of tens of \$ billions to be processed, one will need **thousands of new administrative** positions. And there is no doubt that there really little appetite to create these positions at the international level, be it at the World Bank or under the UNFCCC. And given that the public in developed countries is unlikely to be enthusiastic of having these positions set up under their national administrations, **devolution of funding decision and project administration to the recipient countries becomes the only practicable solution**, particularly given the savings in personnel costs that this option offers over the other two.

¹ The World Bank Group, for example, has a throughput of around \$20 bn (IBRD \$10.5bn, IDA \$9.2bn in 2008, Operational Summary, WB Annual Report 2008) and roughly 10k personnel (<http://go.worldbank.org/B6U4HPNDS0>), leading to a personnel throughput intensity of roughly 0.5 people per \$million.