

## Cities Alliance

### BRIEFING to EXCO:

## Grant Administration Costs

At its October 2010 meeting in Paris, the Executive Committee requested information about the costs of administering CA grants. Below is an initial briefing on this topic.

Most CA secretariat staff are involved in grant administration activities of one form or another, with the exception of a few communications and support staff.

There are four staff for which grant administration duties comprise main job function. If CA had no grant facility, these administrative positions would not be needed:

- Program Administration Coordinator
- Financial Management Specialist
- Program/Grant Assistant
- Information Management Assistant

There are three other administrative staff positions which have a substantial role with grant administration. If CA had no grant facility, these functions could probably be provided on a part-time or shared basis.

- Resource Management Analyst
- Business (Information) Analyst
- Transaction Processor

In addition, part-time consultants are used to support the procurement and safeguards functions.

Technical/substantive staff also have roles in grant administration, and serve as “task team leaders” (TTL) with overall responsibility for the grants. Technical staff are being trained in Bank administrative procedures so they can perform their functions. Previously, the TTL functions rested with a single staff member, with heavy reliance on administrative staff, but now the functions are being mainstreamed among the full staff complement.

Among the primary grant administration functions:

- Establishing clear grant objectives/activities/outputs, linked to detailed budgets.
- Review of financial management capabilities of grant recipients.
- Review of procurement management capabilities and plans
- Review of social and environment safeguards implications of a project
- Drafting, legal clearances, signature and delivery of grants agreements

Establishment of banking arrangements for grant  
Submission, review and payment of withdrawal application  
Ensuring compliance for receipt of required financial and progress reporting  
Reviewing and commenting on reporting received  
Monitoring compliance with grant agreement provisions (eg, completion date)  
Ensuring compliance with grant closing procedures, including final audit and closure letter

The estimated staff costs for the four full-time and three part-time grant administrative positions is \$618,000 during FY11, plus approximately \$65,000 for office overhead costs. This \$683,000 is approximately 13.2% of the total Secretariat budget for 2010, and 20% of the Core Secretariat budget. The grant administration costs would be approximately 9.6% of total Core contributions (at FY10 level), and 6.2% of total contributions.

In addition to these direct costs incurred by the CA Secretariat, the World Bank charges a "Trust Fund Administration Fee" on contributions paid into the CA trust funds. The rate is currently 1.5%. During FY10, the Bank was paid \$68,671 fees from Core funds and \$59,015 from Non-Core funds (\$127,686 total). These fees cover a wide range of support services provided to the program by the Bank, including:

- Accounting systems and fiduciary controls
- Trust fund audit
- Legal services
- Grant disbursement services
- Information technology support
- Human resource management support
- Staff training
- Travel support services
- Contractual support services