

Effective 08/1/2018

Grantee Indirect Cost Policy

Introduction

Factor[e] is a multifaceted organization with an overarching mission to improve lives of those at the bottom of the pyramid in the developing world. We focus on disruptive technologies that, if commercialized through scalable, sustainable ventures, will improve at least 10 million lives. We are a strong advocate for and supporter of effective partner organizations with a similar focus. When engaging with such partners, we have a fiscal and global responsibility to maximize our resources with regard to grant funding and staff time. We also expect that the executive and board leadership of the partners we work with will continually evaluate their overhead costs for efficient and effective operational improvements.

Definitions

Direct Costs

Direct costs are the expenses required to execute a grant that are directly attributable and can be reasonably allocated to the project. Program staff salaries, travel expenses, materials, and consultants required to execute the grant are examples. Costs that would not be incurred if the grant did not exist are often indicative of direct costs.

Indirect Costs

Indirect costs are general overhead and administration expenses that support the operations of a grantee and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment for the grantee's headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. Expenses that would be incurred regardless of whether the grant is funded are often indicative of indirect costs. While these costs may not be directly attributable to a project, they are real and necessary to operate as an organization.

Indirect Cost Rate

Indirect Cost Rate = Budgeted Indirect costs / Budgeted Total Direct Costs (e.g. personnel, sub-awards, supplies, equipment, etc.)

The indirect cost rate proposed in the budget should not exceed the grantee's organizational rate (when defined by the same terms). While the definitions above are general guidance for all grants, the requirements and activities of each project should be considered when determining direct and indirect costs. We review budget assumptions and cost categorizations on a grant by grant basis, and treatment of specific costs in one grant should not be considered precedent-setting for other grants.

Maximum Indirect Cost Rates

Factor[e] has set a maximum limit for indirect cost rate of grants at 15 % for all institution types. Due to the impact oriented and conservative nature of our business, we expect any indirect costs that exceed our 15% limitation to be covered by other sources within an institution's overall budget.

A grant recipient with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed.

Maximum indirect cost rates and limitations apply to both the primary institution receiving the grant and any sub-grantees.

We reserve the right to request substantiation of any grantee's indirect cost rate.