GPE Transforming Education

JUNE 2024

FREQUENTLY ASKED QUESTIONS: GPE FINANCE

What are "agency fees"?

- This term refers solely to the fees charged by the **grant agent** (but not implementing partners) and agreed to by the **GPE Board** in order to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of **cash transfers.** Agency fees are indirect costs incurred by grant agent head offices and are paid on top of country allocations.
- While the Board has set a **maximum limit for these costs at 7 percent,** it is important to note that the **actual percentage charged is based on individual agreements** established between the grant agent and GPE during the accreditation process. Grant agents are encouraged to assess their indirect cost needs realistically and negotiate their agency fees accordingly, ensuring that the agency fee they charge is consistent with their own policies and procedures.
- Agency fees are **not included in the grant budget.** For example, for a grant of US$5 million, the agency fee at 7 percent would be US$350,000.00. This is in addition to the value of the grant.
- The agency fee should be shown in the application form to two decimal places.

What are "administrative costs"?

- These refer to **costs incurred by grant agents, partner countries and other implementing partners** to support the implementation of **GPE grant activities.** They exclude agency fees (grant agent's indirect costs), technical assistance, monitoring and evaluation, and assurance services, such as audits.
- These costs are covered **within the allocated budget,** unlike the agency fee of the grant agent, which is in addition to the requested budget amount.
- GPE does not have a limit for such administrative costs. This is because costs vary depending on project-specific factors. Accordingly, **reasonableness of costs is determined on a case-by-case basis and assessed by the Secretariat** during review of grant applications. The costs are expected to be well-detailed in the budget and broken down into inputs as much as possible (e.g., for personnel: title of role and high-level responsibilities, monthly salary, percentage of monthly salary to be allocated to the project, number of months, etc.).
- There are **three subcategories** of these costs:

- **Grant agent's implementation support costs.** Direct costs incurred by grant agents in either supervising or implementing GPE grants. Depending on the grant agent's implementation arrangements, these costs may include direct costs incurred at a grant agent's country office or head office. Examples include staff costs, travel costs (domestic and international), equipment, and overheads such as office rent, utilities, internal communication, insurance, fuel, security, and cleaning. Such costs would be taken from the budget amount.
- **Partner country implementation support costs.** Direct costs incurred by the partner country to implement the GPE grant. They are typically in the form of costs relating to setting up and operating a project implementing unit (or PIU). Examples include staff costs (excluding salaries of government officials), field visits, equipment, fuel and communication.
- **Implementing partner support costs.** Direct and indirect costs incurred by implementing partners that are engaged to implement GPE grants. Examples include staff costs, field visits, equipment, and overheads such as office rent, utilities, internal communication, insurance, fuel, security and cleaning.

What details should be included in the budget?

- For program development grants and system capacity grants, grant agents **must** use GPE's budget templates (available on GPE's "How to Apply for Grants" web page). However, **for the other types of grants, grant agents can use their own** budget template, but the budget should be submitted in a spreadsheet format and well-detailed, as follows.
- The budget should outline the cost of **each component, sub-component and activity or intervention, as well as administrative costs.** It should also include unit cost and quantity information, or any estimates that were applied.
- The budget should be **disaggregated by year.** For co-financing grants, the budget should clearly indicate the activities that will be funded by GPE.
- The budget details should be consistent with those described in the **program document and results framework.**
- The budget spreadsheet must **not include external links** and **all formulae** used in calculating row and column totals **must be preserved** and not overwritten as values. Cells, sheets and formulae must not be protected.

How should budget revisions be presented?

- Where a budget is being revised from the originally approved budget, the new submission should clearly show the original and revised amounts at an activity level, as well as a "difference" column, so that it is clear what is being reallocated. These columns are in addition to the other columns explained above.

Which activities are considered ineligible?

The activities below are considered ineligible, **unless exceptional approval** is provided based on strong justification from the partner country and grant agent:

- Acquisition of land; GPE funds cover only the cost of construction
- Salaries of government officials
- Salaries of civil servants
- Vehicles; where grants have an implementation period of less than 24 months
- Support to "for profit" provision of core education services; e.g., private schools owned by investors

What currencies does GPE require for budget reporting?

- GPE provides US Dollar and Euro grants and the budgets should be prepared in one of those currencies, depending on the **partner country's choice**.
- Budgets prepared in **local currency must be translated into either US Dollars or Euros** at an exchange rate that is reasonable.

Can the budget include contingencies?

- Budgets can only include contingencies if adequately explained and justified.

Can the budget include pre-financed activities?

- Generally, budgets should **not include pre-financed activities** (i.e., activities that will take place prior to approval of the GPE grant) **that would subsequently be reimbursed.**
- However, GPE can make an **exception if certain conditions** are in place:
    - The grant agent's policy should permit such pre-financing and there should be full compliance with their own policies that would be applicable to managing grant funds.
    - The activities should be eligible under the grant funding and the application should clearly indicate which activities are being pre-financed and the rationale for doing so.
    - The grant agent should understand that they fully bear the risk if those activities are not approved by GPE.
    - The local education group and government should be appraised and agree to pre-finance such activities.

Are per diems permitted?

- Per diems/allowances for ad hoc/one-off events are permitted. However, continuous per diems over the entire period of funding are not authorized and ineligible. The Secretariat assesses the reasonableness of the budget, including allowances/per diems. A justification must be provided if per diems are to be included.