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Terms of Reference (ToR)  
Improving NRC's Commercial Pricing and Budgeting Strategies

December 2024

Background information

*About NRC*

The Norwegian Refugee Council (NRC) is an independent humanitarian organisation working to protect the rights of displaced and vulnerable people during crises. NRC provides assistance to meet immediate humanitarian needs, prevent further displacement and contribute to durable solutions. NRC is widely recognised as a leading field-based displacement agency within the international humanitarian community. NRC works in both new and protracted crises across [more than 30 countries](https://www.nrc.no/), where we provide protection (including camp management), food assistance, clean water, shelter, legal aid, and education. NRC is a rights-based organisation and is committed to the humanitarian principles of humanity, neutrality, independence, and impartiality. With headquarters in Oslo, Norway, NRC also has representation offices in Brussels, Geneva, Berlin, London and Washington DC.

*About NORCAP*

NORCAP is NRC’s global provider of expertise to the humanitarian, development and peacebuilding sectors. It builds partnerships with international organisations and national actors to protect lives, rights and livelihoods. NORCAP provides expert personnel and collaborates with partners to identify needs and establish common goals and projects. It helps strengthen partner capacity and improve coordination and collaboration.

*NRC Commercial Contracts Work*

In response to the evolving funding landscape, commercial contracts have become a key avenue for NRC to secure predictability and long-term financial stability. This has enabled country teams to plan and implement substantial, multi-year programs. Since 2016, NRC and NORCAP have onboarded and successfully implemented 26 commercial contracts. All contracts to date have aligned with NRC’s response and partnership strategies, offering new financing opportunities.

Building on its strong reputation, demonstrated programming capabilities, and long-standing partnerships with key donors, NRC is looking to expand its commercial engagements and investing in contract readiness including developing financial and operational capacities.

Purpose of the study

To ensure that NRC is well-prepared to develop effective proposals for key commercial funding opportunities, we are seeking a qualified consultant or consultancy firm to lead the enhancement of our commercial budgeting and pricing strategies. This consultancy will play a critical role in ensuring that NRC’s future proposals are competitive, compliant, and financially sound, in alignment with our internal finance policies.

The consultant will developing tools, templates, and Standard Operating Procedures (SOPs) to streamline and improve NRC’s pricing approach covering various pricing models, including Fee per Day, Payment by Results (PbR), and Lump Sum. Additionally, the consultant will help strengthen NRC’s capacity to propose tailored pricing strategies that meet the specific requirements of FCDO and the World Bank ensuring compliance with donor regulations.

Objectives

The primary objective of this consultancy is to enhance NRC’s ability to develop competitive, compliant, and financially sound proposals for commercial contracts. The consultancy focuses on improving NRC's pricing and budgeting strategies, creating standardized tools, templates and SOPs for various contract models (Fee Per Day, PbR, Lump Sum), and ensuring tax compliance. Additionally, the project aims to provide training and capacity-building resources to strengthen NRC’s internal expertise in pricing and budgeting for commercial contracting.

Methodology:

* **Review and Assessment:** Conduct a thorough review of NRC’s existing pricing practices, budget templates, and tax compliance strategies to identify gaps, inefficiencies, and areas for improvement.
* **Stakeholder Engagement:** Engage with key stakeholders across NRC to gather insights into current challenges, regulatory requirements, and best practices.
* **Development of Tools and Guidelines:** Design bespoke budget templates, pricing SOPs, and a tax compliance framework to ensure that pricing strategies are competitive, and transparent. In addition, ensure that all products are compliant with FCDO and World Bank regulations.
* **Capacity-Building:** Develop and deliver training sessions on pricing strategies, financial risk management, and budgeting techniques, with materials for ongoing refresher courses.

Scope of work and deliverables

**1. Assessment of NRC’s Current Cost Proposal Development Process**

* Review NRC’s existing pricing practices and budget templates for Fee Per Day, PbR, and Lump Sum models, identifying gaps, inefficiencies, and areas for improvement.
* Engage with key stakeholders to gather insights on current challenges, requirements, and best practices in commercial contracting.
* Assess the financial risks associated with NRC’s commercial proposal development process, with a focus on pricing accuracy and compliance.
* Propose risk mitigation strategies to minimize financial exposure, ensuring cost proposals remain competitive, compliant, and aligned with donor expectations.

**2. Development of Pricing and Cost Presentation Methodology**

* Design and develop standardized templates for Fee Per Day, PbR, and Lump Sum contracts ensuring consistency and clarity across all pricing structures.
* Develop comprehensive Standard Operating Procedures (SOPs) for each pricing model, ensuring compliance with NRC’s organizational policies and financial regulations. Provide clear guidelines on when and how to apply each pricing structure, addressing common pricing and cost presentation challenges through an FAQ document.
* Ensure that the pricing models meet the bespoke financial proposal requirements of FCDO and the World Bank.
* Ensure that all tools, templates, and guidelines are scalable and adaptable to accommodate evolving organizational needs and changing donor requirements.

**3. Development of Tax Compliance Guidelines**

* Develop a high-level tax compliance framework that covers VAT, profit taxes, tax-exempt scenarios, and applicable tax codes, ensuring alignment with both local and international tax regulations.
* Provide expert guidance on the application of tax laws, ensuring that NRC’s pricing and cost proposals are tax-compliant.
* Prepare a comprehensive checklist of tax considerations based on different contract structures, ensuring that all relevant tax obligations are addressed, and compliance is maintained across various funding mechanisms.

**4. Training on Budgeting and Pricing Strategies for Commercial Contracting**

* Enhance NRC’s internal capacity on how to use new templates and follow updated pricing guidelines.
* Develop and deliver training sessions or workshops on pricing strategies for Fee Per Day, PbR, and Lump Sum models *\*\*optional\*\**

**5. Facilitate Stakeholder Engagement & Feedback**

* Collect feedback from relevant stakeholder and revise draft documents to ensure alignment with NRC’s needs.
* Finalize the documents based on stakeholder feedback to ensure practical application and effectiveness

Deliverables

The consultant will be expected to deliver the following:

1. **Assessment Report:**  
   An evaluation of NRC’s current cost proposal development process, identifying gaps and inefficiencies. Includes risk mitigation strategies to minimize financial exposure, ensuring cost proposals remain competitive, compliant, and aligned with donor expectations.
2. **Standardized Cost Presentation Formats:**  
   Develop or improve bespoke budget templates for commercial proposals, including templates for Fee Per Day, PbR, and Lump Sum contract models.

* **Fee Per Day template**: Include cost line items and detailed pricing guidance.
* **PbR structure template**: Provide clear pricing guidance aligned with performance-based outcomes.
* **Lump Sum structure template**: Outline pricing guidance for fixed-price contracts with detailed cost breakdowns.
* **Toolkit**: A collection of standardized budget templates, cost breakdowns to streamline the development of commercial proposals including FCDO and WB donor-specific requirements

1. **Pricing SOPs**

A comprehensive document outlining strategies for competitive pricing and cost presentation in commercial proposals, including the following components:

* **SOPs Guidelines for Pricing Each Contract Model**: Step-by-step instructions on how to apply each pricing model, with specific guidance tailored to FCDO and World Bank contracts, addressing unique financial and regulatory requirements.
* **A Pricing Strategy Guide**: A high-level strategic guide considering market analysis, competitive pricing trends, and donor expectations to ensure NRC’s proposals are competitive and financially sound. The guide should include best practices for developing pricing strategies and detail methods for presenting budgets clearly and transparently. This can include the use of donor-friendly templates, visual aids, and concise narrative justifications that effectively link costs to project outcomes. The guide should outline techniques for identifying and mitigating financial risks, highlight the importance of aligning pricing strategies with donor priorities, and the collaboration between programmatic and financial teams.
* **FAQ or Troubleshooting Section**: A dedicated section addressing common pricing and cost presentation challenges, offering practical solutions and tips for overcoming potential obstacles in commercial contracting.

1. **Tax Compliance Framework:**  
   A high-level guide on tax compliance, covering key tax considerations such as tax coding, VAT, and profit taxes, including the following elements:

* **Checklist for Tax Considerations by Contract Structure**: A detailed checklist to ensure all tax obligations are addressed across all different contract types.
* **Guidance on VAT, Tax-Exempt Scenarios, and Profit-Related Taxes**: Clear instructions on the application of VAT, handling tax-exempt scenarios, and addressing profit-related taxes for both domestic and international contracts.
* **Tax Coding Strategies for Commercial Contracts**: Best practices for coding taxes appropriately within commercial contracts, ensuring alignment with applicable tax laws and donor requirements.

1. **Training Materials:**

* **Development of a Training Module :** A training module, based on the SOPs, covering:
* Best practices for developing competitive pricing strategies.
* Effective methods for presenting budgets clearly and transparently.
* Techniques for identifying and managing financial risks in commercial proposals.

1. **Final Report:**  
   A summary of the project’s objectives, methodology, and key recommendations for future improvements.

Timeline and management

The consultancy is scheduled to take place from Jan 2025 to March 2025   
spanning 15-20 days of work. The Senior IPA Commercial Contracts for NRC, based in the UK, will oversee the management of the consultancy. The consultant can work remotely.

* **Up to 4 days** for conducting interviews and writing the assessment report.
* **Up to 10 days** to develop the first drafts of the Standardized Cost Presentation Formats, Pricing SOPs, and the Tax Compliance Framework.
* **Up to 3 days** for reviewing feedback, responding to comments, and writing the final drafts of the Standardized Cost Presentation Formats, Pricing SOPs, and the Tax Compliance Framework.
* **Up to 1.5 days** for developing a training module based on the pricing SOPs and, if possible, delivering one training session.
* **Up to 1.5 days** to write the final report covering a summary of the project’s objectives, methodology, and key recommendations for future improvements.

Consultant profile

The successful consultant or consultancy firm will possess the following qualifications:

* **Financial Management and Risk Mitigation:** Strong background in financial management, including cost allocation, budget development, and risk mitigation for commercial contracts.
* **INGO Commercial Contracting:** Deep understanding of the unique financial requirements, risks, and compliance challenges associated with INGO commercial contracts, including those with agencies such as FCDO, the World Bank, and other bilateral/multilateral funders.
* **Donor Financial Regulations:** Strong knowledge of donor financial regulations and guidelines, including those of FCDO, World Bank, and other major funding bodies, ensuring compliance with donor expectations.
* **Cost Proposal Development and Pricing Strategies:** Proven experience in developing cost proposals, pricing strategies, and budgets for commercial contracts, including fee-based, time-and-materials, and fixed-price contracts.
* **Experience with Various Contract Types:** Demonstrable expertise in developing cost proposals for a variety of contract types, including Payment by Results (PbR) and fee rate structures
* **Pricing SOP Development:** Proven track record in developing and implementing pricing Standard Operating Procedures (SOPs) for commercial contracts, particularly within the INGO sector.
* **Tax and Compliance Knowledge:** In-depth understanding of tax obligations for commercial contracts, including VAT, withholding taxes, and international tax treaties, ensuring compliance across jurisdictions.

Application process

All proposals are to be submitted in English language only. The proposal must include, but is not limited to, the following items:

1. **Technical Proposal**:
   * An overview of the consultant’s approach and methodology for achieving the consultancy objectives.
   * A proposed work plan and timeline for delivering each of the key deliverables.
   * Relevant examples of previous work in cost proposal development, pricing strategies, or financial compliance.
   * CVs or qualifications of the consultant or consultancy team.
2. **Financial Proposal**:
   * A detailed cost breakdown for the consultancy, including daily rates, estimated hours for each task. The required currency for all pricing information is GBP.
   * A proposed payment schedule.
3. **References**:
   * Contact details for at least two references from previous clients for whom similar work has been undertaken.
4. **A signed copy of the document “Annex - Suppliers Ethical Standards Declaration”**

All consultants, ltd or sole trader, must be registered in accordance with the legal requirements at their base. The consultant must be able to submit documentation that proves that they are meeting all legal and tax obligation for the consultancy.

**Closing date for questions**: All questions to be sent to [adva.rodogovsky@nrc.no](mailto:adva.rodogovsky@nrc.no) before **January 6th 2025**

**Closing date for submissions:** All complete proposals are to be received by NRC at [adva.rodogovsky@nrc.no](mailto:adva.rodogovsky@nrc.no) by **16th January 2025 23:59 GMT**

All applicants will be contacted with formal notification of final selection or information about any delay in the process.

**Evaluation Criteria**

Proposals will be evaluated based on:

1. **Technical Proposal:** Clarity, feasibility, and comprehensiveness of the proposed approach 50%
2. **Experience:** Relevant experience in improving commercial pricing and budgeting strategies 15%
3. **Past Performance:** Quality of previous similar assignments 10%
4. **Financial Proposal:** Cost-effectiveness and alignment with the scope of work 25%

Management and Reporting

* The consultant(s) will report to Adva Rodogovsky, senior IPA for commercial contracts with regular updates provided through emails and TEAMS.

Confidentiality

All information shared during the course of this consultancy will be treated as confidential and will not be disclosed without prior written consent from NRC.

**Annex : Ethical Standards Declaration for all Supply, Service and Works Contractors**

NRC as a humanitarian organisation expects the contractors to have high ethical standards. “all contractors supplying or planning to supply goods, works or services valued USD 10.000 or more cumulatively within a 12 months’ period must sign this declaration”.

This declaration will be kept on file for a period of 10 years and should be updated every year or more often as appropriate.

NRC staff may perform checks to verify that these standards are adhered to. Should NRC deem that the contractor fails to meet or is not taking appropriate steps to meet these standards, any and all contracts and agreements with NRC may be terminated.

Any contractors doing business with Norwegian Refugee Council shall as a minimum;

1. Comply with all laws and regulations in effect in the country or countries of business

AND

1. Meet the ethical standards as listed below.

OR

Positively agree to the standards and be willing to implement changes in their organisation.

1. **Anti-corruption and contractor’s compliance with laws and regulations:**
   1. The contractor confirms that it is not involved in any form of fraud, corruption, collusion, coercive practice, bribery, involvement in a criminal organization or other illegal activity.
   2. Where any potential conflict of interest exists between the contractor or any of the contractor’s staff members with any NRC staff member, the contractor shall notify NRC in writing of the potential conflict. NRC shall then determine whether action is required. A conflict of interest can be due to a relationship with a staff member such as close family etc.
   3. The contractor will immediately notify senior NRC management if exposed for alleged corruption by representatives of NRC.
   4. The contractor shall be registered with the relevant government authority with regard to taxation.
   5. The contractor shall pay taxes according to all applicable national laws and regulations.
   6. The contractor warrants that it is not involved in the production or sale of any weapons including anti-personnel mines.
2. **Conditions related to the employees:**
   1. No workers in our company will be forced, bonded or involuntary prison workers.
   2. Workers shall not be required to lodge “deposits” or identity papers with their employer and shall be free to leave their employer after reasonable notice.
   3. Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively.
   4. Persons under the age of 18 shall not be engaged in work which is hazardous to their health or safety, including night work.
   5. Employers of persons under the age of 18 must ensure that the working hours and nature of the work does not interfere with the child’s opportunity to complete his/ her education.
   6. There shall be no discrimination at the work place based on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
   7. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.
   8. Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, shall be prohibited.
   9. Steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
   10. Wages and benefits paid for a standard working week shall meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs.
   11. Working hours shall comply with national laws and benchmark industry standards, whichever affords greater protection. It is recommended that working hours do not exceed 48 hours per week (8 hours per day).
   12. Workers shall be provided with at least one day off for every 7 day period.
   13. All workers are entitled to a contract of employment that shall be written in a language they understand.
   14. Workers shall receive regular and documented health and safety training, and such training shall be repeated for new workers.
   15. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
   16. Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.
   17. No Deductions from wages shall be made as a disciplinary measure.
3. **Environmental conditions:**
   1. Production and extraction of raw materials for production shall not contribute to the destruction of the resources and income base for marginalized populations, such as in claiming large land areas or other natural resources on which these populations are dependent.
   2. Environmental measures shall be taken into consideration throughout the production and distribution chain ranging from the production of raw material to the consumer sale. Local, regional and global environmental aspects shall be considered. The local environment at the production site shall not be exploited or degraded by pollution.
   3. National and international environmental legislation and regulations shall be respected.
   4. Hazardous chemicals and other substances shall be carefully managed in accordance with documented safety procedures.

We, the undersigned, verify that we are in compliance with all applicable laws and regulations, and meet the ethical standards as listed above or positively agree to these ethical standards and are willing to implement necessary changes in the organisation.

*DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*NAME OF CONTRACTOR/COMPANY: ­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*NAME OF REPRESENTATIVE* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*SIGNATURE:* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_