

Terms of Reference

Title: ERC Flexible Mini-Grants (FMG) – Simplified Cost Options (SCO) Development Consultancy

1. Background

NRC has been piloting a Flexible Mini-Grant (FMG) modality to enhance responsiveness, localisation, and equitable partnerships in humanitarian programming under a variety of funding sources and donors. In 2025, NRC was funded by DG ECHO to develop a FMG modality that would be compliant with ECHO rules and regulations. During the first phase of the project, NRC held consultations with DG ECHO Legal team (E1), Finance (E3) and Audit teams (E2) to explore legal and financial feasibility of the FMG approach and identify three options for implementing and accounting under DG ECHO the use of FMGs to be piloted in Colombia. NRC is now entering a second phase, which will focus on further designing the financial and legal compliance aspects of each of the three options to expand and contextualise the current SOPs for piloting in Colombia. As NRC continues to explore simplification, proportionality, and equitable partnerships, there is an opportunity to develop and test a Simplified Cost Options (SCO) approach for FMG that reduces transaction costs while ensuring full compliance with ECHO's legal and financial regulations.

This consultancy will support NRC in building a robust evidence base, in close collaboration with NRC Finance and Risk teams, to demonstrate the feasibility, compliance, and added value of applying Simplified Cost Options to FMG and provide DG ECHO with language and evidence to issue an authorising decision. The assignment will also result in a draft FMG SOP for implementation using SCOs, designed to meet ECHO regulatory requirements and to inform structured dialogue with ECHO.

2. Objectives

Main Objectives:

- To build a credible, compliant, and evidence-based case for the use of the most suitable Simplified Cost Option for funding to informal local actors via flexible mini grants under DG ECHO,
- Draft the legal and compliance-related sections of the SOPs for the piloting of the remaining two options (Financial Support to Third Parties and Group Cash Transfers).

Specific Objectives:

- Analyse current FMG cost structures, financial flows, and reporting requirements to identify what steps need to be taken and guidance provided to Colombia country office to pilot the three options.
- Work closely with NRC Finance and Risk teams to build evidence and financial logic underpinning potential Simplified Cost Options for FMG.
- Assess compliance of proposed SCO models with ECHO financial and legal frameworks/teams.
- Develop a draft FMG SOP detailing how FMG can be implemented using Simplified Cost Options while guaranteeing respect of ECHO regulations.
- Support NRC's strategic engagement with ECHO by providing clear, practical, and compliant SCO scenarios and language for the authorising decisions.

3. Scope

Inclusions

- Review of FMG financial implementation practices and cost structures.
- Development of evidence supporting the feasibility and proportionality of Simplified Cost Options.
- Close collaboration with NRC Finance, Risk, and Partnerships teams.
- Legal and financial mapping against ECHO regulations related to SCOs.

- Drafting of an FMG SOP for implementation using Simplified Cost Options.
- Iterative consultation with NRC and ECHO stakeholders to validate findings and proposals.
- **Exclusions**
 - External audit of FMG grants.
 - Evaluation of programmatic outcomes or impact of FMG-funded activities.
 - Negotiation with ECHO on behalf of NRC (supporting technical inputs only).

4. Stakeholders

- Consultant
- NRC Head Office:
 - Global Local Actors Lead (project lead)
 - Global Local Actors Advisor for Colombia
 - Global Finance and Risk Teams
 - Global Lead Cash and Markets
 - EU Partnerships Advisors
- NRC Country Offices piloting or planning FMG implementation

Roles and Responsibilities

- Consultant:
 - Leads the financial analysis and SCO development work.
 - Builds evidence in collaboration with NRC Finance teams.
 - Drafts the FMG SCO-based SOP ensuring ECHO compliance.
- Project Lead (NRC):
 - Oversees the consultancy, coordinates internal inputs, and ensures strategic coherence, including with Global Lead Cash and Markets (NRC):
- Finance and Risk Teams:
 - Provide technical guidance, financial data, and validation of SCO assumptions.
- EU Partnerships Advisors:
 - Support alignment with ECHO requirements and engagement strategy.
- Country Office:
 - Provide operational insights on FMG financial implementation and feasibility, including list of partners and potential activities to be covered as a SCO.

5. Methodology

Approach

- Desk review of FMG financial documentation, cost structures, and existing SOPs.
- Review of ECHO financial and legal frameworks relevant to Simplified Cost Options (e.g. Financial Regulation, MGA/AGA, guidance on SCOs).
- Review of existing authorising decisions for SCOs within the Commission for similar funding schemes.
- Technical working sessions with NRC Finance and Risk teams to design SCO models.
- Validation discussions with relevant NRC and ECHO stakeholders.

Tools and Resources

- Internal financial data and FMG documentation.
- ECHO legal and financial texts.
- Dedicated time from NRC Finance, Risk, and Partnerships teams.

6. Administrative / Financial aspects

- Estimated working days: 80-100
- Duration: Flexible, up to 10 months
- Start date: April 2026

- The financial proposal must include all applicable taxes, fees, and any other related costs. No additional costs will be covered beyond the agreed contract amount.

7. Timeline (Indicative)

- Mid April 2026:
 - Kick-off meeting and confirmation of methodology
- April–December 2026:
 - Financial analysis and evidence-building
 - Development and testing of SCO scenarios
 - Drafting and internal consultation on SCO-based FMG SOP
- September 2026:
 - Draft deliverables presented to NRC for adjustments of scope if needed
- By start of December 2026:
 - Finalisation of deliverables and internal validation

8. Deliverables

- **Financial Evidence Paper**
 - Documentation of FMG cost structures and justification for proposed Simplified Cost Options.
- **Compliance Mapping Note**
 - Analysis demonstrating alignment of proposed SCO models with ECHO financial and legal requirements.
- **Draft Authorising Decision on the use of the best fit SCO for FMGs under ECHO**
 - Using the evidence collected through other deliverables and from Colombia pilot implementation of the SCOCO draft the request to be submitted to ECHO in order to obtain authorisation to apply the SCO chosen as most appropriate for the FMG scheme
- **Draft FMG SOP (SCO-based)**
 - Practical guidance on implementing FMG using Simplified Cost Options, ensuring full compliance with ECHO regulations.
- **Strategic Briefing Materials**
 - PowerPoint slides summarising findings and SCO options for internal use and dialogue with ECHO.

9. Working Methodology and Final Reporting

- Regular check-ins between the consultant and the project lead to track progress and address any blocking issues.
- Iterative review of key outputs with Finance, Risk, and Partnerships teams.
- Timely delivery of all deliverables with a strong focus on clarity, usability, and regulatory robustness.
- Final consolidated report including:
 - Written synthesis of all deliverables
 - PowerPoint briefing materials for NRC internal audiences

10. Procurement and Selection Process

- **Selection Timeline**
 - Publication of ToR: February 25, 2026
 - Deadline for submission of proposals: March 19, 2026
 - Shortlisting and interviews (if applicable): end of March
 - Selection and notification of successful applicant: end of March or early April
 - Expected contract start date: mid-April 2026Late submissions will not be considered.
- **Required Profile of the Service Provider**
The consultant or consultancy firm must demonstrate:

- At least 7–10 years of measurable professional experience in humanitarian finance, EU-funded programmes, or financial compliance advisory services.
- Demonstrated experience in developing or applying Simplified Cost Options (SCOs)
- Proven expertise in EU financial regulations, including Financial Regulation, MGA/AGA, and authorising decision processes.
- Strong analytical skills in financial modelling, cost-structure analysis, and risk/compliance mapping.
- Experience drafting Standard Operating Procedures (SOPs) and regulatory compliance documentation.
- Familiarity with humanitarian partnership modalities and Financial Support to Third Parties (FSTP) mechanisms is highly desirable.
- Excellent written and spoken English. Spanish is considered as a strong asset.
- Bidders must provide evidence of relevant assignments, including references and examples of comparable work.
- Financial Proposal Requirements
 - Proposals must include all applicable taxes, fees, and specific expenses, where relevant.
 - No travel visit is expected to be conducted.
 - The financial proposal should clearly indicate:
 - Daily rate
 - Estimated number of working days
 - Total contract value (inclusive of all costs)
- Payment Schedule
 - Payments will be linked to the satisfactory completion and approval of agreed deliverables.
 - The detailed payment schedule and instalment structure will be defined during the contracting phase and formalised in the consultancy agreement.
 - All payments remain subject to formal approval of deliverables by NRC.
- Submission and questions
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