

# Due Diligence Provider for Start Fund Nepal

CONSULTANCY TERMS OF REFERENCE

**START FUND  
NEPAL**

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**START NETWORK**

# 1. Introduction

## 1.1 Purpose of the consultancy

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The Start Network is a collective of more than 50 humanitarian organisations present across 200 countries and territories worldwide. The Network’s stakeholders have steered the Network to grow and evolve in a different way – by transitioning to a new model of national and regional hubs, made up of local, national and international humanitarian organisations operating in those locations. Start Fund Nepal is part of the Start Network operating in Nepal since March 2021. Pursuing this vision brings with it unprecedented levels of change in the way the Network operates. This includes the operationalisation of a tiered due diligence framework that enables a wider spectrum of organisations of varying capacities and profiles to join the Network. Members are classified into tiers, which determine their level of access to different programme portfolios offered by Start Network. Membership into the Network requires undergoing due diligence that is refreshed every three years.

We are seeking a consultant to serve as an independent due diligence provider for Start Fund Nepal administering the assessment of organisations undergoing regular renewal (refresh) of due diligence, seeking programme partnership or membership into the Network. The scope of this consultancy will focus on three key areas:

- i) Review Start’s tiered due diligence framework to make it ‘fit for purpose’ within the local country context through a series of country-level stakeholder consultations.
- ii) Develop a ‘country module’ of the due diligence framework that will integrate into Start’s core due diligence framework;
- iii) Conduct due diligence and sanctions list vetting on an initial set of 10 organisations to test the country module and its integration with the core framework, and develop individual assessment reports, and respond to any queries from the Start Team, the Risk and Compliance Committee and its advisors on the content of the reports;

## 1.2 Overview of Start Network

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The Start Network is made up of more than 50 aid agencies across five continents, ranging from large international organisations to national NGOs. Together, our aim is to deliver more effective humanitarian aid, harnessing the power and knowledge of the network to help people affected by crises.

We are working to create a humanitarian system in which responses to crises are defined by those closest to them based on humanitarian need; early and predictable funding is released to reduce the impact of crises and the cost of responses; and diverse organisations work together to innovate and adapt to the humanitarian challenges of the future. Ultimately, our aim is to minimise the loss of life, livelihoods and dignity we see all too frequently in humanitarian emergencies. We believe this is only possible through a collective effort to change the humanitarian aid system.

Our work focuses on three areas to change the system:

➤ **Localisation**

We believe a more balanced system that shifts power to those closest to the front line will generate more effective and appropriate responses for people affected by crises.

➤ **New forms of financing**

We believe that by understanding the risks we face and providing fast, early, and dependable funding, we can help communities to become better prepared and more resilient to crises.

➤ **Collective innovation**

We believe that new ways of working are needed to tackle the challenges we face. By innovating collectively, we can share expertise, insights and perspectives to shape a more effective humanitarian system.

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### 1.3 Scope of contract opportunity

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The Start Fund Nepal is seeking proposals from suppliers able to evidence the necessary experience, skills and capacity to deliver this service. To avoid conflict of interest, please note that current members of Start Network (Start Fund Nepal) or any of their subsidiaries, are not eligible to apply for this bid.

Although this consultancy is for conducting due diligence on an initial set of 10 organisations, we intend for this to lead to a longer-term engagement with an independent due diligence provider in Nepal that can provide this service for the Network, as we have more organisations in the pipeline.

More information on the scope of work can be found in **Section 3**.

## 2. Instructions for bidding

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### 2.1 Timescales

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Bidders are requested to review and respond to sections 3 and 4, with completed sections and requested documents submitted via email (no hard copies required) to [npl.carenepal@care.org](mailto:npl.carenepal@care.org)

**Deadline for submission:** 28<sup>th</sup> August 2022

**Response period:** 24 days

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### 2.2 Start Network not bound

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This Request for Proposal does not constitute an offer and Start Network does not bind itself to accept any proposal. Start Network reserves the right to accept a proposal in part, rather than in full. If you have any questions in the meantime, please contact [npl.carenepal@care.org](mailto:npl.carenepal@care.org)

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### 2.3 Confidentiality

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Documentation in relation to this Request for Proposal and any proposals received by the Start Network in response to it shall be treated as private and confidential save where the disclosure is required by law.

Bidders shall not:

- Release any information relating to the RFP and the proposal that they intend to make; other than with professional advisers who need to be consulted with regards to the preparation of the proposal;
- Canvass directly or indirectly with any other bidder concerning the award of a contract;
- Canvass directly or indirectly with a member of Start Network staff (including its consultants and contractors) concerning the award of the contract.

A signed Non-Disclosure Agreement (NDA) will be required by Start Network before it can share supporting documentation in relation to this consultancy. If you are interested to bid, please contact [npl.carenepal@care.org](mailto:npl.carenepal@care.org) to request a copy of the NDA. Once an NDA is signed, we will provide you with the background documents.

## 2.4 Contract

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The formal contract agreement will be in a form prepared by the Start Network.

# 3. Terms of reference

## 3.1 Context

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Through its years of experience, the Start Network has proven that faster, collective and more efficient ways to help people in need are not only necessary, but possible. We now want to take these to scale, shifting more power and resources to those closest to humanitarian crises; and to achieve that, Start Network has initiated several processes that fundamentally change the structure of the Network and the way we operate, in particular:

### *Localisation and Hub Development*

In 2017, a global consultation process steered us in a new direction for the Network to evolve - from the largely centralised entity it is today, to a dispersed, international network of “hubs” - that is, collectives of local, national and international organisations operating in the same country or region. These hubs which will control their own resources and define their own responses to crises affecting their communities, united by a shared purpose and common standards, and supported by a global Start Network Platform. You can read more about how this will work [here](#), or watch the video ([English](#), [Spanish](#), [French](#)).

The membership of the Start Network is currently predominantly composed of international humanitarian organisations. Under the new localised structure, the Network envisions to take in more local and national organisations into the membership, fundamentally altering its existing profile. The intake of new members will also have an impact on the capacity of Network staff to deliver services to a larger, devolved and diverse membership landscape.

Adopting a devolved network model requires major changes to the current, highly-centralised, governance structure. Developing a model that allows hubs to operate independently at local, national or regional level, and yet also operates coherently with other hubs in line with Start’s overarching global mission can be challenging. In the future network model, the Start Network hubs are the locus of governance, membership and programmes, and the Start team is a global platform that supports and convenes them. Power will increasingly be held across the network, rather than in the centre.

### *Due Diligence*

The Start Network’s current due diligence process is quite robust, but this also acts as a barrier to entry for ‘smaller’ organisations. In order to enable the Network to bring in more local organisations as members, the Network developed a tiered due diligence framework, moving away from a ‘pass/fail’ model in favour of a more ‘risk-based’ model. Members gain access to varying portfolios of Start Network products and services depending on their tier. Re-imagining our due diligence framework is one of the first critical steps to enable the network to take in more local organisations into the membership with meaningful access to resources.

The framework checks across the following 9 ‘streams’:

- Governance
- Financial controls
- Legal compliance
- Ability to deliver
- Risk management
- Humanitarian best practices
- Data security
- Safeguarding
- Downstream partner management

The framework places organisations in one of 3 tiers:

**Tier 1:** Organisations that meet minimum compliance requirements for membership into Start Network. Organisations in this tier do not currently have formal access to programme funding, but have access to certain types of funding, such as organisational strengthening and learning grants.

**Tier 2:** Organisations that have internal procedures to mitigate risks across the nine streams, and have access to some level of programme funding.

**Tier 3:** Organisations that meet prevailing international compliance requirements and have full access to all applicable funding portfolios.

The tiered due diligence framework is also able to determine the key strengths and areas of improvement of an organisation that undergoes assessment through its unique scoring model. This allows Start to provide bespoke recommendations to its members that enable them to address key bottlenecks preventing them from progressing through the tiers.

The tiered due diligence system is planned to be digitised into an online platform that can serve as the central database for all compliance information submitted by its members. This opens up the opportunity to reduce duplication by enabling the ‘passporting’ of due diligence through the digital platform, where other organisations can review and accept our assessments in lieu of their own. In line with this, Start Network is

also exploring ways of passporting ‘inward’, by mapping other compliance standards against the tiered due diligence framework. We have started this mapping process in collaboration with the CHS Alliance, in order to explore the possibility of passporting organisations holding a Core Humanitarian Standard (CHS) certification.

The next evolution of the tiered due diligence framework is the development of ‘country-level modules’ that will further contextualise our due diligence to the local country context, thereby transforming it into the ‘Modular Due Diligence Framework’. In order to achieve this, Start Network is developing a constellation of local due diligence service providers that can develop the local modules and administer our core due diligence framework alongside the local module. The devolved service will be underpinned by a global quality assurance framework that will ensure that due diligence assessments are administered to a quality standard across our various areas of operation.

The global quality assurance framework will still need to be developed, but may involve the introduction of an accreditation/licensing system where due diligence providers undergo regular training refresh cycles to ensure they are up to date with the latest developments relating to the framework and are able to administer it effectively.

### 3.2 Purpose and deliverables of consultant

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The core deliverable of this consultancy is the development of a ‘country-level module’ as part of the next evolution of the tiered framework, and to test this module on a limited number of organisations. A copy of the framework for your review, including sample redacted assessment reports, can be shared upon signing a non-disclosure agreement. In addition, we also require a learning report after completion of the due diligence of the 10 organisations analysing key metrics of the process. Further details are outlined below on these key deliverables and what we would expect for you to cover in your proposal.

#### **Review of the Tiered Due Diligence Framework against the local country context**

##### *Output: Report*

This involves reviewing the tiered due diligence framework (the core framework) to determine if it requires adjustments based on local realities. We expect that the review will involve consultation sessions with key stakeholders (Start Network hubs, members, and partners in-country, Start team, donors, banks, – if applicable, etc). We expect that this process involves a risk mapping to identify nuances to risk exposure, as well as the identification of risk mitigation measures that are bespoke to the country context.

Country modules are envisioned to be a way for Start’s due diligence framework to adjust to the local context, making it locally relevant and appropriate. Country modules are expected to adjust the core framework in mainly three ways:

- 1) What is missing from the core framework but is locally relevant to check based on the country’s context? (both from a risk management and regulatory standpoint)
- 2) What is included in the framework but does not make sense to check (or cannot be obtained) based on the country’s context?
- 3) How can you adapt/change the language or presentation of the questions in the framework to make it more understandable in the local context, so that it can achieve its intended purpose? This includes

establishing equivalencies between what is being asked in the core framework and what is available as alternatives to satisfy the requirements at the country level.

We expect that this process will include a review against the regulatory framework in Nepal to ensure it is compliant with local regulation. The review should be contextualised against the tier thresholds, so any recommended changes should take the tier model into account (e.g. how will this impact the tiers? Is this being proposed as a Tier 3 requirement?). We are flexible with the length of this report and have no set expectations on the number of pages, as this will be dependent on the findings of the review.

### **Developing a Country-Level Due Diligence Module for Nepal**

#### *Output: Country-Level Due Diligence Module*

Taking into account the findings from the review, the local due diligence provider is expected to develop a country-level due diligence module that is meant to integrate with the core framework. This will consist of developing the modular framework questionnaire and other supporting tools relevant for the delivery of the assessment, namely: induction video/slides, Frequently Asked Questions document, assessor's guide, and assessment report template. Start Network already has versions of these templates for the core framework which can be used and tailored for the country-level module. Other supporting tools may need to be developed depending on the design of the country module.

As expressed above, the country-level module is expected to introduce adjustments to the core framework in mainly three ways:

- 1) Introduce new elements that are not present in the core framework but are relevant to check in the local context;
- 2) Introduce alternative elements or methods that control for risks that are checked by the core framework but may not be appropriate or feasible to be satisfied using known or traditional methods due to nuances in the local context;
- 3) Reframe elements of the core framework to make them more understandable in the local context.

The country-level module is expected to cover additions and/or adjustments to the same nine streams of due diligence under the core framework, but may also introduce new areas, as necessary.

The global due diligence service provider Buzzacott LLP will advise on the development of the country-level module and will also review its compatibility with the core framework. The country-level modules are expected to undergo three rounds of review by Start Network and Buzzacott LLP until a final version is adopted by Start Network.

Although the development of the modular framework is being commissioned to be in English in this instance, we would like to hear from bidders whether they believe it is necessary to translate all materials, including the questionnaire tool, to different languages/dialects based on the local context and its receptiveness to the English medium. If so, kindly include a price quotation for translations.

## **Due Diligence Assessments of 10 Organisations**

*Output: 10 Assessment Reports*

This involves administering due diligence assessments on 10 organisations to test the viability of the country-level module. It is expected that an assessment report will be developed outlining the findings for each organisation (a standard template from the core framework is available and can be used as basis/inspiration for the country-level module).

We expect that the selected local due diligence provider will undergo an on-boarding period to familiarise themselves with Start's due diligence framework and work out operationally how to administer it. Buzzacott LLP will train the selected local provider through a developed training programme. This includes training the provider on how to administer Start's full tiered due diligence framework and its 'split version' of the framework. The split version of the framework follows a staggered review model where organisations first go through a Tier 1 and 2 test, and upon successfully passing this, can undergo a Tier 3 test. There are 9 Tier 3 markers embedded in the Tier 1 and 2 test that help assessors determine if the organisation is likely to meet the requirements of Tier 3 and whether it is advisable to proceed with a Tier 3 test.

Start Network already has existing digital tools, such as an online questionnaire on the Alchemer platform, that can be used to administer the assessments; however, you may propose to use your own in-house tools if you deem this to be a better option. In the future, Start Network will develop a bespoke online questionnaire tool that can accommodate different country modules. This will start development in 2022 but a minimum viable product is not expected to be completed and operational until end of 2023.

We expect that the 10 assessments will be conducted in Nepali/ English in this first instance, but we are open to it being administered in other languages. Please provide a quotation for translating the questionnaire tool and all supporting materials should this be necessary. We expect that the local provider will be able to understand documents submitted in local languages and dialects (at least in the official languages of Nepal).

Start Network uses RiskScreen (using the Dow Jones database) to vet names of senior officers within an organisation. We check against 14 lists, including the UN, EU, US, UK and World Bank sanctions lists. We expect the local service provider to be able to conduct sanctions list checks – including clearing of false positives – on the organisations that will undergo assessment. Include the tools and approach your company has toward vetting in your quotation.

Initial due diligence assessments are first shared with the organisation for fact-checking. This allows the organisation an opportunity to correct any misconceptions in the findings. We expect that once an organisation has given a complete submission (i.e. no pending requirements or queries remaining), that a draft assessment will be ready to be shared with us and with the organisation within a span of two weeks (10 working days). Once the organisation accepts the report as an accurate representation of what they have in place, the assessment report is then shared with Start's Risk and Compliance team and Risk and Compliance Committee for a final review and acceptance of the findings, recommendations and tier placement. We intend for the whole due diligence process for the 10 organisations to be completed within 4 months, with best efforts, but we remain flexible should timelines need to be adjusted.

## **Learning Report on Due Diligence Process**

*Output: Learning Report*

We expect this to be approximately a 20-page learning report with an accompanying 2-page executive summary. Developing a post-assessment survey will be necessary to collect some of the information required, while some metrics can be tracked independently by the local due diligence provider. The learning report is expected to cover the following areas:

- Metrics on: speed of completion of questionnaire tool; ease of use of the digital questionnaire tool; speed of completion of full due diligence process; average time it takes to assess an organisation; rating of overall experience undergoing the tiered due diligence process compared to other due diligence processes;
- Identification and analysis of main bottlenecks amongst the requirements preventing organisations from meeting the next tier;
- Analysis of resulting scores/tiers across the different due diligence ‘streams’;
- Identification and analysis of any trends that emerge from the data collected in relation to organisational profiles;
- Identification and analysis of key challenges faced by organisations in completing the due diligence process;
- Identification and analysis of key challenges faced by the due diligence provider in administering the due diligence assessments;
- Analysis of split framework data to determine ability to predict tier placement based on Tier 3 markers;
- Analysis of the impact of the country-level module on the overall due diligence process;
- Any other learning, reflections and feedback that emerged from the consultancy;

We expect that an initial draft of the report should be shared with the Start team to allow for one round of questions and comments. Following this, a final version is expected. The due diligence provider is also expected to present its findings to the Start team and answer questions about the report as necessary.

#### **Ad-hoc Assessment Requests**

Although this initial contract is for the due diligence of 10 organisations, we are also expecting further requests for due diligence, and would prefer to include flexibility in the contract to include more assessments in the future based on a standard rate. Kindly include your rate sheet for conducting future due diligence assessments.

#### **Reassessment Windows**

From time to time, we also have members that request for a reassessment based on putting in place the recommendations in their original report, in order to change their tier placement. As this is not a full assessment and the scope of the recommendations can vary greatly from one organisation to the other, costing can only be done on a case-by-case basis. We are also keen to know of your charging model for this based on hourly rates/pro rata.

### **3.3 Management oversight**

The service provider will be selected by a committee composed of Start Network’ Operations Team. The Operations Team will provide necessary management oversight of this consultancy.

### 3.4 Key sources of information

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- 1) [Start Evolves Paper: Start Network’s vision for the future of humanitarian action](#)
- 2) [Start Network Theory of Change](#)
- 3) [Start Network: Leading for change in humanitarian aid](#)
- 4) [Hubs: Frequently Asked Questions for interested NGOs](#)
- 5) [Start Network: Due Diligence and Vetting](#)
- 6) Tiered due diligence framework background documents (confidential / restricted access; will be shared upon signing of non-disclosure agreement)

Other pertinent documents for review may be added at a later stage.

### 3.5 Timeline

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- **5<sup>th</sup> August 2022:** Request for Proposals advertised
- **5<sup>th</sup> August to 11<sup>th</sup> August 2022:** Start receives requests from interested parties to sign a non-disclosure agreement for access to the background documents and Interested consultant can send questions regarding the Terms of Reference to [npl.carenepal@care.org](mailto:npl.carenepal@care.org)
- **28<sup>th</sup> August 2022:** Deadline for proposals
- **2<sup>nd</sup> September 2022:** Shortlisted candidates will be contacted
- **Week of 5 September 2022:** Pitch and interviews with shortlisted service providers (1-1.5 hours)
- **Week of 12 September 2022:** Selection of service provider and start of contracting process
- **Week of 19 September 2022:** Expected start of on-boarding process (including training)
- **Week of 19 September 2022:** Expected start of the framework review and consultations
- **Week of 3 October 2022:** Expected start of development of the country-level module
- **Week of 17 October 2022:** Expected start of due diligence assessment process
- **End of Contract:** 31 March 2023 with possibility of extension depending on the context

### 3.6 Qualifications

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The consultant should have the following skills and qualifications:

- Demonstrable expertise and experience in conducting due diligence on organisations (experience in the charity sector or the for-profit sector desirable)
- Familiarity with the Nepal regulatory compliance environment
- Relevant expertise and experience in documenting evidence and analysing data sets;
- Familiarity with internal workings of networks, consortia or membership organisations
- Demonstrable experience working across cultures and contexts
- Excellent verbal and written communication in English and the local language required
- Knowledge of the international humanitarian sector desirable

The above will form our criteria for assessing proposals, including the cost competitiveness of the bid.

## 4. Bidder’s proposal

#### 4.1 Company information

Please provide the following information:

1 Basic Details of Your Organisation		
1.1	Name of the organisation submitting the tender:	
1.2	Address: Post Code:	
1.3	Telephone number:	
1.4	E-mail address:	
1.5	Website:	
1.6	Company Registration number:	
1.7	VAT Registration number:	
1.8	Is your organisation: (Please tick one)	i) a public limited company?
		ii) a limited company?
		iii) a partnership
		iv) a sole trader
		v) other (please specify)
1.9	Name of (ultimate) parent company (if this applies):	
1.10	Companies House Registration number of parent company (if this applies):	

#### 4.2 Proposal requirements

Qualified and interested parties are asked to submit the following:

- Letter of interest in submission of a proposal
- A detailed proposal clearly demonstrating a thorough understanding of this ToR and including but not limited to the following:
  - Consultant's profile
  - Statement of previous experience in similar assignments and the required qualifications outlined in this ToR
  - Description of the proposed approach to the core deliverables

- Optional: expressions of interest in any of the future-facing work outlined in this ToR
- A financial proposal quoted in NPR (also see section 4.3 below)
- A daily rate for any additional ad-hoc support quoted in NPR
- Contact details of two references relevant to the nature of the work required.

We expect the core consultancy proposal to be no more than 10 pages long. We advise you to use the format above as the structure of your proposal, but you may add your own sections to it as necessary so long as it is still within the page limit.

All applications should be sent electronically to: [npl.carenepal@care.org](mailto:npl.carenepal@care.org) with attachments in PDF and a subject line: Due Diligence Provider **by or before 28<sup>th</sup> August 2022.**

#### 4.3 Cost

The price and rates quoted shall include all costs (services, travel and expenses, together with all general risks, liabilities and obligations, set out or implied).

**4.3.1 For ad-hoc support (such as for reassessment requests based on completed recommendations, or further development of learning reports), please provide your proposed rates in the table below.**

Work stage / activity	Daily* rate	Proposed number of hours/days	Total cost NPR
<b>TOTAL (NPR)</b>			

#### 4.3.2 Other costs:

If there are any further costs or expenses that you propose charging, please detail these. Start Network will not be liable for any additional costs that are not set out in the Bidder's proposal.

#### 4.3.3 Assumptions

Please set out any assumptions you have made in determining your proposed costs.

#### 4.3.4 Every £ Counts in Humanitarian Response

We are committed to reducing the charity's operating costs so that maximum resource can be spent on programmes which directly benefit communities affected by disasters and emergencies.

Should you be willing to provide any element of the products or services on a pro bono basis, offer a cost reduction, service enhancement or any other charitable support to the organisation, please set out your proposal.

**Payment modality:** The payment will be made based on the delivery upon mutual agreement.

