**ANNEX 5**

**TERMS OF REFERENCE**

**Transfer of Czech Knowledge: Mapping and Assessment Ecosystems and their Services of Grassland and Forest in Montenegro**

1. **PROJECT OBJECTIVES**

Czech Republic invested significant effort in quantifying what is the contribution of protected areas to national economy. During these processes undertaken by different institutions and organizations, several projects focused on mapping and assessing services provided by grassland and forests where implemented. These initiatives are contributing not only to disseminating the knowledge and understanding of value and importance of services provided by ecosystems but is directly contributing to global processes such as Intergovernmental Platform on Biodiversity and Ecosystem Services, The economics of Ecosystems and Biodiversity etc).

Taking in consideration that Montenegro is making first steps toward understanding and indorsing these initiatives and practice, through this project we would link these institutions with partner institutions from Montenegro, and establish linkages and partnerships that would be mutually beneficial. The main strength of the project would be focusing on learning by doing approach. Two pilot sites would be used as pilots for joint work of Czech and Montenegro experts in order to obtain detailed assessment of ecosystem services provided by forests and grasslands in these areas. Czech experience will be amended to fit Montenegro legal and development framework, and set of recommendations will be developed, based on experiences gained in PES schemes design in two pilot sites. Sites are predefined as area of Komovi and Piva Mountain massif. In these two areas UNDP CO Montenegro is working on establishment of two new protected areas (level of regional parks, category III as per IUCN categorization).

1. **CONTEXT / BACKGROUND**

Mostly rural and semi-rural northern region of Montenegro represents, from biodiversity point, area to be considered as on one of the Europe biodiversity hot spots. Still pristine nature is increasingly under threat and pressure since at the same time human development levels in the mostly rural and semi-rural northern region of Montenegro lag behind national levels. The northern region makes up 53% of the territory, inhabited by 29% but contributes the GDP with only 18%. GDP per capita in the northern region is only 46.1% of the national product standard per capita clearly indicating the region’s underdevelopment and compared with the GDP of the south region of 13.46% above the Montenegrin average national product per capita. The north faces economic hardship and development challenges in socio-economic, employment and educational opportunities, infrastructure and tourist accommodation quality facilities, quality public services and facilities, gender equality, migration, etc. Additionally, the privatisation is slow and the restructuring is carried out via labour retrenchment failing to provide social security and employment opportunities esp. for the hard to employ. Of total active age women 33% is unemployed i.e. 39% in the northern region while youth share in unemployment is 59,3. Women and youth are the highest represented groups in the informal/unregistered labour earning twice less and in formal sector 20-30% less than man. Similarly, youth is one of the most excluded groups from the business while indicative is that only 20-23% of total SME’s are based in the northern region.

Aside of investment shortage, entrepreneurship in the north is underdeveloped being an economic activity in its development only in the recent years. The regional development strategies, launched at central level, accompanied by constructive endeavors to reduce disparities between the country’s regions have had a limited impact. The North benefits from a multicultural and multiethnic environment but this is also a challenge in terms of equal opportunities and social inclusion.

In parallel research shows ([The Economic Value of Protected Areas in Montenegro](http://www.undp.org.me/ee/projects/GEF/Catalyzing%20financial%20sustainability%20of%20the%20protected%20areas%20system%20in%20Montenegro%20%28PAF%29/index.html); UNDP study financed by GEF/UNDP project: Catalyzing Financial Sustainability of Protected Areas in Montenegro) that the value of recreational activities and other uses of PA lands (mainly situated in North part of the country) and resources, water supply services and watershed/flood protection services is estimated at just under €68 million in 2010.

Only in 2010, just under a half of PA values accrued to the general public (worth more than €32 million), more than a third generated earnings and cost savings to businesses and industries (€25 million), and around 15% earned revenues for the government (€11 million). PA goods and services supported the output of many different sectors of the economy, including tourism, energy, water, agriculture, and infrastructure and disaster risk reduction.

Despite the economic facts and benefits presented above incidence of human poverty in Northern Part of Montenegro is much higher and there is continued economic migration out of the region. The official poverty rate in the northern region is 10,3% (45.2% of the poor in Montenegro) i.e. the poverty rate is twice as high as the national average. The economic crisis has been decrease the investment in the region, increasing pressure on natural resources by local population. This is likely to undermine the quality and effectiveness of ecosystem services that are the basis for development and growth in the North. Years of illegal activities (poaching, logging, illegal building, uncontrolled forest products usage), disregard for pasture preservation etc. are leading to abandonment of traditional ways of resource usage, damaging sensitive and valuable systems and they capacity to provide services. This means that intuitive understanding of ecosystem services existing up to date, and more traditional usage of available resources (proved to be less damaging and more nature friendly than not) are being replaced by practices more oriented toward more intensive exploitation. This means that in many cases short term gain is providing long term damage, while services provided by ecosystems remains unaccounted for, although choosing to “invest in natural capital” implies a considerably higher level of public investment than continuing “business as usual”, these expenditures are far outweighed by the economic benefits generated. Net benefits will more than double over the next 25 years, and PAs will generate a total return of almost €29 per €1 of public funds invested.

Concept of payments for ecosystem services (PES) can be traced back few decades, it is still a new instrument, and experience in this matter is almost inexistent in Montenegro. Although globally, PES is being introduced in more sectors (agriculture, water supply, carbon sequestration, biodiversity conservation, etc.) and in relation to more and more ecosystems (surface water, groundwater, forest, etc.) no similar initiative exists in Montenegro.

When considering nature protection the ‘Spatial Plan of Montenegro until 2020’ (2008), the ‘National Strategy of Sustainable Development of Montenegro’ (NSSD, 2007) and the ‘Biodiversity Strategy and Action Plan’ (NBSAP, 2009) establishes optimistic targets for the expansion of protected area system. The NSSD for example envisages an ‘increase (of the PAS) to 10% of the territory, and protect(ion) (of) at least 10% of the coastal zone by 2009’. The NSSD, Spatial Plan and the ‘Spatial Plan of the Special Purpose Area Public Maritime Domain’ (2007) identify the following priority areas that would enable the country to achieve (and even surpass) this objective: (i) establishment of 2 new national parks (Prokletije and Orjen); (ii) expansion of Durmitor national park to link it to proposed regional parks and to Sutjeska National Park in Bosnia and Herzegovina; (iii) 6 regional parks (Komovi, Bioc-Maglic-Volujak (Piva Regional Park), Ljubisnja, Sinjajevina, Rumija and Turjak-Hajla); (iv) coastal zone protected areas ( Solila, Sasko Lake/Knete/Ada Bojana and Buljarica); and (v) 3 marine protected areas (Platamuni cliffs, Old Ulcinj-Ulcinj and Katici islands-Dubovica) and (vi) a number of monuments of nature. The NBSAP reinforces the above priorities and proposes a larger set of sites for protection, in particular for the categories of monuments of nature and areas of exceptional natural values. A rough estimation of all the areas considered for protection in the NBSAP comes to around 27% of the national territory.

UNDP Montenegro through the two GEF funded projects aiming at strengthening protected areas (PA) system in Montenegro, undertook activities to address the need for capacity building to plan and manage modern PA system, as identified in several national strategies (National training strategy, National Biodiversity Strategy with the Action Plan for the period 2010 – 2015). The project ,,Strengthening protected areas system in Montenegro” has the objective of ‘developing the capacity in protected area institutions to design, plan and manage a more representative system of protected areas’. One of the main project components is to, by working directly with the key stakeholder groups and local communities establish the first Regional/Nature Parks in Montenegro in the Komovi and Piva region.

UNDP in cooperation with partner organization will focus on an economic valuation of the protected area system in order to support the case for sustained public investment in protected area establishment and management. The goal is to provide information and data analysis which can be used to make a strong economic and development case to public sector decision-makers for investing in biodiversity and ecosystem conservation and sustainable use through the national PA system. Existing legislation and institutional framework should be more effective in executing duties and obligations in the area of biodiversity. Although the existing legal framework for environmental protection in Montenegro has been harmonized in many areas or is in the process of revision and harmonization with the EU requirements, these regulations are by inertia still poorly observed and implemented in practice.

The need to provide professional upgrading of the existing staff and employment to the new staff was identified in several areas of protection of biodiversity. Placing under protection and management of new protected areas of nature still represents a challenge. In order to facilitate process of professional upgrading of the existing staff and employment to the new staff with specific knowledge in PA management UNDP facilitated establishment of vocational training for park rangers with a goal to line these services with international standards. Educational courses at university level focusing on protected areas management enrolled and delivered of first generation of Master of Science level students under the course “Protected area management and rural development”. This means that in forthcoming period we will have professionals educated in accordance with high standards ready to contribute to improvement of management of Montenegro parks/protected areas.

1. **EXPECTED OUTPUT/OUTCOME**

Unlike grasslands or forestry goods such as timber, grass, herbs, forests products etc ecosystem services are far less tangible and cannot easily be marketed and priced. For this reason, most ecosystem services are inadequately paid for and therefore inadequately provided. Those who own or control these areas do not benefit fully from the value of these ecosystem services and therefore there is a lack of incentives to maintain them fully intact.

UNDP CO Montenegro is seeking opportunity and support in transferring experience from Czech Republic in order to:

**a) Inform responsible parties for policy making and policy implementation in policy areas dependent on ecosystems and their services (e.g. contribution of protected areas to ecosystem services, priority setting for ecosystem restoration), territorial cohesion, agriculture, forestry.**

This will be done by:

* Documenting Czech and EU best practice and lessons learnt during similar processes in Czech Republic, provide guidelines on processes and benefits from developing and using PES schemes.
* Organizing stakeholder workshops to allow for broader participation and engagement. Two thematic workshops (grasslands and forests) will be organized to allow for more in-depth discussion with different sectors and stakeholders.
* Working Group on Mapping and Assessment on Ecosystems and their Services will be formed by representatives from Montenegro institutions (line ministries, public and private sector, NGO sector)
* This initial phase will be used to collect available data and set up priority services for validation as well to inform and agree with participants on selected validation methodology.

Expected output:

|  |  |
| --- | --- |
| Deliverable 1.  | Documenting best practice and lessons learnt during similar processes in Czech Republic, provide guidelines on processes and benefits from developing and using PES schemes |
| Deliverable 2. | Organize two workshops presenting relevant experience in development and establishment of PES schemes in the Montenegro context.  |
| * The purpose of the initial workshops is to present the process, findings, conclusions and recommendations gained during the process undertaken in the Czech Republic. These experiences will be shared with selected partners from Montenegro (partners will be selected based on their presence at the project area, activities and responsibilities related to nature protection, resource management and ownership).
* The content of the presentations will use as an input data and experience identified and collected during initial phase of the process: Documenting best practice and lessons learnt during similar processes in Czech Republic.
* The workshops will be used to present, based on documented Czech experience, potentials of services provided by ecosystems of grasslands and forests in areas of Piva and Komovi (maps of the areas attached in the Annex VI). These events will be used to build consensus on the possible use of this systems, collect additional available data, and provide additional opportunity for promoting PES schemes usage in Montenegro.
* Language of the outputs is English and Montenegrin.
 |

1. **Piloting Mapping and Assessment Ecosystems and their services of Grassland and Forest in area of Piva and Komovi;**

The study will focus on grasslands and forests due to their importance in the context of Europe from the perspective of economy as well as due to existing long tradition in use and management of these systems. The goal is to: develop a habitat-based ecosystem services assessment, assess ecosystem services provided by grasslands/forests, support ongoing ecosystem assessments (European level, MA follow-up, TEEB), test methodologies and techniques for a national-wide ecosystem assessment, mapping of integrated assessment of specific services delivered by a socio-ecological system

|  |  |
| --- | --- |
| Deliverable 3.  | develop a habitat-based ecosystem services assessment, assess ecosystem services provided by grasslands/forests, support ongoing ecosystem assessments (European level, MA follow-up, TEEB), test methodologies and techniques for a national-wide ecosystem assessment, mapping of integrated assessment of specific services delivered by a socio-ecological system.The categorization of ecosystem services follows the TEEB typology. |
|  | The assessment will be based on two main information sources: * existing information that is either available through pan-European databases, often based on remote sensing of vegetation, or on data and results captured in, or simulated by, environmental models that assess air pollution, water quantity and quality or soil related problems.
* Explicit mapping of ecosystem services in Montenegro sites. In order to create a series of maps, a more data driven methodology is suggested in this report focusing on the use of the present knowledge base of environmental models in order to produce a set of indicators for ecosystem services.

Steps to be undertaken: * baseline mapping and assessment of the status of major ecosystems;
* baseline mapping and assessment of defined ecosystem services;
* Alignment of ecosystem service assessments with scenarios of future changes (future outlooks), developed together with policy makers and stakeholders to ensure their salience and legitimacy and consequently the use of the results in decision making;
* Mapping and Assessment of Ecosystems and their Services
* Valuation of ecosystem services for baseline and contrasting scenarios and integration into environmental and economic accounting.
 |
| The working group will be coordinated by UNDP representatives and Managing Authority of two regional parks as well as representatives from Municipalities of Pluzine, Kolasin, Podgorica and Andrijevica. The working group will serve as platform for information dissemination toward local population. Contracted bidder should make sure each stage of the process to be documented and information shared with national counterparts/work group using some format of information exchange platform (web site, dropbox, Padio, etc). The stages should have clear explanation of the implementation modality, content and expected results shared with stakeholder prior to stage implementation. In this manner it will be possible at the end of the proces to collect expiriences gained in a lessons learned report that could serve as a guideline and information source for similar processes in the future.  |

1. **Contribute to the assessment of the economic value of ecosystem services, and promote the integration of these values into accounting and reporting systems at local level;**

This activity is designed to test the feasibility of capturing a revenue stream for an ecosystem service (grassland or forest) provided by the two Regional parks to beneficiaries. The goal is to create a mechanism within municipality to collect more revenues from forestry and grasslands. Establishing this fiduciary relationship also has the potential to enhance the perceived value of the park with local residents and businesses, and may encourage a more responsible relationship between the park and its neighboring communities. This pilot, if successful, could then provide an example of what could be possible elsewhere in Montenegro where ecosystem services are neither recognized by the marketplace nor by many decision-makers, and are thus undervalued and their management underfunded.

|  |  |
| --- | --- |
| Deliverable 4.  | Feasibility analysis of capturing a revenue stream for an ecosystem service (grassland or forest) provided by the two Regional parks to beneficiaries. The goal is to create a mechanism within municipality to collect more revenues from forestry and grasslands. Establishing this fiduciary relationship also has the potential to enhance the perceived value of the park with local residents and businesses, and may encourage a more responsible relationship between the park and its neighboring communities. |

1. **Final report including** d**ocumenting lessons learned and recommendation**

With the purpose of securing dissemination of lessons learned during the project implantation the

 lessons learned document will be developed. The purpose is to capture the project’s lessons learned in a formal document for use by other working on similar future projects. Final report should include all the

|  |  |
| --- | --- |
| Deliverable 5.  | With the purpose of securing dissemination of lessons learned during the project implantation the lessons learned document will be developed. The purpose is to capture the project’s lessons learned in a formal document for use by other working on similar future projects. The contents of the lessons learned document should also be determined ahead of time. They should be detailed enough to provide value for future use. |

Expected result from the complete implementation of contract:

* Montenegro line ministries and institutions are informed, familiar and supportive toward ongoing ecosystem assessments (European level, National level, MA follow-up, TEEB etc)
* Mapping and Assessment Ecosystems and their services of Grassland and Forest in area of Piva and Komovi is produced and ready to implement in decision making processes.
* Strengthen cooperation between in biodiversity conservation area between Montenegro and Czech Republic
* Documenting lessons learned and recommendations.
* Mechanism of capturing a revenue stream for an ecosystem service (grassland or forest) provided by the two Regional parks to beneficiaries designed.
1. REPORTING
2. Report documenting best practice and lessons learnt in Czech Republic (incl. provided guidelines on processes and benefits from developing and using PES schemes and taking into consideration Montenegrin context); with a summary, approx. length 10-15 pages.
3. Draft presentation in PowerPoint on establishment of PES schemes in Montenegrin context (as part of the workshop materials)
4. Assessment on habitat-based ecosystem services. Habitat-based ecosystem services should be identified and prioritized.
5. Feasibility analysis of capturing a revenue stream for an ecosystem service provided by the two Regional parks to beneficiaries (based on desk work).
6. Final report including lessons learnt and recommendation and all the previous deliverables as annexes.

Language of all outputs is both English and Montenegrin, except for the narrative part of the Final Report (Lessons Learnt and Recommendations).

The Contractor bears full responsibility for both narrative and financial reporting preparation and submitting according to agreed schedule with UNDP. All reports should be submitted in accordance with the terms stipulated in the Contract. Contractor is responsible for the timely collection and submission of all necessary related to this project, documents, such as, for example, quotations, invoices, receipts, and contracts with subcontractors, as well as salary and other administrative sheets, confirming the occur of expenses to UNDP. In addition, Contractor should provide to UNDP photos and other visual documentation concerning the implementation process of this project. Final report should be delivered in 2 hard copy and 2 (two) electronic (in CD) to: UNDP Europe and the CIS, Regional Service Centre (due to relocation, address will be specified after signing the contract) and to UNDP Montenegro (one each).

1. DIVISION OF TASKS (ACTIVITY LEVEL)

UNDP Montenegro will be responsible for the following activities:

* Engagement of national counterparts for effective and efficient participation in the project activities (coordinating the Working Group etc.)
* Preparatory activities and securing premises, logistics and participants for workshops, bearing costs of the workshops (refreshments, interpreting, materials).
* Updating the Contractor/Czech-UNDP Trust Fund on all relevant information regarding project activities
* Provide the Contractor with necessary data relevant to the assignment (data on PA) as well as securing access to protected areas in coordination with the Managing Authority
* Monitoring of implementation activities
* Assigning a project manager from UNDP Montenegro who will be responsible for project supervision during the whole project

Czech-UNDP Trust Fund will be responsible for following activities:

* Contracting an eligible subject for implementing the project
* Closely co-operating with UNDP Montenegro and Contractor on consulting and approving of outputs
* Project monitoring
* Providing support upon request

Contractor will be responsible for following activities:

* Implementing planned activities according to the Terms of Reference and the Contract
* Close co-operation and communication with UNDP Montenegro and Czech-UNDP Trust Fund
* Documenting every stage of the process and sharing information with national counterparts/work group using some format of information exchange platform (web site, dropbox, Padio, etc)
1. PAYMENT

|  |  |  |  |
| --- | --- | --- | --- |
| Outputs | Percentage(% of contracted price); | Timing (preferred) | Condition for Payment ReleaseWithin thirty (30) days from the date of meeting the following conditions: |
| Report on best practice and Draft presentation | 20 | One month upon contract signing  | 1. UNDP’s written acceptance (i.e., not mere receipt) of the quality of the outputs; and
2. Receipt of invoice from the Service Provider.
 |
| Assessment on ecosystems services  | 30 | December 2014 |
| Feasibility Study | 30 | April 2015  |
| Final report | 20 | One month prior contract ending |

1. COMPETENCES
* Integrity;
* Strong results orientation;
* Strong communication skills;
* Proven analytical capacity;
* Flexible and responsive with a client-oriented approach;
* Effective and persistent problem-solver;
* Demonstrated capacity-building and facilitation skills;
* Ability to establish effective working relations in a multicultural team environment;
* Excellent interpersonal and organizational skills;
1. QUALIFICATION REQUIREMENTS

The Contractor should have the following qualifications:

* Officially registered legal entity or consortium of legal entities.
* At least 3 years of experience in implementing similar activities in ECIS countries (experience in South Caucasus countries preferred); work for UNDP/UN agencies/major multilateral/bilateral programmes an advantage
* Track record of previous experience in this field of work (i.e. validation of ecosystem services, PA financial management and planning, or related field), minimum of 3 similar assignments.
* Experience in developing and implementing capacity building and training programmes for national institutions (Govt staff, scientific institutions, NGOs etc.), minimum of 3 similar assignments

Qualified Project Manager with:

* University degree in the areas relevant for the assignment (e.g. Environment, Economics,

 Law, Public Administration, or similar), or equivalent. A higher degree shall be considered

 as an asset.

* At least 3 years of experience of project management in similar projects, international

 experience is an asset (projects in the region are preferred)

* Working experience with UNDP is an advantage.
* Excellent communication skills in English (both written and spoken). ECIS languages are an

 asset.

* Knowledge and skills of MS Office, including Word, Excel, PowerPoint.

Qualified Biodiversity Finance Expert with:

* University degree in the areas relevant for the assignment (e.g. Environment, Economics, Law, Public Administration, or similar) or an equivalent. A higher degree shall be considered as an asset.
* At least 3 years of experience of project management in similar projects (namely ecosystem validation, financing nature conservation, PA management and planning, or similar), international experience is an asset (projects in the region are preferred)
* Proven experience on how to establish PES schemes and develop habitat-based ecosystems assessment (experience with both grassland and forestry) is required.
* Working experience with UNDP is an advantage.
* Excellent communication skills in English (both written and spoken). ECIS languages are an asset.
* Knowledge and skills of MS Office, including Word, Excel, PowerPoint.
1. REQUIRED DOCUMENTS FOR SUBMISSION

The following detailed documents must be submitted by the Contractor:

* Registration of Company/Civil Society Organization/Professional Association;
* Profile of Company/Civil Society Organization/Professional Association and list of implemented projects with reference list and client contacts for reference check indicating the e-mail addresses or fax numbers for contact persons;
* CVs of the Team Leader;
* CVs of other experts that the Contractor might use for the implementation of the activities;
* Clear presentation of methodology and approach describing all the steps which will lead toward the completion of the assignment;
* The Contractor shall submit detailed timetable of the proposed activities;
* Please provide also information on corporate social responsibility (CSR) and “green” efforts/ green policy of the company. If two proposals are evaluated to be identical or with minimal differences, company with a better green program/ policy may be given preference.