

ANNEX 2: Terms of Reference

A. Project title

Development of a National Nature Investment Plan (NIP) for Montenegro: Integrating Biodiversity into the Reform Agenda Investment Pipeline

B. Project Description

1. Context and Rationale

Montenegro is currently developing a National Biodiversity Finance Plan (BFP) under the Global Environment Facility (GEF), applying the UNDP BIOFIN methodology. National Biodiversity Finance Plans serve as comprehensive roadmaps addressing four key dimensions of biodiversity finance: reducing harmful expenditures, realigning existing financial flows, improving effectiveness of current spending, and mobilizing new funding from both public and private sources.

While the BFP provides the essential systemic and policy foundation, there is an emerging and clearly articulated demand from Multilateral Development Banks (MDBs), mainstream bilateral donors, EU financing instruments, and private infrastructure investors for structured, investment-ready pipelines of nature-positive infrastructure. This demand reflects a gap between biodiversity finance planning at the policy level and the availability of clearly defined, programmatic investment opportunities suitable for capital deployment.

The National Nature Investment Plan (NIP) is conceived as a complementary instrument to the BFP and the National Biodiversity Strategy and Action Plan (NBSAP). It will not duplicate finance gap analysis or policy reform measures. Instead, it will focus on identifying and structuring a national portfolio of investable, nature-positive infrastructure and value-chain assets that can be integrated into Montenegro's broader development and capital investment framework.

Montenegro presents a particularly strategic context for piloting this approach. As an EU candidate country implementing its Reform Agenda and aligning national legislation and infrastructure planning with the EU acquis, Montenegro is actively upgrading infrastructure across sectors including transport, renewable energy, wastewater, waste management, agriculture, tourism, and regional development. Existing sectoral investment planning instruments, such as the Single Project Pipeline (SPP) coordinated by the National Investment Committee, already provide mechanisms for project prioritisation and blending of financial sources

However, biodiversity and nature-based solutions are not yet systematically integrated into these capital planning processes. At the same time, EU financing mechanisms (including IPA, WBIF, Global Gateway and other blended finance facilities) increasingly require alignment with EU Taxonomy principles and "Do No Significant Harm" (DNSH) standards. MDBs such as EIB and EBRD are also strengthening environmental and climate performance criteria.

The NIP therefore responds to three strategic imperatives:

1. Mainstreaming biodiversity into public capital expenditure planning, under the leadership of the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance and;
2. Structuring nature-positive infrastructure opportunities in programmatic envelopes suitable for sovereign loans, blended finance, grants, municipal borrowing, and private participation;
3. Developing a replicable methodology blueprint that can inform future Nature Investment Plans in other countries building on BIOFIN processes.

The NIP will identify investment opportunities across three core pillars:

- Ecological Infrastructure – large-scale nature-based alternatives or enhancements to traditional engineering (e.g. watershed restoration for flood mitigation, constructed wetlands linked to wastewater systems, coastal and riverine buffers);
- Nature-Positive Built Infrastructure – integration or retrofitting of biodiversity-positive measures within transport, renewable energy, tourism, and urban development projects;
- Anchor Value-Chain Assets – mid-stream infrastructure required to make nature-positive industries viable at scale (e.g. processing, storage, logistics or aggregation facilities linked to sustainable agriculture, forestry or fisheries).

The NIP will include investments with indicative ticket sizes starting from approximately EUR 1–2 million, while encouraging aggregation into Strategic Investment Programs (SIPs) to achieve programmatic scale and financing relevance.

Importantly, this assignment represents a pilot application of a new global approach. In addition to producing Montenegro's NIP, the service provider will be required to document the methodology applied, lessons learned, and recommendations for replication, thereby contributing to the evolution of biodiversity finance practice beyond policy reform toward structured investment programming.

2. Overall Objective of the Project

The overall objective of this assignment is to support the Government of Montenegro, under the leadership of the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance and, in the development of a National Nature Investment Plan (NIP) that systematically integrates biodiversity and nature-positive infrastructure into the national Reform Agenda investment pipeline and capital programming framework.

The National Nature Investment Plan shall serve as a structured national overview of investable nature-positive infrastructure and value-chain assets, designed to complement Montenegro's National Biodiversity Finance Plan (BFP) and National Biodiversity Strategy and Action Plan (NBSAP). The NIP will focus on translating biodiversity priorities into clearly defined investment opportunities aligned with existing development planning and financing mechanisms.

Specifically, the assignment aims to:

- Identify and structure a national longlist of approximately 50 nature-positive investment opportunities, including both new investments and biodiversity-positive retrofits of existing or planned infrastructure;
- Organize these investments into a limited number of Strategic Investment Programs (SIPs) to enable aggregation and programmatic financing;
- Develop a ranked shortlist of priority investments suitable for engagement with Multilateral Development Banks (MDBs), EU financing instruments, bilateral donors, national and municipal budgets, and private sector actors;
- Ensure alignment of proposed investments with Montenegro's Reform Agenda priorities, EU accession requirements, and relevant national sectoral plans;
- Provide high-level investment profiling for each opportunity, including strategic rationale, biodiversity and climate contribution, indicative capital cost range, potential financing pathways, and implementation readiness considerations;
- Produce a Methodology Blueprint and Lessons Learned Report to document the approach applied and inform replication in other BIOFIN countries.

The assignment shall focus on structured investment identification and strategic programming. It shall not include preparation of full feasibility studies, detailed engineering designs, or comprehensive financial models. The objective is to create a coherent, investment-oriented framework that strengthens biodiversity mainstreaming within Montenegro's capital planning processes and enhances the country's ability to engage with domestic and international financing partners.

C. Scope of Work

The selected Service Provider (Company) shall be responsible for the overall technical leadership, coordination, and quality assurance of the preparation of the National Nature Investment Plan (NIP) for Montenegro.

The Company shall work under the strategic guidance of the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance and in coordination with relevant line ministries, public institutions, and development partners.

The scope of work shall include the following components:

C.1 Inception Phase – Methodological Framework and Workplan

The Company shall prepare an Inception Report that defines the analytical, institutional, and operational framework for the assignment.

The Inception Report shall:

- Propose the methodology for identifying, screening, aggregating, and prioritising nature-positive investment opportunities;

- Define proposed prioritisation criteria and scoring methodology;
- Propose the structure and logic of Strategic Investment Programs (SIPs);
- Define data sources and information requirements;
- Outline the stakeholder engagement and institutional coordination approach;
- Provide a detailed workplan, timeline, and team allocation;
- Identify risks and mitigation measures.

The prioritisation framework and aggregation logic shall be proposed by the Company and validated by the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance and during this phase.

C.2 Mapping of Investment and Institutional Context

The Company shall undertake a structured mapping of Montenegro's development and investment landscape, including:

- Review of Reform Agenda priorities and national capital planning processes;
- Mapping of sectoral infrastructure plans and project pipelines (e.g., transport, renewable energy, wastewater, waste management, agriculture, tourism, spatial development, regional development);
- Identification of:
 - (i) planned or ongoing infrastructure investments that could incorporate biodiversity-positive retrofitting or enhancement; and
 - (ii) planned or potential infrastructure investments that inherently deliver biodiversity and ecosystem benefits as core functions, including nature-based and ecosystem-based solutions;
- Review of existing and planned restoration initiatives that could be structured as infrastructure-type investments;
- Review of the Single Project Pipeline and other capital programming instruments;
- Mapping of relevant financing instruments, including MDBs, EU funding mechanisms, bilateral donors, national and municipal budgets, blended finance instruments, and private investment channels.

This analysis shall identify entry points for integrating biodiversity considerations into mainstream capital expenditure.

C.3 Identification and Profiling of Investment Opportunities

The Company shall identify and structure approximately 50 nature-positive investment opportunities across three pillars:

1. Ecological Infrastructure
2. Nature-Positive Built Infrastructure (including retrofits)
3. Anchor Value-Chain Assets

Each investment opportunity shall be developed at structured concept level and shall include:

- Strategic rationale and problem statement;
- Alignment with Reform Agenda priorities;
- Biodiversity and climate contribution;
- Description of intervention (new investment or retrofit);
- Geographic scope;
- Indicative capital cost range (order-of-magnitude);
- Institutional lead and implementation partners;
- Indicative implementation timeframe;
- Preliminary assessment of potential financing pathways;
- Aggregation potential within a Strategic Investment Program;
- Identification of key implementation and financing risks.

The Company is not required to prepare feasibility studies, detailed cost-benefit analyses, engineering designs, or full safeguard documentation. The purpose is to create structured investment profiles suitable for national capital programming and investor engagement.

C.4 Development of Strategic Investment Programs (SIPs)

- Review of Reform Agenda priorities and national capital planning processes;

- Mapping of sectoral infrastructure plans and project pipelines (e.g., transport, renewable energy, wastewater, waste management, agriculture, tourism, spatial development, regional development);
- Identification of:
 - (i) planned or ongoing infrastructure investments that could incorporate biodiversity-positive retrofitting or enhancement; and
 - (ii) planned or potential infrastructure investments that inherently deliver biodiversity and ecosystem benefits as core functions, including nature-based and ecosystem-based solutions;
- Review of existing and planned restoration initiatives that could be structured as infrastructure-type investments;

C.5 Prioritisation and Ranked Shortlist

The Company shall apply the agreed prioritisation framework to the full longlist of investment opportunities.

This process shall result in:

- A ranked shortlist of priority investments;
- Justification for ranking results;
- Identification of high-priority investments suitable for near-term engagement with financing institutions;
- Consideration of geographic balance and regional development implications.

C.6 Financing Alignment and Investor Screening

The Company shall tag each investment opportunity according to indicative financing suitability, including:

- Sovereign loan potential;
- Grant eligibility;
- Blended finance suitability;
- Municipal co-financing potential;
- Private sector participation potential.

This tagging shall be high-level and indicative, intended to support dialogue with financing partners.

C.7 Methodology Blueprint and Lessons Learned

1. Given that this assignment represents a new approach to developing a national investment plan that benefits nature and integrates biodiversity into mainstream capital planning, the Company shall prepare: A Methodology Blueprint documenting:
 - Screening and prioritisation framework;
 - Aggregation methodology;
 - Financing tagging approach;
 - Institutional coordination model;
 - Recommendations for replication.
2. A Lessons Learned Report documenting:
 - Key implementation insights;
 - Institutional coordination challenges;
 - Data gaps and constraints;
 - Recommendations for scaling and refinement.

C.8 Stakeholder Engagement and Validation

The Company shall:

- Coordinate closely with the Ministry of Ecology, Sustainable Development and Northern Region Development and the Ministry of Finance as lead institutions;
- Facilitate consultations with relevant ministries and stakeholders;
- Organise at least two structured validation workshops (inception and draft NIP);
- Incorporate feedback prior to finalisation of deliverables.

D. Expected Outputs and Deliverables

The Company shall deliver the outputs and specific deliverables listed below in a logical sequence aligned with the NIP development process. Indicative timeframes are expressed as periods counted from the date of contract

signing. Exact dates shall be confirmed in the approved Inception Report. All deliverables shall be subject to technical review and validation by the Implementing Entity and formal contractual acceptance in accordance with the agreed institutional arrangements.

Deliverable Output	Description	Indicative Timing	Review and Approval
Inception Report	Detailed methodology for identification, screening, aggregation and prioritisation of investment opportunities; proposed ranking criteria and scoring system; proposed structure of Strategic Investment Programs (SIPs); stakeholder engagement plan; workplan and timeline; risk assessment; structure of final NIP and methodology blueprint.	Within 4 weeks of contract signing	IP
Investment Context and Financing Landscape Analysis	Review of Reform Agenda priorities and capital planning frameworks; mapping of sectoral pipelines; identification of biodiversity-positive retrofits; mapping of financing instruments (MDBs, EU, national, municipal, private); preliminary identification of Strategic Investment Programs.	Month 3	IP
Longlist of Nature-Positive Investment Opportunities	Structured longlist of approximately 50 investment opportunities; concept-level investment profiles including rationale, biodiversity contribution, alignment with Reform Agenda, indicative capital cost range, institutional lead, financing pathways, aggregation potential, and risk considerations; database format annex.	Month 5	IP
Strategic Investment Programs (SIPs) and Ranked Shortlist	Structuring of approximately 5–10 Strategic Investment Programs; aggregated program envelopes; application of prioritisation methodology; ranked shortlist of priority investments; justification of ranking results; validation workshop.	Month 7	IP
Draft National Nature Investment Plan	Draft consolidated NIP including executive summary, methodology, investment context, SIPs, longlist, ranked shortlist, financing alignment analysis, and institutional recommendations.	Month 8	IP
Methodology Blueprint and Lessons Learned Report	Documentation of screening and prioritisation framework, aggregation logic, financing tagging approach, institutional coordination model, and replication recommendations; analysis of implementation insights, challenges, and data gaps.	Month 9	IP
Final National Nature Investment Plan Package	Final validated NIP; investor-oriented executive summary; structured investment database; Methodology Blueprint; Lessons Learned Report; presentation materials for Government and financing partners.	Month 10	IP

Total estimated duration: 10 months

D.2 Quality Standards

All deliverables shall:

- Be prepared in English (unless otherwise agreed);
- Integrate inputs from international and national experts into a single coherent proposal; and

D.3 Review and Acceptance

Each deliverable shall be reviewed within an indicative period of up to ten (10) working days following submission. The Company shall address comments and revise deliverables within timeframes agreed with the IP. Formal acceptance of deliverables shall be confirmed in writing by the designated approving authority.

E. Institutional Arrangement

Institutional oversight and reporting lines

The contract shall be administered and managed by Ministry of Ecology, Sustainable Development and Northern Region, which shall retain overall contractual authority, including contract supervision, performance monitoring, and formal acceptance of deliverables.

All key deliverables shall be subject to joint review by Ministry of Ecology, Sustainable Development and Northern Region and UNDP, with final contractual acceptance and payment authorization resting with Ministry of Ecology, Sustainable Development and Northern Region.

Contractor Management Structure

The Company shall designate a Project Manager who shall serve as the primary operational point of contact with IP. The Project Manager shall be responsible for:

- overall coordination of project activities;
 - day-to-day communication with stakeholders;
 - monitoring implementation progress;
 - ensuring timely delivery of outputs;
 - quality assurance of all deliverables.

The Company shall establish an appropriately qualified Project Team responsible for the execution of technical and substantive tasks under this assignment.

Progress Reporting

The Company shall submit monthly progress reports to IP.

Each report shall include, at a minimum:

- summary of activities performed;
- progress against milestones;
- risks and challenges encountered;
- mitigation measures;
- planned activities for the next reporting period.

IP may request ad-hoc briefings or presentations on project progress as required.

F. Duration of the Work

a) Duration of the assignment

The assignment is expected to be implemented over a fixed-term period, with a clearly defined start and end date, and an estimated overall duration of approximately 10 months, taking into account the scope, complexity and phased delivery of outputs.

b) Start date and expected completion

The assignment is expected to commence within two (2) weeks of contract signing, subject to the completion of contractual formalities and the availability of initial inputs and documentation.

The expected completion date is set at approximately 10 months from the commencement date, in line with the agreed scope of work and the phased delivery of outputs.

Any adjustments to the start date or completion timeline may be agreed in writing between IP and the Company where external factors — such as delays in data availability, regulatory changes or force majeure events — materially affect the implementation schedule.

c) Review, feedback and acceptance of deliverables

For each deliverable submitted under the assignment, an estimated review and approval period of up to ten (10) working days shall apply.

During this period, UNDP may provide comments, requests for clarification or requests for revisions. The Company shall address such comments within a timeframe to be agreed with the Project Implementing Partner.

Formal acceptance of each deliverable shall be confirmed in writing by the designated approving authority.

d) Time sensitivity and implications of delays

The assignment is considered time-sensitive.

Any significant delay in the completion of the assignment may adversely affect the sequencing of subsequent project phases, the timely achievement of regulatory objectives, and the overall effectiveness of supervisory processes.

H. Qualifications of the Successful Individual Company

The selected Company must demonstrate the technical, organizational, and financial capacity required to successfully lead and coordinate the preparation of an financial plans in accordance with the ToR standards.

H.1 Corporate Registration and Relevant Experience

The Company must be a legally registered entity authorized to provide professional consulting services in fields relevant to biodiversity conservation and finance, climate change adaptation, climate finance, disaster risk reduction, environmental and social safeguards, or related disciplines.

H.2 Technical and Organizational Capacity

The Company shall demonstrate strong technical leadership and coordination capacity, including:

- Ability to manage complex proposal preparation processes under tight timelines;
- Experience coordinating international experts and individually contracted national consultants;
- Established internal quality assurance mechanisms to ensure consistency, compliance, and technical soundness of deliverables.

The Company must demonstrate access to or in-house availability of expertise in:

- Biodiversity conservation and finance

Availability of following will be considered as an asset:

- Climate change adaptation and resilience planning;
- Climate risk and vulnerability assessment;
- Climate data analysis and GIS applications;
- Early warning systems and disaster risk reduction;
- Adaptation finance, budgeting, and economic justification;
- Environmental and social safeguards and gender integration.

H.3 Human Resources and Key Personnel

The Company shall propose a **core international expert team**, contracted under the Company, at a minimum including:

- **Team Leader / Nature Investment Specialist**
- **Biodiversity and Nature-Based Solutions Specialist**
- **Infrastructure and Capital Planning Specialist**
- **Sustainable Finance / Investment Screening Specialist**

Key experts shall have:

- A university degree in a relevant field (e.g. climate science, environmental management, engineering, economics, geography, development studies, or related disciplines);
- A minimum of 7 years of relevant professional experience for the Team Leader and 5 years for other key experts;
- Demonstrated experience in adaptation project design and proposal development for international climate finance.

The Company shall demonstrate its capacity to ensure continuity of services throughout the contract period. Where third-party experts or short-term consultants are engaged, the Company shall retain full responsibility for coordination, quality, and timely delivery of outputs.

H.4 Financial and Legal Capacity

The Company must demonstrate adequate financial and legal standing to perform the contract, in

accordance with applicable procurement requirements. Documentary evidence of financial capacity and legal eligibility shall be provided as part of the proposal submission.

The Company must not be subject to any legal, financial, or contractual restrictions that would prevent it from fulfilling the obligations under this assignment.

H.5 Ethical Standards and Compliance

The Company shall comply with applicable ethical standards, including:

- Integrity and transparency in professional conduct;
- Absence of conflicts of interest;
- Commitment to gender equality, inclusiveness, and respect for environmental and social safeguards.

The Company shall confirm its willingness to comply with the policies, procedures, and contractual requirements of the contracting authority and the Implementing Entity.

J. Recommended Presentation of Offer

As requested in the RFP

K. Criteria for Selection of the Best Offer

As described in the RFP