# **ANNEX II**

**HONDURAS**

**Agalta Valley Payment for Ecosystem Services Scheme**

**TERMS OF REFERENCE**

**BACKGROUND:**

The Inter-American Development Bank (IDB) is currently financing in Honduras the Agricultural Corridor, a road paving project (HO-L1033) in the Agalta Valley of Honduras. A portion of the Valley through which the road passes is one of only four areas in the world known to be occupied by the globally endangered Honduran Emerald Hummingbird — the only bird species endemic to Honduras.[[1]](#footnote-1)

One of the activities financed under HO-L1033 was the development of a Honduran Emerald Hummingbird conservation strategy paper for the Agalta Valley. In the area of influence of project HO-L1003, the strategy paper identifies twenty remaining fragments of suitable Emerald habitat. All but one of these fragments is located on private land.

The paper recommends the development of a payments for ecosystem services scheme (PES scheme) as the most viable conservation option. PES schemes are cash transfers from users of environmental services to providers of these services conditional on continued provision. PES schemes have become well known and well established in the LAC Region (LAC leads the developing world in PES implementation) as a financing mechanism to support the protection of biodiversity and maintenance of ecosystem services (RFF, 2012). The PES scheme for Agalta Valley would compensate landowners for conserving or restoring Emerald habitat found on their land.

**Objectives:**

IDB is seeking a firm, non-profit organization, or specialized institution of international standing to develop and design a sustainable payments for ecosystem services (PES) scheme for the Agalta Valley in Honduras. More specifically, the scheme will be composed of an incentive structure, statutes with responsibilities and obligations, contract arrangements, and financial and administration provisions for sustainable PES financing. This consultancy will also support the establishment of the local institutions and governance structure of the PES scheme.

**Principal Activities:**

Task 1: Conduct an evaluation, which will include the following information:

* Assessment of lessons learned from World Bank experience with the species in the Aguán Valley.
* Socio-economic characteristics of landowners: number of owners, income generating activities, social norms towards the use of the habitat, for all known remaining patches of potential Honduran Emerald habitat in the Agalta Valley.
* Type of land tenure: land-use, opportunity costs of land, agricultural practices.
* Risks and tradeoffs for landowners for setting aside areas for conservation.
* Identification of support organizations and local institutions that have the capacity to create the necessary enabling environment and monitor and evaluate contract agreements between landowners and the PES scheme.
* Survey of landowners’ willingness to accept payments and/or other forms of compensation for conservation and/or restoration.
* Analysis of alternative options other than PES for achieving Honduran Emerald conservation on remaining patches of potential Honduran Emerald habitat in the Agalta Valley (e.g., direct purchase).
* Analysis of options for achieving restoration of already-converted Honduran Emerald Habitat in the Agalta Valley.

This will be part of the background studies needed to establish the PES scheme. This should be submitted to the IDB in a form of one document with multiple sections.

Task 2: Conduct an ecosystem services baseline analysis which will identify existing ecosystem services within the project area to establish a baseline for monitoring. The result will be an ecosystem services baselines report. General activities will include:

Task 3: Establish the governance structure for the PES scheme. The establishment of a governance structure will include, but not necessarily be limited to, the following areas:

* Legal: identification of any new legislation that might be required and development of a feasible plan for creating such legislation; identification of existing legislation relevant to the functioning of the PES scheme
* Institutional: permanent administrative mechanism that enforces, monitors, seeks to expand the PES scheme, and analysis and design of administrative and legal constitution of the PES fund
* Contractual: Template contracts, types of compensation (i.e., monetary or otherwise), compensation levels and rationale (e.g., levels determined by current and agreed future land uses, opportunity costs, transaction costs, etc.)
* Financial: identification of potential sources for a sustainable financial scheme that assures its continuity and long-term impacts

This will be submitted to the IDB in the form of a report.

Task 4: Create a PES Operation Manual. The PES Operation Manual will include:

* Institutional structure(s) for the long-term operation of the PES scheme, with all roles and responsibilities clearly defined
* Exemplary draft contract arrangements between landowners and the PES administrator
* M&E plan including indicators, responsible parties, and budgets
* Relevant legal, institutional and financial underpinnings of the scheme, as appropriate
* Complaints receipt and redress mechanism
* An overall budget for operation of the PES scheme, including initial capital investments and recurring costs
* Any other guidance or reference material that the consultant or IDB deems necessary to ensure continuous and efficient administration of the scheme

The process of designing the PES scheme should incorporate the experience of the World Bank, which is currently overseeing the implementation of a conservation program, including a functioning PES component, for the Honduran Emerald in the Aguán Valley of Honduras, and previous experiences with the World Bank also in the Olancho Department were the Agalta Valley is located. This output will be submitted to the IDB in the form of a report.

**Deliverables:**

* November, 2013 (or three months after the contract is fully executed, whichever is later): Results of evaluation submitted to IDB
* November, 2013 (or three months after the contract is fully executed, whichever is later): Results of ecosystem services baseline analysis submitted to IDB
* February, 2014 (or six months after the contract is fully executed, whichever is later): Results of research on governance schedule and presentation of draft governance structure submitted to IDB
* May, 2014 (or nine months after the contract is fully executed, whichever is later): Governance structure finalized and submitted to IDB
* June, 2014 (or ten months after the contract is fully executed, whichever is later): First draft of PES operation manual submitted to IDB
* August, 2014 (or twelve months after the contract is fully executed, whichever is later): Final draft of PES operation manual submitted to IDB

**Payment Schedule:**

The consultancy services will be contracted for a lump-sum and will be paid in the following manner:

* 30% upon signature of the Consultancy Contract
* 35% upon satisfactory delivery of first draft of products indicated in Deliverables
* 35% upon satisfactory delivery of second draft of products indicated in Deliverables

**Coordination:**

Responsibility for coordination of the Consultancy will rest with Seth Factor, Environment Associate (sethf@iadb.org) (VPS/ESG) with the support of Ashley Camhi, DTC (ashleyc@iadb.org) (INE/RND) and Rodrigo Martinez, Consultant (INE/CCS). Responsibility includes coordinate activities with the HO-L1033 IDB Team Leader and MCAH as the Bank’s executing agency of the HO-L1033.

**Characteristics of the Consultancy:**

* Category and Consultancy Modality: This is short-term consultancy of a firm/company or research institution with duration of 12 months.
* Contract Duration: 12 months.
* Work Location: Washington D.C., Honduras.
* Trips: TBD (but will be cover from the resources of this consultancy).

**Minimum Requirements:**

* Languages: English and Spanish
* Qualifications: Firm, consortium, or specialized research institution of international standing with demonstrated experience and in-depth expertise in topics related to biodiversity, ecosystem services, agriculture, environment and rural development, particularly in LAC. This includes aspects related to: (i) habitat protection, (ii) biodiversity offsets, (iii) conservation, (iv) payments for ecosystem services, and (iv) landscape management. Previous experience with multilateral institutions and the agricultural sector is desired.
* Expertise required on team: expert(s) in monitoring and evaluation; expert(s) in agriculture; expert(s) in the biodiversity, particularly related to birds; expert(s) in designing payments for ecosystem services schemes; and expert(s) in community based management.

**Payments and Condition for Employment**: If the work will be carried out at Headquarters in Washington, D.C., the remuneration shall be determined according to the regulations and criteria of the Bank. Additionally, the Bank can contribute to travel and moving, if applicable. If the candidate is not a citizen or resident of the United States, the Bank will request a G-IV visa to the United States Consulate in the country of origin of the candidate. If the candidate does not get a visa to work in the BID, the contract offer will be rescinded.

**Consanguinity**: Individuals with relatives working for the BID including the fourth degree of consanguinity and the second degree of affinity are not eligible. This includes employees and consultants. Candidates must be citizens of a member country of the Inter-American Development Bank.

1. IUCN Red List species account can be accessed here: <http://www.iucnredlist.org/details/106001934/0> [↑](#footnote-ref-1)