



**PROJECT DOCUMENT**  
**CEO ENDORSEMENT**

**AGENCY'S PROJECT ID:**  
**GEFSEC PROJECT ID:**  
**COUNTRY:** Argentina  
**PROJECT TITLE:** Decentralized GEF Medium-Size Grants Program  
**GEF AGENCY:** World Bank – UNEP - UNDP  
**OTHER EXECUTING AGENCY(IES):** Government of Argentina (Min de Relaciones Exteriores – Secretaria de Medio Ambiente)  
**DURATION:** 3-year pilot phase  
**GEF FOCAL AREA:** Multi-Focal Area  
**GEF OPERATIONAL PROGRAM:** All OPs  
**GEF STRATEGIC PRIORITY:** All SPs (with exception of Small Grants Fund) Note: All Individual MSPs will be subject to a criteria checklist to ensure alignment with strategic priorities within each focal area.  
**Pipeline Entry Date:** November 2004  
**ESTIMATED STARTING DATE:** January 2005  
**IA FEE:** 203,000

**CONTRIBUTION TO KEY INDICATORS OF THE BUSINESS PLAN:** The Program as a whole will contribute to various indicators of the Business Plan. For specific indicators, the sub-projects will be assessed in order to determine the degree to which they reflect GEF Strategic Priorities and Business Plan indicators.

<b>FINANCING PLAN (US\$)</b>	
<b>GEF PROJECT/COMPONENT</b>	
Project	2,500,000
PDF A	-
PDF B	-
PDF C	-
<b><i>Sub-Total GEF</i></b>	<b>2,500,000</b>
<b><i>CO-FINANCING*</i></b>	
Government	0
Bilateral	30,000
<b><i>Sub-Total Co-financing:</i></b>	<b>30,000</b>
<b><i>Total Project Financing:</i></b>	<b>2,530,000</b>
<b>FINANCING FOR ASSOCIATED ACTIVITIES IF ANY:</b>	
<b>LEVERAGED RESOURCES IF ANY:</b> Co-financing will also be ensured at the project level (each MSG approved), which will require at least 10% sharing of the total project cost.	

\*Details provided under the Financial Modality and Cost Effectiveness section

**RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT:**

Emb. Raúl Estrada Oyuela,	Date: Sept 30, 2004
Ministry of Foreign Relations	

This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for approval.

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Date: October 5, 2004

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## **A – SUMMARY**

### **PROGRAM OBJECTIVE**

1. The objective of this proposal is to test the effectiveness of a pilot initiative to implement a GEF MSG program in a decentralized manner at the country level. This pilot initiative is being proposed for Argentina. Experimental in nature, it is designed to (a) present a more responsive, simplified, efficient and cost effective mechanism to process, manage and implement Medium Size Grants, (b) enhance the participation and direct access of potential MSG beneficiaries (medium-sized NGOs, academic institutions and government agencies) to GEF resources; (c) strengthen collaboration and coordination between all GEF Implementing Agencies working at the local level, and (d) forge stronger partnerships and efficient collaboration between the local offices of the GEF Implementing Agencies, the Government of Argentina, the NGOs and civil society. Its primary focus on decentralization will jointly use focal point and country office resources from the GEF Implementing Agencies and other donor partners in a coordinated way to expedite MSG processing and preparation, while simultaneously lowering its costs. Ultimately, the proposal will also assist GEF in meeting its own project objectives by providing a way to reach grassroots social innovators cost-effectively, with the potential to make a substantial difference in GEF 's environmental focal areas.

2. The DMSG Program was designed within the framework of the GEFSEC proposal for smaller-sized MSGs (GEFSEC Global MSG Program), also to be presented to the GEF November 2004 council. Both initiatives, complementary in nature, are an attempt to respond to the Medium Size Grant Evaluation Report # 2-202 and are based on similar design principles for MSG processing, with this proposal working more on a decentralized basis.

3. The DMSG Program aims to achieve the following outcomes by the end of its 3 year pilot phase in Argentina:

- an assured portfolio of 10-12 well prepared MSGs, in line with national and GEF priorities, and implemented by highly experienced public or private organizations with enhanced managerial and administrative capacity;
- a significantly simplified and administratively streamlined model to finance medium-size projects at a lower cost than the traditional MSG process;
- enhanced reach and increased access to GEF resources by medium scale NGOS and civil society organizations;
- GEF principles mainstreamed at the national and regional level;
- incremental funding from other donors, the private sector and executing agencies to leverage GEF funds to support activities that generate global environmental benefits; and
- a set of lessons learned and best practices for the scaling up and replication of the model on a global scale in other countries or regions.

4. In addition, the DMSG Program is expected to have the following impacts :

- Demonstrate the cost-effectiveness, enhanced reach and increased responsiveness of a decentralized model for the implementation of MSGs;

- Enhance the delivery of services of the Implementing Agencies and the focal point to local GEF executing partners;
- Improve the focus of the GEF MSG program on national priorities and strategies;
- Improve the performance of the GEF program, by raising the capacity of proponents, particularly in fiduciary and management aspects; and
- Build a stronger incentive for the Implementing Agencies to embrace the smaller and medium size project agenda, by ensuring a critical mass of projects and by combining the monitoring/supervision of several grants (thus lowering unit costs of supervision).

(See Annex 5 for a detailed logical framework with the overall and immediate objectives, outcomes and outputs that reflect the above impacts)

## A2. KEY INDICATORS AND RISKS

### A2.1. Indicators

5. *At the program level:* To track and evaluate the portfolio impact, a monitoring and evaluation system will be established with performance indicators aggregated across all MSGs at the outcome and output levels (see Annex 5 for the detailed logical framework giving a set of aggregated indicators).

6. *At the project level:* Individual MSGs will identify key project impact indicators which will include also include some selected from a harmonized list prepared by the GEF Technical Review Committee (TRC), to track performance at the national level.

### A2.2. Risks

7. *Program level Risks: Monitoring and Evaluation Risk:* Modalities of implementing a viable M&E plan for a program of this nature are still relatively unproven. In response, the DMSG program will partake in developing a best practice streamlined monitoring evaluation framework, led by the MSG Program team and with the support of the GEFSEC monitoring team. *Processing Risk:* One potential risk is an overwhelming response from the NGO community. To address this, the DMSG program will establish clear rules of the game for eligibility and approval of proposals, and will locally establish a team to act as MSG portal (the MSG program team) *Beneficiary risk:* By having the program based in the capital of the country, a risk of working primarily with beneficiaries based in this city might occur. This has been mitigated by a targeted outreach strategy which will take the DMSG program to the provinces as well. *Organizational risk:* Seeing that the DMSG program is to some extent an innovative approach, another risk to consider is the possible failure of the suggested management and supervisory structure to process MSPs within the timeframe and costs proposed. The DMSG mitigates this risk by (i) placing both teams in the field and in direct contact with borrower and beneficiaries, to strengthen accountability, (ii) ensuring the MSP Program Coordination Team is operational within one month (iii) Benchmarking administration costs to approximately 70% of existing MSG program and (iii) leveraging resources drawn from the cooperation of other donors and contributions from the GEF Focal Points under the basis for supporting conservation efforts in the country.

8. **Project level Risks: Organizational Risk:** It is possible that through the broad outreach and selection process, the DMSG local jury would prioritize a project from an organization that is adverse to multilateral aid and could cause reputational risk to the GEF and the Implementing Agencies. The DMSG program mitigates this risk by (i) involving in its preparation team local senior staff with expertise in local civil society organizations which can identify and work with these potentially difficult beneficiaries, (ii) having extensive reviews of projects by the Technical Review Committee, which in turn will be constituted by 3 Senior technical Staff from the Implementing Agencies, and (iii) getting final endorsement from the Supervisory team, which can provide feedback on whether a group poses a particularly undue risk. The GEF country focal point also would provide comments on the track record of each applicant in that country, and how innovative their idea is within the country context. **Project Design Risk:** The projects selected for GEF DMSG support focus on pilot innovative institutional and technical models. Many of these could be "first-of-a-kind" projects which would spearhead new transactional arrangements (so as to enable that risks are taken up by the organizations who are best suited to address them) or new technical approaches (to test their effectiveness under real-life conditions). These risks would be addressed in the project selection process through an assessment of the capacity of the partners who are proposing the project by the TRC; and through the Implementing Agency's support during project implementation for management and redesign of project as difficulties arise.

## **B – COUNTRY OWNERSHIP**

### **B1. COUNTRY ELIGIBILITY**

9. All projects under this program will meet the GEF eligibility criteria since Argentina has already ratified the necessary conventions pertinent to all the GEF focal areas.

### **B2. COUNTRY DRIVENNESS**

10. This DMSG Program proposal originates from a direct response, provided by the local country offices of the three GEF Implementing Agencies, to a request for a new means to address existing MSG failures. The proposal was prepared with the full participation of the national government (through the Focal Points at the Ministry of Foreign Affairs and the Environment and Sustainable Development Secretariat), the NGO community and members of the civil society, working in a coordinated way with teams of the three GEF Implementing Agencies.

11. The DMSG Program also counts on the support and collaboration of other funding and technical assistance agencies working in Argentina (like the Inter American Foundation and the GTZ) which are supporting NGO environmental initiatives in the country and which will co-finance the program. Finally, the NGO representation at the GEF MSG Working Group has also fully endorsed this pilot proposal, and has welcomed its piloting in Argentina <sup>1</sup>.

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<sup>1</sup> Letters supporting the ownership and country drivenness of the proposal are presently in our files.

12. The DMSG Program will be entirely managed from Buenos Aires, the capital of Argentina -rather than from the central offices of the Implementing Agencies- in a collaborative manner amongst the three GEF Implementing Agencies in close association with the Government of Argentina and the NGO community. This decentralized management arrangement responds directly to former and existing borrower requests to facilitate the delivery of services for the MSG window of the GEF Implementing Agencies to local organizations. Specifically, it will respond to Medium size NGOs which find it difficult to (i) follow cumbersome and remotely processed procedures, (ii) respond to processing requests in foreign language; and (iii) see overall transparency of the application process. This decentralized approach will include (a) a decentralized effort to reach remote potential beneficiaries, (b) a local process of pre-selection of potential proposals, (c) local support for preparation of final proposals (including hands on training, capacity building, adaptation of processes and guidelines) (d) a fixed calendar for local processing, with transparent tracking systems, (e) a local system of approval, involving top management of Implementing Agencies, GEF, intellectuals, focal points and NGO community, and (f) decentralized and packaged implementation process. All of these proposed actions are direct expressions of country drivenness by direct beneficiary groups. These innovative actions will be piloted throughout the review and approval of final proposals, carried out locally, and supervised by a Supervisory Team and Evaluation Committee.

13. Local ownership and participation will be reflected through in-kind and cash collaboration from (a) the GEF Focal points, through resources allocated by the secretariat and the participation of its personnel, (b) local and international professionals participating add-honorem in the Technical Review process, (c) local private sector contributions to the fund, and (d) beneficiaries, through cost-sharing of MSG costs.

## **C – PROGRAM AND POLICY CONFORMITY**

### **C1. FIT TO GEF OPERATIONAL PROGRAM AND STRATEGIC PRIORITY**

14. All projects developed and implemented under this program will conform to the GEF's Operational Strategy, Operational Programs, Strategic Priorities and cross cutting priorities such as adaptation and crosscutting capacity development. To ensure conformity in this pilot effort, selected projects will also be subject to a Strategic Priorities criteria checklist for alignment with GEF Strategic Priorities within each focal area. (see section 33)

### **C2. PROJECT DESIGN**

#### **C2.1. Background**

15. In April 1996, the GEF Council approved a Proposal for Medium-Sized Grants (MSGs) to encourage the submission of proposals and execution of small projects by a broader range of groups and organizations. A principal objective of the MSGs has been to promote rapid and efficient project execution by simplifying preparation and approval procedures and by shortening the project cycle relative to GEF full-sized projects (“expedited procedures”).

16. In 2001, GEF's Monitoring and Evaluation Unit, in cooperation with the GEF Implementing Agencies, decided to undertake a series of background studies on specific topics in GEF policies, institutional structures and cooperative arrangements. One of these studies was the Evaluation of Medium Sized Projects (GEF Evaluation Report #2-02), undertaken by an inter-agency team led by independent consultants. The evaluation reported that, although elapsed time for project preparation for MSGs has been significantly shorter than full-sized projects (and compared well with the practices of other intergovernmental organizations that provide grant funding), the preparation and approval process for MSGs on average has been much longer than expected (over 2 years, as compared with initial estimations of 6 months).<sup>2</sup> The evaluation attributes this to (i) long delays within the GEF bureaucracy, (ii) inconsistent and conflicting technical reviews from Implementing Agencies and GEFSEC, (iii) cumbersome fiduciary procedures for small projects, (iv) worldwide delays in obtaining focal point endorsements, (v) weak capacity of the Implementing Agencies in some field locations to supervise the process, (vi) internal divergences about GEF's MSG priorities (countries, focal areas) and (vii) uncertainties about future budgeting envelope for MSGs within the GEF.

17. To address these issues, the GEF Evaluation Report #2-02 recommends the following: (i) explore alternative options for expediting the processing, including possibilities for decentralized approval, disbursement in the form of 'tranches', and rationalizing the type and number of project reviews; (ii) diminish the preference of Implementing Agencies towards full size proposals by ensuring GEF funding for MSGs; (iii) explore options for in-country programming and coordination of MSGs and GEF activities; (iv) establish a monitoring system to ensure that future delays are avoided; (v) prepare handbooks/guidelines for contracting, disbursement and implementation, and (vi) build capacity of less-experienced project proponents.

18. This DMSG Program emerges from discussions held by the World Bank and Argentina's Government's GEF focal points (Min of Foreign Affairs of Argentina), the Secretariat for Environment and Sustainable Development, and local NGOs, who agree that these recommendations could be explored through a decentralized pilot program to be tested in Argentina, and with the particularities described below. This new concept is now being presented for GEF approval.

19. The DMSG Program differs from the traditional MSG Program in the following five ways. It will:

- have a decentralized approach, which will simultaneously enhance country ownership;
- set a system of call for proposals in periodic and competitive rounds of applications once a year. Initially the call for proposals will be done once annually though a second call may be introduced based on demand and program performance. A fixed calendar will be established for the process (call for proposals, deadlines for submissions, screening, assistance for project preparation, review and selection, approval of the grant);
- target meso-level beneficiaries which have up to now received little GEF assistance (as they fall between the Small Grants Program and the big size MSGs). Beneficiaries will be provided with a locally managed program, implemented in local language in and

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<sup>2</sup> The generic issues summarized here are cited in the world-wide MSG program evaluation #2-02, but do not necessarily reflect the specific situation in Argentina in the years prior to 2001.

outside the national capital area, and using the most accessible local communication channels;

- take on a proactive approach in reaching these meso-level NGOs and other potential applicants, while also providing hands on training throughout the program application process; and
- evaluate the proposals received in a collaborative fashion between all Implementing Agencies and the Government, in order to better focus the DMSG Program on the strategic priority areas of the country.

20. **Key factors for country selection.** Key factors within the Argentine context demonstrate why the country would be a prime location to introduce this type of MSG approach. First, the Government of Argentina is becoming more comprehensive in addressing global issues, therefore, the opportunity exists to reach out further and deeper to involve other stakeholders in the global conservation agenda. Second, given the current small MSG program in Argentina, and its good mass of meso-level NGOs with well qualified professionals<sup>3</sup>, there is a strong potential for growth. Third, the Implementing Agencies have experience in working together and in coordinating efforts in reaching local civil society through the successful *WB Small Grants Program*, now extended to encompass Argentina, Chile, Uruguay<sup>4</sup>. Fourth, the three Implementing Agencies have been involved in GEF operations in Argentina since 1994, and have local technical expertise in the relevant areas. In sum, this proposed sub-program is expected to enhance the access of Argentine partners to MSP grants in an expedited manner.

## C2.2. Project Activities

21. The DMSG is comprised of three main activities: (i) Decentralized Financing Facility; (ii) Outreach and Technical Support; and (iii) Program Monitoring and Evaluation.

22. ***Decentralized Financing Facility (DEF).*** The Decentralized financial facility is designed to ensure a budget envelope for financing MSGs. As an innovative feature of this program, this fund will operate directly from the field. An allocation of \$ 2.5 million is requested on a one time basis, which will lead to the implementation of at least 10-12 MSGs. As described in the operational modality section, the fund will be managed under the overall supervision of the Country Directors of the Implementing Agencies, who will be responsible for MSG approvals. The fund will be used gradually over the first years, with an increasing number of proposals financed as experience is gained.

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<sup>3</sup>Currently, the World Bank Country Office in Argentina is in contact with over 2,500 local NGO's. These organizations are listed in their regularly updated NGO/ Civil Society contact database.

<sup>4</sup> The WB Small Grants Program (not to confuse with the GEF Small Grants Program), was created in 1983 to promote dialogue and disseminate information about development in forums outside its own operations. It is funded by the Development Grant Facility of the World Bank and has been decentralized to World Bank Country Offices around the world. The Small Grants Program extended to Argentina in 1998 and has already provided financial assistance to more than 150 CBOs to strengthen social capital and enhance civil society participation in different development areas. It has already leveraged its resources in a 1:1 basis, and is now co-financed by three bilaterals, Avina Foundation, UNDP, FONCAP, and organizations of the business community. The lessons from the implementation of this program have been incorporated into this design, and staff which has contributed to this process will also assist in the implementation of this program.

23. ***Outreach and Technical Support (O & TA)***. To complement and strengthen the Financing Facility, the O & TA Program will work in the following areas:

24. **Local Outreach**: To reach primary “change agents” in the country, the O & TA program will take a pro-active role by reaching out to Argentina's interior provinces that under the traditional MSP Program were left to contact offices of the Implementing Agencies on their own. With the aim to increase outreach, the program will employ a set of intermediary more experienced NGOs to help facilitate the involvement of more remote and less-experienced applicants. Furthermore, the implementation of the DMSG Program will provide potential MSG applicants with a one-stop mechanism to inquire about the program and to present proposals, which will therefore prevent confusions on which implementing agency to go to, and which door to knock.

25. **Capacity Building**: Through capacity-development initiatives, the program will provide a series of hands-on activities to assist MSG sponsors with pre-screened and pre-approved project concepts to prepare detailed proposals which will meet the quality requirements and the fiduciary conditions for final approval.

26. **Country Dialogue**: In order to improve dialogue between stakeholders on national and regional priorities the DMSG Program will tap into existing outreach activities that promote public awareness. Such activities are routinely conducted by both public and private sector entities as well as by national and international NGOs (e.g. the Environment Secretariat and the Federal Council on the Environment). During the last two years, for example, the Environment Secretariat organized several workshops, seminars and public audiences on climate change issues where other Secretariats, such as Science and Technology, Agriculture, Energy, Transport, and Industry) also participated.

27. **Communications Strategy**: The program will also include the preparation and implementation of a broad in-country communications strategy, which will include all necessary information on eligibility, procedural aspects, formats, rules of the game, schedule, partners and beneficiary selection. The communication strategy will be disseminated through the more utilized communication channels, including local media in the different regions, e-mail messages (list serve) directly from the Implementing Agencies, and messages broadcast in emails and newsletters from interested NGOs and the government.

28. **Knowledge Dissemination**: Along with the MSP Program communication efforts, a knowledge dissemination function will enable Implementing Agencies to publicize successful approaches and get innovative ideas into broad circulation in the development community. GEF Implementing Agencies will play a huge role in communicating successes and failures of projects through channels of communications that are used within their agencies. (ie. World Bank: WB Brown bag lunches, WB website and program publications, working with overall WB ext affairs unit, etc.)

29. ***Program monitoring and evaluation (M&E)***. Given the experimental nature of the proposal, M&E activities are of critical importance. The M&E framework will be developed in consultation with the GEFSEC's M&E Unit, expert staff within the Implementing Agency, and

the Argentine Focal Points, to assess the DMSG Program results and impacts. This framework will rely on periodic self assessments and regular external control mechanisms to enable the DMSG Program to monitor, evaluate and report on the critical impact which the program is having, using indicators based on outcomes/impacts highlighted on Project Objective section, and procedural/fiduciary inputs and outputs.

30. To ensure a systematic approach to the M&E framework the DMSG program will:

- establish a country based system for tracking project proposals and their status. Transparency will be increased by assigning a tracking system to each proposal, and by providing to proponents automatic information on the status of each proposal within the project cycle;
- compile all the information from the different proposals in the country in one database; and
- put into place a MTR process that proceeds each round of calls in order to ensure lessons are learned while doing.

31. A final independent evaluation of the program will be carried out at the of the three years with the purpose of deciding on the continuation and possible program expansion into other countries. A mid term evaluation will also be carried out, to evaluate progress and adjust implementation as necessary.

### **C2.3. Program's Operational Modality**

32. ***Project Selection Process.*** The program's project selection approach draws lessons from the World Bank Small Grants Program, which started in 1998, and is aligned with the GEF Corporate Program for MSGs. Important *lessons* from the Small Grants Program, applicable to the proposed MSP sub-program, include: (i) generate demand by a strong and widespread communications strategy, (ii) have a transparent process in place for the presentation and evaluation of proposals, with clear guidelines and a well established schedule, and (iii) provide locally-based, skilled and dedicated staff to support the administration of the program.

33. The detailed procedures for implementing the DMSG Program replicate the traditional procedural steps for MSGs, but in a decentralized manner. They include:

- Call for proposals and pre-screening: Under the coordination of the MSG Program team in Argentina, and with the support of the Technical Review Committee, project concepts, in simplified formats and prepared in local language, will be pre-screened once a year. Initially the call for proposals will be done once annually though a second call may be introduced based on demand and program performance. The pre-screening will follow a well disseminated communication program, and will be done in accordance to eligibility criteria communicated in advance. Initial submissions will be requested to state any preference for GEF Implementing Agencies at this point. This phase is expected to be completed 30 days after the call for proposals.

- Hands on training for preparation of final proposals: hands-on training programs will be given to MSG applicants with pre-screened and pre-approved project ideas, to complete project preparation. A capacity building program will also strengthen the fiduciary and management capacity of MSG applicants, to get them ready for project implementation. MSG applicants with pre-screened initiatives would be eligible to a reduced PDF A (with a ceiling of \$ 10,000) to accompany this training and complete the preparation phase. This will also contribute indirectly to test the MSG applicants in fund management and impact of the capacity building process. This step is expected to last approximately 90 days.
- Review and approval of final proposals: this will be done locally, in a decentralized manner, by the Technical Review Committee supported by the MSG Program Team. The Supervisory Team will oversee and endorse this final selection. As the National GEF technical focal point is part of this supervision team, the final endorsement from the national government is expected to be prompt. The final review and approval will be done on a competitive basis, and based on a series of transparent criteria established by the TRC and previously agreed and approved by the GEF<sup>5</sup>, which will be communicated to applicants through the communication strategy<sup>6</sup>. The process for further ensuring eligibility and conformity will also include extensive cross-checking for alignment with GEF Strategic Priorities. All projects will be assessed in order to determine the degree to which they reflect GEF Strategic Priorities. This will be executed by using a detailed and specific screening checklist, which will be designed by the MSG program Team and cleared by the GEFSEC to guide the TRC in their final decision. The review and approval period are not expected to exceed 45 days, as resources will be already available with the Country Directors of the Implementing Agencies.
- Program implementation: Once the proposals are approved, they will be distributed to the Implementing Agencies according to their comparative advantages and any preference expressed by the executing institution. To the extent possible, the distribution will be also done in a clustered manner to make efficient use of supervision resources. The implementation phase, to the extent possible, will mainstream the decentralized experiences of the preparation phase and the experiences and procedures learned by the MSG Program Team in Argentina. The process for proposal approval, time-wise, will result in 3-5 MSGs first year, 3-5 MSGs the second year and 2-5 MSGs the third year. MSG proposals will be for three years each. This will lead to an implementation time-frame of 6 years as follows:

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<sup>5</sup> This criteria will be reviewed and revised before each call for proposals, and will take into consideration the GEF MSP Review Criteria and the strategic priorities.

<sup>6</sup> Although evaluation criteria are expected to be agreed at a later stage of this preparation, they are expected to include not only the technical and administrative capacity criteria standard for MSGs, but others such as innovation, beneficiary participation , strengthening of governance aspects and partnerships as well (see Annex 1) .

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6	
Months	0-6	6-12	12-18	18-24	24 - 30	30 - 36	36 - 42	42 - 48	48 - 54	54 - 60	60-66	66-72
3-5 MSGs		X	X	X	X	X	X					
3-5 MSGs				X	X	X	X	X	X			
3-5 MSGs						X	X	X	X	X	X	

***Measures to put in place to ensure successful completion of the first year of implementation:***

Individual MSGs will follow the implementation procedures of any MSG . Each MSG will be assigned a task manager and will follow the same launching, monitoring and supervision process for any regular MSG.

Successful completion of the first year of implementation of the decentralized MSG program will be ensured by:

- undertaking joint IA supervision missions at least 3 times a year, and completing regular supervision reports;
- completing, within the first 4 months, the country based system for tracking project proposals and their status described in para 30 of this proposal. This will also assist in the monitoring of the program not only by providing information to measure the indicators, but also for ensuring open feedback from participants on how the program is going;
- ensuring progressive Incremental funding from other donors and the private sector;
- within the first 4 months, establishing a set of pre- agreed formats and guidelines (including eligibility, prioritization and approval criteria) for the implementation of the program, which will be distributed and made;
- transparent through a wide spread dissemination strategy. The guidelines will be revised at least once a year to incorporate feedback and adjustments from missions and monitoring; and
- continuing with the integration of implementing agencies, the government and other stakeholders assisting in implementation by joint participation in all the implementation arrangements proposed.

34. According to the procedure described above, and given that the major time consuming steps would be now processed locally, the whole approval process is not expected to take longer than five to six months.

35. The implementation of the DMSG Program will run in parallel with the ongoing traditional and standard procedure for MSP preparation and approval (for proposals greater than \$250,000), and therefore, project proposers who will like to continue within the present system will still be able to present and process their applications as they have been doing up to now.

36. **Management.** The implementation of the DMSG program will be managed by a team of locally based senior management of the GEF Implementing Agencies (Supervisory Team<sup>7</sup>) with the support of a Technical Review Committee. An MSG Program team with staff from the Implementing Agencies will coordinate and facilitate overall implementation. The institutional arrangements proposed are described in detail in Annex 2.

#### C3. SUSTAINABILITY (INCLUDING FINANCIAL SUSTAINABILITY)

37. The DMSG program will ensure a sustainable and coordinated institutional setting for the implementation of smaller and medium-size proposals in Argentina. It will directly address issues that have caused constraints for this to happen up to now, which have been identified in the MSG Evaluation Report #2-02. In addition, this MSG program is expected to contribute to the institutional strengthening of the Government of Argentina and NGOs in managing environmental issues, and also enhance communication among the various stakeholders. By strengthening their capacity to design, implement, and monitor GEF projects and manage funds from international donors, the NGO community and the Government of Argentina would be better prepared to attract resources from other international donors besides the GEF, World Bank, UNEP and UNDP.

#### C4. REPLICABILITY

38. As described earlier in the proposal, this will be a pilot MSG program in Argentina with the possibility of expanding the program—within the same envelope—to three Southern Cone countries. If the pilot is successful, a replicability strategy can be designed between the Implementing Agencies, in consultation with the GEF Secretariat, to continue the program in the country and prepare similar proposals within other countries as well.

#### C5. STAKEHOLDER INVOLVEMENT/INTENDED BENEFICIARIES

39. **International Coordination:** The DMSG Program is closely coordinated with the GEFSEC Corporate Program on Targeted MSGs, and both operations were prepared simultaneously and discussed among Implementing Agencies to learn from each other during their preparation. The proposal itself is presented by the three GEF Implementing Agencies together, which shows, by itself, a model of integration and coordination. Finally, but not lastly, the proposal been endorsed by the MSP Working Group<sup>8</sup> as one of the pilots recommended to be tested to improve the processing arrangements for MSGs. The institutional arrangements for the implementation of the DMSG Program described in Annex 2 will ensure that the coordination between GEF Implementing Agencies and with other relevant stakeholders is also continued during the implementation of the program.

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<sup>7</sup> In the case of UNEP, with no physical representation in Argentina, the representation will be done from the Mexico office.

<sup>8</sup> The MSP Working Group was created by the GEFSEC in May 2003 to review the recommendations from the #2-02 Evaluation Report to explore new mechanisms/processes to develop, approve and implement MSGs. It is constituted by representatives of the 3 Implementing Agencies, two NGOs, an executing agency working under the expanded opportunities and the GEFSEC.

40. **National Level Support:** The DMSG Program has been prepared with full participation of the local offices of the Implementing Agencies, and as a direct response to requests from the Argentine Government (through its GEF Political Focal Point) to strengthen the MSG program in the country. Local NGOs and other donors have reviewed/revised the proposal as well. This integration of stakeholders is expected to continue also during implementation, as a variety of local players: such as local governments and relevant departments and agencies, civil society organizations (e.g. NGOs, not for-profits, academics) and private sector partners which are already included in the institutional arrangements proposed. With the facilitation of the Supervisory Team in Argentina, the program will be implemented, reinforcing this overall national support, and in accordance with country priorities, action plans and programs.

41. **Intended Beneficiaries:** The DMSG Program is targeted to NGOs and local beneficiaries operating at the meso-level (between national and community level) which, according to their resources and capacities, are more eligible for Small MSGs (between \$50,000 and \$250,000). This level of beneficiaries has been a weak recipient of MSGs in the past, and the MSG evaluation has identified them as an important player in national and global environmental conservation which currently receive little support. Due to their grassroots and field experience, the level of impact expected from these beneficiaries is also high. Targeting this particular segment will fill the niche between the current GEF MSG Program and the Small Grants Program, and will allow the valuable contribution of this segment of the population to the global environmental agenda. As of today, there are more than 100 well respected and good performance NGOs which can be potential recipients of this program in the country.

C6: MONITORING AND EVALUATION (See paragraphs 29-31 above)

## **D - FINANCIAL MODALITY AND COST EFFECTIVENESS**

### **D1. FINANCING PLAN:**

42. Financial resources are required for both (a) the financing facility and (b) the administration of this proposal (including the outreach-TA component and M&E).

43. **Financing facility:** The decentralized MSP program is proposed as a three year pilot. An initial allocation of a pre-approved “umbrella budget” of \$ 2.5 million from the Council on a one time basis is requested for a three year period. This will allow us to finance the preparation and approval of at least 10 MSGs.

44. **Administration:** A nominal budget of \$58,000/year is requested to administer this proposal (\$174,000 for the three year period), that would be drawn from the \$2.5 million being requested for the MSP grants themselves. This administrative budget will be leveraged by resources drawn from the cooperation of other donors and contributions from the GEF Focal Points, including \$30,000 already committed. The resources for administration also include the implementation of the Outreach/Technical Support and the Monitoring Evaluation activities described in section C22. A detail of the administrative expenses is presented in Annex 4.

CO-FINANCING SOURCES				
Name of Co-financier (source)	Classification	Type	Amount (US\$)	Status
Govt of Sweden	Donors	Co-financing/grant	30,000	Confirmed.
Sub-Total Co-financing			30,000	

## D2. FINANCIAL LEVERAGE:

45. The DMSG Program will seek to leverage both its administrative and financing facility. On the administrative side, trust funds for \$30,000 are confirmed and the cooperation of other agencies will be sought to cover a junior assistant and the capacity building program. Funds for preparation and implementation will also be leveraged from other agencies supporting conservation efforts in the country, so this co-participation is expected to increase even more. The cost efficiency of the program will be even higher if the pilot is successful, and can be scaled up after this initial phase, as much of the administrative costs will be reduced dramatically once that this first 10-12 MSGs are approved. Co-financing will also be ensured at the project level (each MSG approved), which will require at least 10% sharing of the total project cost.

## D3. COST EFFECTIVENESS OF THE PROGRAM:

46. The DMSG Program will generate around 10-12 MSGs, with a reduction of overhead costs. These savings are expected to be achieved through:

- Savings in the administration costs and IA fees for preparation, because of the cost efficiencies it expects to obtain through the decentralized programmatic approach, which will lead to administrative costs in the order of 20% of similar proposals outside of this program.
- Savings in technical assistance and support (once a similar set of capacity development needs are identified among potential beneficiaries, economies of scale can be achieved by provided this assistance in a coordinated way through capacity building events and hands on training programs).

47. Furthermore, and as mentioned before, the DMSG programmatic approach expects to have time efficiencies. A decentralized team supported by the regional offices of the implementing agencies will be developing 10-12 MSPs in a relatively short period, with expedited procedures which will reduce the length of time for approval and the gap between approval and effective implementation. It is estimated that the length of time for the processing of each MSG will be of around 6-7 months, as opposed to a project-by-project approach where this time would be much larger.

## D4. FINANCIAL PROGRAM TIMEFRAME:

48. Projected disbursements for the financing facility - in thousands - (assuming 10 MSGs of 250,000 each) for 6 year implementation time frame would be:

	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5		YEAR 6	
Months	0-6	6-12	12-18	18-24	24 - 30	30 - 36	36 -42	42 - 48	48 -54	54 - 60	60- 66	66- 72
3 MSGs		75	75	150	150	150	150					
3 MSGs				75	75	150	150	150	150			
4 MSGs						100	100	200	200	200	200	
<b>TOTAL</b>		75		300		625		750		550		200

**LIST OF ANNEXES:**

**Annex 1: Eligibility and Individual Project Selection**

**Annex 2: Institutional Arrangements Proposed**

**Annex 3: Implementing Phases and GEF Decision Points**

**Annex 4: Detail of administrative expenses (year basis)**

**Annex 5: Project Indicative Logical Framework**

## **Eligibility and Individual Project Selection**

With a decentralized pool of funding available for those applying for DMSGs, the program expects to increase the number of innovative projects with global environmental benefits throughout the country. At the project level, exact outcomes will vary based on how and which projects are selected. Determining specifics on project criteria will depend upon discussions and agreements made by those that would be involved in implementing the DMSG program (see annex 2). This annex provides a general overview of DMSG project eligibility and selection criteria in order to take into account how eligibility, selection, sustainability and evaluation of each project will impact the nature of the DMSG program. These criteria are still in a draft form, and will be reviewed and revised further within the next weeks.

Beneficiaries of this program will be selected through a set of eligibility and selection criteria balancing both the need for the objective and methodology of the project proposed, and the capacity of the proposing organization.

1. Eligibility would expand to NGO's, academic institutions and other developing partners that :

- are locally based,
- are primarily at the meso-level, but at the same time have skills and proven experience on the preparation and implementation of environmental programs;
- are officially/legally recognized by the Government of Argentina or respond to a legally recognized body, and are able to state this in the official grant proposal;
- engage with or wish to engage with the global environmental agenda;
- work or wish to work in areas that would contribute to GEF's strategic priorities in any of its operational programs.

2. Expected project selection criteria would address areas such as project *focus, innovation, realism & results, replicability, and sustainability*, including:

- Amount of experience in implementing environmentally focused projects.
- Integration of project values with general activities that the applicant or the project develops.
- Involvement of local multi-sector partners.
- Mobilization of local resources for the co-finance and execution of the proposed project.<sup>9</sup>
- Objectives and goals are coherent, realistic, measurable, and coincide with country and GEF priorities.
- Potential for extension.
- Post project sustainability.

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<sup>9</sup> Co-financing amount for approved grants will depend on individual project but should sum to at least 10% of total project cost

- Presence of a system of evaluation that permits measuring the impact and the effectiveness of the project on the environment, beneficiaries and on the applicant body's capacity development.

3. For the pre-screened proposals, the evaluation of project sustainability will take a three prong approach which includes:

- *Financial Sustainability:* The MSP committee will look for projects that are either sustainable commercially before project end, or are financially sustainable in other ways for non- commercial projects.
- *Organizational Sustainability:* Applicants will be allowed to submit proposals in partnership with other local groups. This requirement ensures that small, low capacity groups have access to an institutional partner that can provide everything from advice to operational support- in cases- a financial umbrella to enable the smaller group to achieve project objectives.
- *Environmental Sustainability:* including the short-medium and long term impacts of the project, both at the local and national level. This will also include a cross-checking for alignment with GEF Strategic Priorities, using a pre-agreed specific screening checklist detailing these priorities.

## **Institutional Arrangements Proposed**

### ***MSG Program Team***

It will coordinate/facilitate the overall implementation of the program. This team will be constituted by one task manager from each implementing agency and one representative from the Government of Argentina. This Project Team will be assisted with the administrative aspects of the program by one support staff and a research assistant.).

The main role of the MSG Program Team will be to act as the “MSG Portal” to project applicants. Under the overall guidance of the Technical Review Committee and the Supervision Team, this local project team will be responsible for the communications, the dissemination and capacity building initiatives, the liaison with NGOs, and the monitoring/follow up of the program. The local team will also be responsible for liaising with other experts (as needed) to provide decentralized and immediate assistance to project applicants (e.g. financial management and procurement aspects). Another important role of the MSG Program Team is to select, support and liaise with a group of Intermediate Agents (primarily the more qualified NGOs), which will act as catalysts and facilitate the linkage of the program with less experienced potential MSG applicants, particularly outside of the national capital.

Another important function of the MSG Program Team would be to undertake the monitoring and evaluation of the program, and ensure its complementarity/coordination with the GEFSEC Corporate MSG Program.

### ***Supervisory Team***

Constituted by locally based senior management of the Implementing Agencies<sup>10</sup> and the government, it will provide overall strategic guidance to the supervision of the program, and ensure its coordination with national and institutional strategies. This supervisory team will comprise the Country Directors, and the technical GEF focal point for Argentina. Other cooperating/donor partners will also participate in this Team on a volunteer basis.

### ***Technical Review Committee (TRC)***

The TRC will be constituted once a year to provide technical strategic direction to the Program, identify areas of emphasis each year (together with the Supervisory team) and screen, review and approve proposals. The TRC will also be responsible for endorsing the criteria for initial screening of the proposals and establishing the review criteria for final approval (before being sent to the GEFSEC for concurrence). The TRC will be constituted by 3 Senior technical staff from the Implementing Agencies<sup>11</sup>, the GEF regional coordinators of the implementing agencies, one GEF Secretariat Staff, and one STAP representative. The role of these members should be

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<sup>10</sup> In the case of UNEP, with no local office in Argentina, the representation will be done from the Mexico office.

<sup>11</sup> Technical staff will have experience in global environmental issues in Argentina.

differentiated from their regular role within their organizations, and will be responsible for providing unbiased comments and contributions to the process from the scientific and technical point of view. Members of respected scientific/environmental organizations can also be invited to participate in the TRC on a volunteer basis, according to specific areas of expertise. Finally, two local NGO representatives, with prior experience working with and expertise on the GEF, will be also ex-officio members.

### *The Agencies*

Besides the participation of members of the Implementing Agencies in the arrangements described above, the Implementing Agencies will oversee implementation of the winning projects, administer the grant agreements once approved, and manage disbursement, supervision and individual monitoring/evaluation of each project.

### *NGOs*

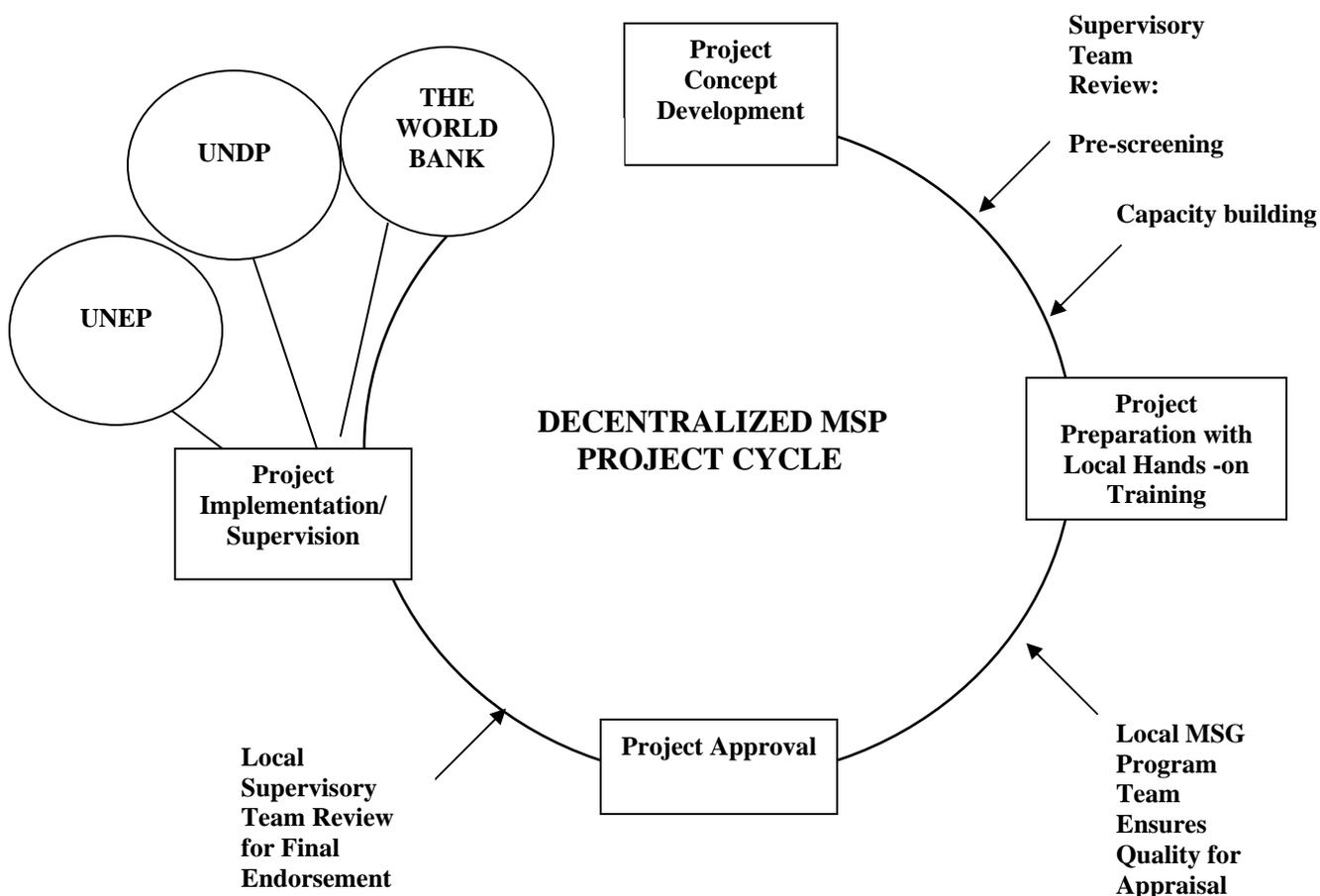
In addition to their ex-officio participation in the TRC, NGOs will work with the MSG Program Team in the implementation of the outreach-technical assistance activities, acting as catalysts and facilitating the linkage of the program with less experienced potential MSG applicants outside of the national capital. The role of the NGOs working in implementation of the program should be differentiated from the once submitting proposals to avoid conflict of interests.

**Implementing Phases and GEF Decision Points**

The project cycle phases for implementing the DMSG Program replicate the traditional procedural steps for MSGs, but in a decentralized manner. The cycle comprises of four major phases of activity that are facilitated by the Local MSG Program Team: (i) Project concept Development; (ii) Project Preparation; (iii) Project Approval; and (iv) Project implementation/ supervision. Progression from one phase to another in the project cycle is three review points by the Local Supervisory Team. At the review points, documented proposals are considered on the basis of the Local GEFSEC project review criteria discussed and approved by the TRC and the Supervisory Team.

The project cycle phases and decision points are shown in Figure 1. Responsibility for the Project cycle is set out in Annex 2.

**Fig 1. GEF DMSP Project Cycle**



**Detail of administrative expenses (yearly basis)**

Honoraria for local junior professional	18,000
Honoraria for administrative assistant	15,000
Overhead costs (office supplies, copies, paperwork)	3,000
Workshops for outreach - capacity building	10,000
Hands-on training workshops	10,000
Award reception	4,000
IA staff (UNDP only, 2 staff x 2wks x 2000)	8,000
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<b>Total, per year</b>	<b>68,000</b>
<b>Total for 3 year period</b>	<b>204,000</b>

**Administrative budget by sources of funds**

DMSG Program Admin Budget	<b>174,000</b>
Bilateral trust funds – other donors	<b>30,000</b>
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**Project Indicative Logical Framework**

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline	Target		
<b>Overall goal:</b> To test the effectiveness of a pilot initiative to implement a GEF MSG program in a decentralized manner, and at an in-country level.					
<b>Immediate objective 1:</b> Present a more responsive, simplified, efficient and cost effective mechanism to process, manage and implement GEF Medium Size Grants					
<b>Outcome 1:</b> Assured portfolio of prepared MSGs, in line with national and GEF priorities, and implemented by highly experienced organizations with enhanced managerial and administrative capacity	- New decentralized model for MSG in place and operational	At least 5 years for developing and submitting 10-12 MSPs	By end of 3 years, 10-12 MSGs prepared and approved within a period of 6 months	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	
Output 1.1 MSPs, under a simplified and expedited decentralized approval cycle, are under implementation	-Number of approved MSGs	None	Assured portfolio of 10-12 MSGs approved	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	Decentralization of implementing agencies continues
<b>Outcome 2:</b> Significantly simplified and administratively streamlined model to finance medium-size projects at a lower cost than the traditional MSG process	-Total cost of preparation until MSP approval  - Processing time of individual MSGs	US\$ 22,000 per MSG  Average 2 years	At least 80% of the cost of preparing a similar proposal outside of this program  Average 6-7 months	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	Processing rules for MSP in GEF are not drastically changed
<b>Immediate Objective 2:</b> Enhance the participation and direct access of medium-sized NGOs and other Argentine partners to GEF resources					Political stability of the country continues
<b>Outcome 1:</b> Enhanced reach and increased access to GEF resources by medium scale NGOs and civil society organizations	-NGO participation throughout all stages of DMSG program  - Location of beneficiaries	Limited  Mostly centralized	Number of NGOs participating in each phase of the preparation process  At least 50% of MSPs targeting beneficiaries in interior provinces of Argentina	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline	Target		
Output 1.1: Broad in-country Communications Strategy	-Dissemination of DMSG information (e.g. eligibility, procedural aspects, formats, rules of the game, schedule, partners and beneficiary selection) through widely utilized communication channels in Argentina	Limited	Wide range of Local communication channels for communication utilized.	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	
Output 1.2: Decentralized outreach activities, led by partner NGOs, for reaching potential beneficiaries in interior provinces of Argentina	-Number of outreach-technical assistance activities in partnership with local-NGOs	Limited	At least 5 workshops in interior provinces of Argentina	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	NGOs in the interior are receptive to GEF agenda and resources
Output 1.3: Hands- on training, workshops and exchange visits to support local preparation of final proposals	-Number of workshops and visits	Limited	At least 2 workshops and at least 2 visits held on average per year	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	Commitment of focal points for cost sharing resources for these workshops continues.
<b>Immediate Objective 3:</b> Forge stronger partnerships and efficient collaboration between the local offices of the GEF Implementing Agencies, the Government of Argentina, the NGOs and civil society					Political stability of the country continues
<b>Outcome 1:</b> GEF principles mainstreamed at national and regional level	-GEF agenda is being effectively championed/ driven forward	GEF focal point efforts	Success Indicator (possibly in rating form) would be reflected in the final independent evaluation	Final evaluation	
Output 1.1:GEF participation in existing national/regional activities that promote public environmental awareness and local dialogue between stakeholders on national levels	-Number of events and activities of which GEF SEC attends and participates in	Ongoing existing GEF supported events at country level	MSGs attendance and participation in at least 3 national/regional events and 3 national/regional outreach activities	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	
Output 1.2: Mainstreaming of GEF principles that are in line with national/regional strategies on environmental issues	-Number of MSPs that reflect national strategies on environmental issues		All MSPs in line with at least one national strategy on environmental issues	IA country reports, (PRSP, etc)	
<b>Outcome 2:</b> Leveraging of GEF funds to support activities that generate global environmental benefits	-Incremental funding from other donors, the private sector and executing agencies	None	A ratio of at least 1:1	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	Commitment of other donors, the private sector and executing agencies for cost sharing

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline	Target		
<b>Immediate objective 4:</b> Strengthen collaboration and coordination between all GEF Implementing Agencies working at the local level					
<b>Outcome 1:</b> Creation of a decentralized MSP Program Coordination Unit that can enhance the delivery of services of the Implementing Agencies and the focal point to local GEF executing partners	-Establishment & operation of local MSG Program Team, Supervisory Team and TRC	None	Teams are operational within 1 month of the pilot DMSG program	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	MSG Program Team MSG Program Team, Supervisory Team and TRC work together on the basis of providing timely strategic guidance for MSP processing and implementation
Output 1.1: Increased Responsiveness and Enhanced Technical Support	-Technical queries and process related issues are responded to\ resolved in a timely and cost-effective manner	Project by project technical support	Decentralized MSG team to respond queries in preparation within 10-12 business days	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	MSG Program Team MSG Program Team, Supervisory Team and TRC work together to deliver Technical Support satisfactory
<b>Outcome 2:</b> Set of lessons learned and best practices for the scaling up and replication of the model on a global scale in other countries or regions.	-‘learning by doing’ practice is followed and DMSG practices are regularly monitored and evaluated	None	Replication of the model on a global scale in other countries	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	-Pilot success

Project Strategy	Objectively verifiable indicators			Sources of verification	Assumptions
	Indicator	Baseline	Target		
Output 2.2: Effective Monitoring and Evaluation System	-At the DMSG program level: Independent evaluation of the program	None	Carried out at the end of the DMSG program three year span	Final evaluation	
	-At the DMSG <i>project level</i> : put into place a country- base tracking system, a project data base and an MTR process that proceeds each round of calls	Limited	Lessons are learned while doing and proposals evaluated between Implementing Agencies, Government, and GEF	Periodic Self Assessments; Regular External control Mechanisms; and Final Evaluation	
Output 2.3: Broad circulation of DMSG experiences throughout the development community	-Implementing Agencies publicize and promote DMSG successful approaches	Existing IA knowledge dissemination channels	Carried out throughout the DMSG program span of three years	Final evaluation	