

TC Document

I. Basic Information for TC

▪ Country/Region:	PERU
▪ TC Name:	Building the State capability to support the scaling up of small rural entrepreneurs in Peru
▪ TC Number:	PE-T1568
▪ Team Leader/Members:	Mosqueira Medina, Edgardo (IFD/ICS) Team Leader; Naranjo Bautista, Sandra (IFD/ICS) Alternate Team Leader; Vieyra, Juan Cruz (IFD/ICS) Alternate Team Leader; Ventura, Juan Pablo (IFD/CTI); Bonilla Merino Arturo Francisco (LEG/SGO); Rojas Gonzalez, Sonia Amalia (IFD/ICS); Gonzalez Chacon Marianna Jose (IFD/ICS); Veyrat-Pontet, Alexandre (IFD/ICS); Martinez, Ynty (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	12 Dec 2023.
▪ Beneficiary:	Peru
▪ Executing Agency and contact name:	Imago Global Grassroots
▪ Donors providing funding:	Japan Special Fund Poverty Reduction Program(JPO)
▪ IDB Funding Requested:	US\$600,000.00
▪ Local counterpart funding, if any:	US\$73,723.00 (In-Kind)
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	October 2024
▪ Types of consultants:	Firm / Individuals
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	IFD/ICS-Innovation in Citizen Services Division
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631):	Institutional capacity and rule of law; Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 The objective of the TC (technical cooperation) is to strengthen government capabilities to provide effective enterprise support services in existing government programs to help rural entrepreneurs in Peru achieve sustainability and scale up. The *Fondo de Cooperación para el Desarrollo Social (FONCODES)*, part of Peru's Ministry of Social Development and Inclusion, is interested in strengthening the

Haku Wiñay entrepreneurial development program¹ to improve the sustainability and scaling up of entrepreneurial projects in the poorest rural communities in Peru. This can be achieved through the strengthening of the provision of entrepreneur support services in existing programs and through the articulation of different government programs that support rural entrepreneurs at various stages of development. The intervention aims to address UN Sustainable Development Goals No. 1 (eradicating poverty), No.8 (decent work and economic growth), and No.10 (reducing inequality).

- 2.2 In Peru, micro and small enterprises have an average mortality of 50% during the first year. This is due to barriers in the system such as lack of access to competitive markets and high transaction costs, that limit their productivity and competitiveness. Rural entrepreneurs supported by FONCODES reach an average operating time of 22.5 months, which is longer than similar enterprises. However, a significant proportion of the supported entrepreneurship initiatives fail to surpass self-consumption levels or disappear shortly after the support and technical assistance from the program are withdrawn. Most entrepreneurs who complete the Haku Wiñay program never participate in other social programs meant to support them through subsequent stages of development. This is due in part to a lack of articulation between entrepreneurship support programs and in part to a lack of awareness and involvement from regional, provincial, and district governments. Thus, action is needed to articulate government programs and provide consistent, integrated information and support for entrepreneurs during their journey of growth to maximize the impact of government interventions.
- 2.3 This TC targets small entrepreneurs and farmers in rural areas of Peru, initially classified as poor or extreme poor², who participate in FONCODES' Haku Wiñay program. In any given year, FONCODES reaches over 1,500 rural enterprises, potentially benefiting 12,646 families in poverty and extreme poverty, including those from indigenous communities. [Imago Global Grassroots \(Imago\)](#) was founded in April 2014 and is registered in Washington, DC, United States as a 501(c)3 nonprofit corporation under D.C. Code Title 29 Chapter 4. Imago works with mission-driven organizations to build capacity and scale impact in a way that respects their unique contexts and strengths. In 10 years of operations, Imago has demonstrated financial stability and sound financial condition. Yearly audited financial statements from 2016 to 2022 are available upon request. Imago will work directly with FONCODES staff to strengthen their capacity to provide support to rural entrepreneurs with a focus on sustainability and scalability. This project would start as a pilot in 6 districts in 3 provinces (Chota, Cutervo and Celendín) in the Department of Cajamarca³. If successful, a progressive and contextualized scaling would be carried out to each of the diverse territories of Peru, according to local needs.

¹ Haku Wiñay was launched in 2014, with the objective of improving economic gains among the most vulnerable rural households, it relies on participatory decision-making by organized households, community-level trainers, and community structures.

² In 2018, poverty affected more than 42.1% of the rural population, compared to 14.4% in the urban area. It affected 30.4% of the population of the sierra and 26.5% of the jungle, exacerbating in the rural sierra (46.1%) and rural jungle (38.3%).

³ The Department of Cajamarca has been selected as the main beneficiary of this project as it is the region with the highest poverty rates in Peru with more than 44.5% of its population under the poverty line. The three selected provinces are amongst the poorest provinces in Peru with poverty rates approaching 50%.

- 2.4 FONCODES faces a range of institutional challenges in providing support services to entrepreneurs through its Haku Wiñay program. Among them, they have found that a large proportion of their entrepreneurs are unable to sustain successful businesses after the program ends, and that their entrepreneurs have difficulty accessing other government programs that could provide further support. The current system lacks the additional support that entrepreneurs need to form and formalize associations. Avanzar Rural, which targets associations of entrepreneurs, recognizes the value of FONCODES support and claims that its program produces better results when association members have participated in Haku Wiñay, but there is a gap in the link between the two programs. FONCODES sees several needs to strengthen their program, including: (i) more comprehensive support for enterprises created in Haku Wiñay; (ii) improving the competitiveness of enterprises earlier in the process, focusing on factors such as sanitary registration and branding; (iii) accelerating the formalization of associations; (iv) creating associations with a clear purpose; (v) promoting alignment and a shared vision within enterprises; (vi) capacity building for their staff on the requirements of other government programs and the importance of connecting entrepreneurs who are completing the Haku Wiñay cycle; (vii) cross-learning among entrepreneurs at different stages of development; (viii) access to certifications for successful business experiences; among others.
- 2.5 The first goal of this intervention is to improve the articulation of government programs to maximize their impact. The aim is to bridge the gap between FONCODES's Haku Wiñay program and other entrepreneur support programs, such as AGRORURAL's Avanzar Rural program from the Ministry of Agriculture. FONCODES three-year program supports entrepreneurial projects through the initial stage of development. Other programs, like Avanzar Rural, aid more advanced entrepreneurial projects⁴. However, the system lacks the necessary support to enable entrepreneurs to transition from one program to the next.
- 2.6 This TC aims to strengthen FONCODES capabilities to monitor, learn from and evaluate (MLE) their programs. FONCODES seeks to develop a systematic MLE approach supported by organizational development to better measure their impact and respond rapidly to improve the Haku Wiñay program, with a focus on the third year of the program. These changes will contribute to strengthening FONCODES's ability to support the scaling up of entrepreneurial projects in the poorest rural communities in Peru.
- 2.7 Japan has critical experience in rural entrepreneurship and improving agricultural production, and its guidance will be highly valuable in supporting capability building activities. Specifically, Japan's International Cooperation Agency (JICA) has several initiatives focused on community-based entrepreneurship, rural and agricultural development. The TC would build on JICA's knowledge by (i) transferring its

Additionally, this was the region of interest suggested by FONCODES and Avanzar Rural given their existing collaboration efforts in this territory, which enables a smooth implementation of the project.

⁴ The Avanzar Rural program has specific selection criteria, targeting more advanced enterprises compared to the FONCODES microenterprises. To qualify, organizations must consist of at least 15 small producers, with a minimum of 40% women and 20% youth, and must be legally recognized entities with a single taxpayer registry. Additionally, they are required to provide a 20% monetary counterpart. Unlike FONCODES program, which supports smaller, non-formalized microenterprises of 3-4 people without a monetary counterpart requirement, Avanzar Rural is designed for more established organizations. While both programs offer assets and technical assistance for up to two years, Avanzar Rural provides over ten times the level of support per enterprise compared to FONCODES.

experiences from projects based on *KAIZEN*⁵ and *SHEP*⁶ approaches; (ii) providing synergies and lessons learned from JICA's Transformational Startups' Business Acceleration for the SDGs Agenda (TSUBASA); (iv) exchanges with JICA to learn more about their community-based entrepreneurship project (D-HOPE) and their expertise in Group Training Programs for government officials, which has been implemented in over 78 countries. Finally, the project will make use of JICA's extensive research on quality economic growth with inclusiveness, sustainability, and resilience, including the empirical analyses of agricultural assistance to improve growth and poverty reduction.

- 2.8 Imago Global Grassroots is uniquely positioned to implement this TC in partnership with FONCODES, given its long-standing relationship with the organization and extensive experience in supporting the scale-up of successful initiatives aimed at improving the well-being of rural communities. Imago has signed a MOU with FONCODES and they have been working together for two years to find solutions to sustainability for their rural entrepreneurs. This year, Imago carried out a field visit in Cajamarca (Peru), which involved key stakeholders from FONCODES and Avanzar Rural, which helped inform the design of this TC. Imago seeks to establish a collaborative governance arrangement where the functions and resources of the State - FONCODES and local governments - are combined with Imago's capacity to facilitate and generate collective action by organizing communities and giving them "voice". Imago is a registered NGO-501(c)3 that has successfully supported some of the most iconic community-based organizations around the world since 2014. Imago will bring their exceptional experience in supporting the creation of an Enterprise Support System and an evaluation strategy for the Self-Employed Women Association (SEWA) in India, funded by Bill and Melinda Gates Foundation. Imago has also worked with international agencies, such as UN Women, the World Bank and the IDB Lab. Imago has partnered with over 20 organizations in 9 countries that together impact the lives of more than 10 million people, mostly women.
- 2.9 The IDB has extensive experience in the region, including Peru, supporting government partners strengthen their capabilities to implement policies and deliver services effectively. The Bank will provide cutting edge technical assistance to Imago Global Grassroots and the Municipalities involved through Bank's specialists and cooperation with JICA. The IDB team will work alongside Imago in the design of the intervention as well as give permanent support during the implementation. The Bank will leverage its knowledge, expertise and relationships with government counterparts to maximize the benefits of the intervention.
- 2.10 The challenges faced by FONCODES require a two-pronged approach, combining the expertise of the IDB in strengthening the capacity of local governments and Imago in working closely with grassroots organizations for scaling up and capitalizing with their work with FONCODES. This TC is critical to this. While Imago has been working with FONCODES for over two years, there has been no dedicated funding for this joint work. Imago has conducted pro bono workshops with FONCODES entrepreneurs and

⁵ The KAIZEN approach is a method for improving quality and productivity. It is a human-centered approach that improves teamwork, self-reliance, and creativity. It was first developed in Japanese manufacturing but has been transferred by JICA to various countries and sectors, where it has shown similar results.

⁶ Smallholder Horticulture Empowerment and Promotion (SHEP) is an innovative approach to developing farmers' technical and managerial capacity for market-oriented horticulture production, leading to increased incomes. It was developed jointly by the governments of Kenya and Japan.

participated as a judge in two rounds of Haku Wiñay competitions. This TC will allow Imago to bring its experience of working with rural enterprises in India to FONCODES and to work directly with the team to strengthen their work. This effort will be complemented by the expertise of the IDB. The IDB will play a key role in helping to strengthen the enabling environment needed to support rural entrepreneurship, addressing issues such as lack of coordination between government organizations and weak capacity in local governments. The collaboration between FONCODES, Imago and the IDB creates a unique blend to support rural entrepreneurs in the poorest areas of Peru.

- 2.11 **Strategic alignment.** The TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objective of reducing poverty and inequality by strengthening the government capabilities to provide effective enterprise support services in existing government programs to help rural entrepreneurs in Peru achieve sustainability and scale up. The TC is also aligned with the operational focus area of institutional capacity, rule of law, and citizen security and (iv) social protection and human capital development by strengthening the capabilities of government organizations at the national level (FONCODES part of the Ministry of Social Inclusion and Development and Avanzar Rural part of the Ministry of Agriculture), as well as support the increase of the efficiency and effectiveness of subnational government's rural entrepreneurship programs and through supporting rural enterprises in the most vulnerable communities, including indigenous population. In addition, the TC is aligned to the IDB Group's current Country Strategy with Perú for the period 2022-2026 (GN-3110-1) through its strategic objectives of supporting formal job placing and labor market productivity, boost the effectiveness and institutional structure of public administration, and improve social inclusion. The TC could also serve as an input for Operations PE-L1270 and PE-L1280, which will provide small rural producers with access to agricultural technology services, establish laboratories and lines of agricultural research, and strengthen food safety services. Finally, the TC is in line with the objectives of the Japan Special Fund for Poverty Reduction (JPO) because it targets community-based rural entrepreneurs in the poorest areas of Peru.
- 2.12 **Beneficiaries.** This project focuses on small farmers and entrepreneurs in rural Peru, particularly from indigenous communities. Targeted individuals are initially classified as poor or extremely poor and are enrolled in the FONCODES entrepreneurship program. These entrepreneurs have the potential to go beyond subsistence production and access other government programs. To qualify for the Avanzar Rural program, businesses must have at least 15 members, with 40% being women and 20% youth. The FONCODES Haku Wiñay program targets rural households in subsistence economies in districts with more than 40% monetary poverty or high levels of chronic malnutrition. This project focuses on three of the poorest provinces in Peru, with poverty rates approaching 50%. FONCODES supports more than 1,500 rural enterprises annually, indirectly impacting 12,646 families living in poverty and extreme poverty. In the six districts where this project will be implemented, FONCODES works

with approximately 120 rural enterprises⁷(known as ERIs in Spanish)⁸, impacting 2,400 families in poverty each year. The lessons learned from this project will help FONCODES to improve the Haku Wiñay program and roll it out in different areas of Peru, adapting it to local needs. In addition, Imago will work closely with selected ERIs and entrepreneurs to test program improvements and implement changes based on the project's findings. The selected pool of businesses represents approximately 10% of the total sample.

2.13 **Other beneficiaries of this project include government agencies** such as FONCODES, Avanzar Rural, and other government staff who will take part of the training and participatory workshops. They include Yachaquiqs who are the indigenous farmer-trainers in Haku Wiñay, technical and financial assistants from FONCODES, and supervisors and coordinators in local territorial units. They will receive direct technical assistance to build the institutional capabilities to take their entrepreneurship programs to the next level, either through helping financial sustainability, scaling up or a better integration of government programs supporting rural entrepreneurs. In the 6 districts where the project will be implemented, it will reach 14 FONCODES staff, 6 coordinators of executing units (NEC), 70 yachachiqs (indigenous farmer-trainers), and 30 local government officials. FONCODES staff and associated personnel will be receiving capacity building throughout the project, and government officials in local governments will be trained as part of Component 4 of the project.

III. Description of activities/components and budget⁹

3.1 **Component 1. Improving and integrating government programs that support rural entrepreneurs.** Imago will conduct an initial diagnosis to identify success factors and improvement opportunities in the Haku Wiñay program. This diagnosis includes a literature review of pathways from micro to small scale rural enterprises. This component seeks to identify a prototype that improves the capacity of FONCODES to both directly support entrepreneurs' sustainability and to create linkages with other parts of the value chain, such as the Avanzar Rural program from AGRORURAL. This diagnosis will include an initial mapping of the system around rural enterprises in the pilot region and the identification of potential blockages and leverage points for their integration with Avanzar Rural program, including the role of the private sector (such as through the provision of microcredits or other private programs). The diagnosis will also assess the current process for selection of business lines and their potential integration into existing value chains in the area. Imago will tap on the expertise of the IDB team and consult with JICA based on its knowledge and experience as needed¹⁰. This component includes the following activities: (i) Diagnosis of FONCODES strengths and areas for improvement, with an emphasis on year 3 of Haku Wiñay, and

⁷ The TC will focus on supporting entrepreneurs going through year 2 or 3 of Haku Wiñay program, and those who recently finished the program and have the potential to move on to a new government program. Years 2 and 3 of the program focus on the provision of assets and technical assistance for rural enterprises in the targeted households, which comprise both newly formed and existing enterprises.

⁸ The main categories of rural enterprises are livestock, agriculture, agribusiness, handicrafts and services. Livestock, agriculture and agribusiness enterprises in the selected provinces in Cajamarca are mainly focused on guinea pigs, chickens, trout, legumes, vegetables, coffee, cane sugar and honey.

⁹ The activities detailed in this section will be performed by the Executing Agency under the supervision of the IDB.

¹⁰ The cost of travel and accommodations for bringing experts from JICA to Peru will be included in the budget for this project.

development of work plan; (ii) synthesis of international literature of the pathways from micro to small scale, and enterprise support systems for this category of enterprise; (iii) design and prototype a menu of improved support services; (iv) Pilot of improved year 3 of Haku Wiñay program. The improved year 3 of the program, including the menu of improved support services, will address the needs identified in the diagnosis and literature review. These services will target key needs of rural enterprises, such as support to improve competitiveness, including sanitary registration and branding, and support for the formalization of associations or cooperatives.

- 3.2 **Component 2. Monitoring, learning and evaluation (MLE).** Imago will use co-creation approaches to revise the theories of change and current MLE systems of Haku Wiñay program to support the improvement of their MLE strategies. The objective is to help FONCODES develop practices to use data analysis and adapt quickly on how to best support entrepreneurs to scale successfully. Imago will consult with JICA to collaborate with a focus on *KAIZEN* for learning and continuous improvement¹¹. This component includes the following activities: (i) review of existing MLE strategy and data availability; (ii) data collection for ongoing review of process indicators and outcome indicators; (iii) capacity building workshops for the application of iterative learning tools; (iv) Support for implementation of iterative learning tools, including protocols for structured experimentation and learning.
- 3.3 **Component 3. Strengthening an integrated enterprise support system.** Imago will provide technical assistance to FONCODES and Avanzar Rural to prototype an integrated support system that connects the last stage of FONCODES' program (year 3) and the first stage of Avanzar Rural (year 1). This will include helping rural entrepreneurs to navigate government systems. Imago will consult with JICA to share its expertise using the Smallholder Horticulture Empowerment and Promotion (SHEP) approach¹². This component includes the following activities: (i) diagnose existing links of Haku Wiñay and Avanzar Rural or similar government programs that support rural entrepreneurs; (ii) development of guidelines for FONCODES staff for the bridging process between Haku Wiñay and other government programs; (iii) co-design and pilot a bridge between Haku Wiñay and Avanzar Rural programs as part of an integrated Enterprise Support System.
- 3.4 **Component 4. Capacity building for subnational governments and local communities.** Capacity building for regional, provincial and district governments to reinforce their role in developing partnerships between government programs and communities. This will include a landscape analysis of other programs for rural entrepreneurs, such as Procompite, ProInnovate, and Agroideas, which target the next stage of development of rural entrepreneurship. This component will also build on JICA's lessons from their community-based entrepreneurship project (D-HOPE) and their expertise in Group Training Programs for government officials. This component includes the following activities: (i) landscape analysis of government programs for rural entrepreneurs in Peru and (ii) training local government officials on developing partnerships between government programs and communities.

¹¹ This TC will finance travel and accommodation from JICA experts.

¹² The SHEP approach by JICA aims to empower small-scale farmers by shifting their mindset from "grow and sell" to "grow to sell," emphasizing market-oriented agriculture. This method has successfully doubled farmers' incomes in Kenya and is being expanded across Africa to enhance agricultural productivity and economic development.

- 3.5 **Total Cost.** The total cost of the project US\$673,723.83, which will cover the specified activities in a timeline of 3 years. The Japan Special Fund Poverty Reduction Program (JPO) will finance US\$600,000 and US\$73,723.83 will be a local counterpart in-kind contribution. From the local counterpart, FONCODES will provide US\$73,723.83 in-kind contributions through the commitment of their local staff in identifying enterprises with the highest potential to scale, as well as facilitating enterprise support services to strengthen entrepreneurs according to their needs in their scaling up process. It also includes the valuation of the use of FONCODES facilities in for the implementation of workshops and work sessions contemplated as part of this project.

Indicative Budget¹³

Activity/Component	JPO Fund Funding	Counterpart Funding	Total Funding
Component I. Improving and integrating government programs that support rural entrepreneurs	US\$186,000.00	US\$20,000.00	US\$206,000.00
Component II. Monitoring, learning and evaluation (MLE)	US\$150,000.00	US\$18,000.00	US\$168,000.00
Component III. Strengthening an integrated Enterprise Support System (ESS)	US\$100,000.00	US\$17,723.83	US\$117,723.83
Component IV. Capacity building for subnational governments and local communities	US\$134,000.00	US\$18,000.00	US\$152,000.00
Audit	US\$ 30,000.00	0	US\$ 30,000.00
TOTAL	US\$600,000.00	US\$73,723.83	US\$673,723.83

IV. Executing agency and execution structure

- 4.1 This TC will be executed by Imago Global Grassroots in close coordination with IFD/ICS. Imago Global Grassroots is a non-profit organization¹⁴ that helps scale the social impact of grassroots organizations, social enterprises, and governments around the world with the goal of transforming the lives of people living in poverty. Together with their clients, they co-create the conditions they need to scale in a way that respects their values and identity.
- 4.2 Imago is proposed as the Executing Agency for this due to their proven and continuous support to FONCODES' Haku Wiñay program and their unique knowledge and successful experience with enterprise support systems. Imago has worked with FONCODES and conducted site visits to diagnose the key challenges of their program, which has served as a key piece in the design of this TC. This TC will leverage the relationship between Imago and FONCODES for further impact. In addition, by working with Imago, this TC will benefit from a successful track record of working with grassroots organizations that has been recognized by organizations such as the Gates Foundations, the MacArthur Foundation, and the World Bank. In addition to the firm's experience, the Bank will benefit from the participation of Isabel Guerrero, Executive

¹³ These costs include Imago's operational and administrative expenses as approved by the donor, limited to the amount related to the project as detailed in the Procurement Plan and Results Matrix. If salaries are covered (partially or fully), these expenses do not create a dependency relationship with the donor or IDB.

¹⁴ (NGO -501(c)3)

Director of IMAGO, who will lead the work. Isabel has more than 30 years of development experience, having held several positions at the World Bank, where she was Vice President for Southeast Asia and managed a \$39 billion portfolio. She also served as the World Bank's country director in Bolivia, Ecuador, Colombia, India, Mexico, Paraguay, and Peru. She teaches at Harvard University and serves on the Board of the United Nations University. Michael Walton, Director of IMAGO, who has been a Senior Lecturer at Harvard University for 20 years, will also be involved in the project. Michael worked at the World Bank for 20 years, including as Global Director for Poverty Reduction, Chief Economist for East Asia, and led three World Bank reports on poverty and development.

- 4.3 Imago and IFD/ICS will coordinate activities across involved stakeholders and agencies. FONCODES will contribute with time from their staff in Cajamarca to work with Imago on the piloting and testing of improvements to the Haku Wiñay program with their entrepreneurs. JICA will provide knowledge, technical expertise and time from their experts in community-based entrepreneurship, rural and agricultural development to incorporate their learnings in the execution of this TC. IFD/ICS will work closely with IMAGO and government agencies to help solve the coordination failure and low-capacity constraints in local governments. The lessons from this program will facilitate the creation of a toolkit for governments with similar problems.
- 4.4 Imago supports organizations that have proven solutions to development problems and that are ready to take their innovations or programs to the next level. Imago helps them create the necessary conditions and develop the capabilities they need to absorb the resources to grow at scale. This typically includes developing a strong business model, creating a culture of monitoring, evaluating, and learning, incorporating agile methods for process innovation, and developing collective leadership to be able to adapt to complex challenges.
- 4.5 Imago will allocate a set of specialists to assure the proper execution of this TC. Imago has a team of specialists in technical and financial management as project managers and will be responsible for resource management, design and development of the project strategy, as well as its effective implementation to achieve the committed results. Imago will have a multidisciplinary team of specialists who, depending on the needs and requirements of the project, will carry out various activities such as the development of diagnostics, studies, technical assistance, training, among other topics.
- 4.6 Imago has successfully collaborated with multiple international agencies. Imago has worked with organization such as UN Women, the World Bank and the IDB Lab and worked with over 20 organizations in 9 countries, impacting the lives of more than 10 million people. In addition, through their courses and other training efforts, they have shared their scaling up and systems thinking approach with over 60 organizations. Imago has extensive experience in guiding leadership teams through adaptive challenges and a range of products and services that vary in reach and depth to respond to the needs of the organization.
- 4.7 **Procurement.** The Executing Agency shall use procurement procedures that conform in their modalities to market practices for the private or commercial sector and that are acceptable to the Bank, in accordance with the provisions of Appendix 4 (GN-2350-15) and Annex I of OP-639 provided that such method has been identified for the respective procurement in the Procurement Plan approved by the Bank. For the implementation of the activities, firms and individual experts will be hired, and

working hours of the executing agency's regular staff will be dedicated, which will be justified in accordance with the Bank's policies. This also refers to FONCODES whose contribution is in-kind as local counterpart.

- 4.8 **Scaling Up.** Imago has developed a unique and robust 3-stage process to support organizations achieve transformative impact. Through interviews, workshops, field visits, and virtual check-ins, Imago takes organizations on a learning journey. The process starts with an in-depth and comprehensive exploration of an organization (diagnosis), continues with a co-creative design process to help them achieve their goals (strategy), and finishes with bespoke implementation support that brings the design to life (implementation support).
- 4.9 **Monitoring, Learning and Evaluation.** Imago is at the forefront of this type of research approach to development and is currently implementing two adaptive evaluation projects in India in partnership with the Bill & Melinda Gates Foundation. Imago is also supporting the implementation of two adaptive evaluations in Brazil: an adaptive evaluation for Teaching at the Right Level in Brazil in collaboration with Instituto Gesto through capacity building workshops and an adaptive evaluation for back-to-classroom policies after COVID-19 in Recife in collaboration with CAEd/UFJF and the Secretary of Education of Recife. For this TC, Imago will report in accordance with the Bank's Technical Cooperation Guidelines. Imago will submit: (i) a simplified progress report by June 30; (ii) a detailed report by December 31st detailing the financial and physical progress of inputs, outputs and outcomes and relevant information required for the annual report to donors; (iii) any warnings that may require attention; and (iv) a final report within six months of project completion documenting the actual inputs, outputs and outcomes achieved by the project. It must also provide any additional information required for the Fund's annual status reports to donors, as requested.
- 4.10 **Financial Supervision.** The TC will be audited at completion.

V. Major issues

- 5.1 **Weather-related delays.** Peru experiences heavy rains each year in January to March. These rains often result in flooding and mudslides, which can cause transportation challenges, often leading to the stagnation of projects. The project will plan in-person activities during the non-rainy season to avoid weather-related delays.
- 5.2 **Government relationships.** Established relationships with government personnel, especially in subnational government entities, can be compromised due to government turnover or political factors. The project will be implemented in collaboration with national government agencies, which ensures the longevity of established working relationships and the sustainability of these efforts.

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are envisioned.

VII. Environmental and Social Aspects

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it is excluded from the scope of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_56540.pdf](#)

[Results Matrix_77112.pdf](#)

[Terms of Reference_96140.pdf](#)

[Procurement Plan_68477.pdf](#)