

TC Document

I. Basic Information for TC

▪ Country/Region:	PERU
▪ TC Name:	Support to the Preparation of Proregión Program
▪ TC Number:	PE-T1425
▪ Team Leader/Members:	Capristan Miranda, Rafael (INE/TSP) Team Leader; Almeida Oleas, Natalia (LEG/SGO); Galarza Molina, Diana Carolina (INE/TSP); Guadeamus Pescoran, Pamela Denisse (CAN/CPE); Moreano Marquez, Wendy Lidia (INE/TSP); Rosa Da Silva Cruvinel, Rodrigo (INE/TSP)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	PE-L1252 (Proregión Program)
▪ Date of TC Abstract authorization:	28 Feb 2020
▪ Beneficiary:	Ministerio de Transporte y Comunicaciones (MTC)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Infrastructure(INF)
▪ IDB Funding Requested:	US\$350,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	July 1 st, 2020
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/TSP-Transport
▪ Unit of Disbursement Responsibility:	CAN/CPE-Country Office Peru
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Economic integration; Environmental sustainability; Gender equality; Diversity; Economic integration

II. Description of the Associated Loan/Guarantee

- 2.1 At the request of the Government of Peru, the IDB is preparing a loan operation (Proregión Program - PE-L1252), which seeks to contribute to improving the regional connectivity of the country, through the rehabilitation, improvement, and maintenance of departmental road network, which will result in improved access to logistics corridors, the movement of people and regional integration, and the resilience of infrastructure to the effects of climate change.
- 2.2 This is a US\$200 million loan that will finance activities related with: (i) investment and conservation by service level, for rehabilitation and maintenance of roads, work supervision, and the required studies to support these actions; (ii) follow-up and monitoring of program impacts; (iii) institutional strengthening for the integrated management of transport and competitiveness, including activities to improve the transport sector management and cross-cutting themes, as road safety, climate

change (CC), value chains for improving export potential, and others; and (iv) project management.

- 2.3 The planned interventions will improve access to logistics corridors, strengthening resilience to natural disasters and CC effects, increasing coverage of roads with adequate quality for the transit of people and products, and reducing part of the logistics costs of user products of the routes that will be intervened. In addition, it is planned to increase the participation of women in the industry. The operation is in the process of being prepared by the Bank, with its approval expected in 2020.

III. Objectives and Justification of the TC

- 3.1 The objective is to support the preparation and execution of the Proregión Program (PE-L1252) by financing complementary studies of environmental and social impact, the framework of environmental and social management, evaluation and monitoring programs, economic evaluation, gender activities, among others.
- 3.2 Agro-exports from Peru have gone through a significant year-on-year increase of 10.6% between the period 2005-2017, going from 832,000 MT to 2,789,000 MT. Still, the country's transportation and logistics infrastructure did not accompany this growth. The country has gone from ranking 59, obtained in 2007, to 86 in 2018 in the Logistics Performance Index (IDL), where infrastructure was the worst evaluated item in the country, ranking 111th. The infrastructure gap is estimated at US\$160 billion for the 2016-2025 period, where 36% of these are in the transportation sector. Eager to mitigate this scenario, the Government of Peru (GoP) is structuring PE-L1252, which aims to improve national competitiveness by focusing on the quality of infrastructure and logistics services.
- 3.3 Based on data from the Logistics and Transportation Services Development Plan, 2011, and the Logistics Development Plan on Sub-National Roads, 2016, carried out by the Ministry of Transport and Communication (MTC), the Program considers the prioritization of investments in infrastructure of transportation to improve the connection of the production centers with the logistics corridors of the chains of 21 agricultural products, with a view to reducing logistics and production costs and increasing profitability. From a universe of 28,000 km of roads, 15,000 km of 42 feeder road corridors from 23 departments were identified.
- 3.4 The Government of Peru (GoP) is preparing the PROREGION Program, which consists of interventions in the departmental road network, which include actions for rehabilitation, improvement, conservation, as well as strengthening the capacities of regional authorities in transport issues. Therefore, the project will require the presentation, by the beneficiary, of a set of studies, such as the feasibility of the program, the socio-environmental management and resettlement frameworks, that are required for compliance with the policies of environmental and social safeguards, among others. In this context, this TC will support the MTC to prepare these studies, especially those related to socio-environmental aspects.
- 3.5 Likewise, the TC will finance studies on cross-cutting themes such as gender, adaptation to CC, among others. It is important to mention that the Program will continue to support the GoP to foster support for communities in areas close to sites

where infrastructure investments are made¹. The Program in preparation is challenged to continue and expand that support, with the inclusion of women and people with disabilities to close the gaps found in these issues²³. For this, studies are planned to close gaps in issues of inclusion of women and people with disabilities.

- 3.6 In addition, the investments to be made will contribute to strengthening the economic development of Peru, by offering conditions to increase the number of jobs with the carrying out of the studies of preparation and execution of the works, helping to mitigate possible negative socioeconomic impacts due to the reduction of economic activities caused by the global pandemic COVID19.
- 3.7 **Institutional alignment.** The TC is Alignment to the Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2) in the challenges of: (i) Productivity and Innovation, due to its support for the rehabilitation and maintenance of the country's strategic corridor infrastructure; and (ii) Economic Integration, for its contribution to facilitating access for the production and transit of goods to the markets. The TC is strategically aligned with the cross-cutting area of: (i) Climate Change and Environmental Sustainability, by fostering activities to increase climate resilience during the preparation process of the Proregión Program; and (ii) Gender and Diversity, by financing studies for the development of actions that will contribute to promote the participation of women in non-traditional jobs in the sector, and people with disabilities and vulnerable groups in local economic development activities. In addition, the TC is aligned with the Bank's Strategy with Peru 2017-2021 (GN-2889-1), by supporting activities to increase infrastructure.
- 3.8 Likewise, the TC is consistent with: (i) the Sustainable Infrastructure Strategy for Competitiveness and Inclusive Growth (document GN-2710-5), under the objective of supporting the construction and maintenance of a sustainable social and environmental infrastructure that contribute to increasing the quality of life, through studies to promote regional connectivity in logistics chains; (ii) the Sector Strategy to Support Regional and Global Competitive Incorporation (document GN-2565-4), seeking to promote national integration; and (iii) the Corporate Results Framework (document GN-2727-12), by aligning with at least one challenge or cross-cutting theme of AB-3190-2.
- 3.9 The TC is aligned with: (i) the Transport Sector Framework (GN-2740-7), by contributing to increasing competitiveness and promoting regional integration for the benefit of inclusive economic growth, through financing, assistance technique and the dissemination of new knowledge to its member countries; (ii) to the IDB Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable and Renewable Energy (document GN-2609-1) and the Climate Change Sector Framework (document GN-2835-8), by incorporating into its engineering concepts of adaptation to climate change; and (iii) the Ordinary Capital Strategic Development Program for Infrastructure (GN-2819-1), by contributing to the strengthening of project preparation and execution capacity.

¹ Trujillo R.T. (2017). [El modelo peruano para el desarrollo de caminos rurales](#). Revista de Ingeniería, no. 45, pp.40-51.

² Regarding gender, it is estimated that 30% of the agricultural workforce is made up of women. Source: [Perú: Brechas de Género 2018](#).

³ It is estimated that 5.20% of the Peruvian population has some disability. Source: Ministry of Housing, Construction and Sanitation. [Plan Nacional de Accesibilidad 2018-2023](#).

IV. Description of Activities/Components and Budget

- 4.1 To achieve these objectives, the TC will have the following components:
- 4.2 **Component I: Support for the preparation and execution of the Proregión Program (US\$250,000).** It includes: (i) financing of the program operation manual; (ii) preparation of complementary socio-environmental studies for the preparation of the Program, including holding public consultations; (iii) preparation of economic evaluation of the Program; and (iv) design of adaptation activities to climate change to improve the climate resilience of the Program, among others.
- 4.3 **Component II: Inclusive agricultural logistics chain study (US\$70,000).** It includes: (i) diagnosis of the agricultural and logistic chains considered by the PE-L1252 program, to evaluate the gender and people with disabilities themes in these chains; (ii) design a strategy to promote the participation of women, people with disabilities and vulnerable groups in local economic development activities; and (iii) studies to identify and strengthen supply chains for agricultural products considering the sustainability of the country's supply chain and the COVID-19 impacts on the sector.
- 4.4 **Component III: Dissemination and Knowledge (US\$30,000).** The following activities will be financed: (i) knowledge material, as including a technical note and printed and digital materials, to disseminate to the Latin American infrastructure entities, specially Peruvian, results and experiences obtained during the Program structuration; and (ii) intraregional events and exchange of experiences with experts on the topics addressed by the PE-L1252 Program.

Indicative Budget (US\$)

Activity/Component	IDB/INF	Total Funding
Component 1 - Preparation of the Program Operations Manual (MOP)	30,000	30,000
Component 1 - Environmental and Social Management Framework	130,000	130,000
Component 1 - Economic evaluation of the Program	30,000	30,000
Component 1 – Design of adaptation activities to climate change	40,000	40,000
Component 1 – Structuring processes for follow-up and monitoring of products and results of the Program	40,000	40,000
Component 2 – Diagnosis and promotion of agricultural chains and gender and inclusion issues	10,000	10,000
Component 2 – Strategy to promote the inclusion of gender and diversity issues for local development in communities	40,000	40,000
Component 3 – Knowledge material	15,000	15,000
Component 3 – Workshops	10,000	10,000

Component 3 – Intraregional advisory services	5,000	5,000
Total	350,000	350,000

V. Executing Agency and Execution Structure

- 5.1 At the request of the beneficiary, the TC will be executed by the Bank. This execution is justified by the Bank's experience with the preparation and development of the operational and technical instruments proposed and for the necessity to coordinate with other activities under development for PE-L1252 project preparation.
- 5.2 In this sense, the Bank will be responsible for: (i) identifying the studies and technical work⁴ necessary to structure the project; (ii) select and hire consultants to provide the necessary services; and (iii) manage the execution and delivery of consulting services. The activities will be coordinated by TSP/CPE, and they will be carried out in coordination with the Beneficiary and with the collaboration of Infrastructure and Energy Sector (INE/INE) and Environmental and Safeguard Unit (VPS/ESG). CAN/CPE will act as the Basic Responsibility Unit (URB) of these contracts.
- 5.3 The activities to be executed will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services. CAN/CPE will act as the Basic Responsibility Unit (URB) of these contracts.
- 5.4 Important to note that TC resources will not complement TSP division budget for ordinary or routine activities. Bank staff are expected to provide technical expertise in the activities to be implemented in the components, and missions are planned to support the execution of the proposed activities⁵. This is essential for the correct application of TC resources and to guarantee dialogue and coordination between the Bank and the beneficiary, in order to have the complete alignment of the products financed with the actions underway with a view to preparing the loan.
- 5.5 The disbursements and execution period of the TC are estimated in 24 months.
- 5.6 The TC does not present fiduciary management risks since it will be executed by the Bank⁶. For this same reason, no financial audit is required. For more information on planned acquisitions, see the procurement plan.

VI. Major Issues

- 6.1 A risk in the preparation of the project are delays caused by the current conjuncture with COVID19, where it has led to the temporary closure of the activities of the Peruvian government agencies, that could difficult to obtain data to realize the activities estimated in the TC components. To mitigate that risk, the team involved in the preparation of the loan is holding close dialogues with the government and with the representation of Peru, to identify and mitigate possible bottlenecks and develop

⁴ The Bank will own the rights of the intellectual property of the products developed in this TC.

⁵ IDB staff trips will be made on an administrative budget for regular supervisory trips.

⁶ The supervision activities will be the responsibility of the Team Leader. There are not expected additional supervision costs.

strategies to reduce possible negative impacts on the project schedule. Also, the team involved will do close monitoring of the consultancy's executions, including technical and financial aspects, to mitigate issues that could affect the execution of the activities that will be hired.

VII. Exceptions to Bank Policy

- 7.1 No exceptions to Bank policies were identified.

VIII. Environmental and Social Strategy

- 8.1 According to the Environment and Safeguards Compliance Policy (OP-703), and because it is a TC related to a project that has been classified as category "B" (PE-L1252), this TC has also been classified as a category "B". See [Safeguards Screening Form](#) and [Safeguards Policy Filter](#).

Required Annexes:

[Results Matrix_47485.pdf](#)

[Terms of Reference_12510.pdf](#)

[Procurement Plan_79934.pdf](#)