

TC Document

I. Basic Information for TC

▪ Country/Region:	PERU
▪ TC Name:	Learning from COVID-19: The Resilience of Female Entrepreneurs
▪ TC Number:	PE-T1480
▪ Team Leader/Members:	Duryea, Suzanne (SCL/GDI) Team Leader; Frisancho, Veronica (RES/RES) Alternate Team Leader; Andrea Beltran (SCL/GDI); Ariza Franco, Maria Camila (SCL/GDI); Delvasto Otolara, Nicolas (SCL/MIG); Pinzon Caicedo, Mariana (SCL/GDI); Quintero Rodriguez, Catalina (SCL/MIG); Vila Saint-Etienne, Sara (LEG/SGO); Zapata Penaloza, Maria Pia (SCL/GDI) Frisancho, Veronica (RES/RES) Alternate Team Leader; Ariza Franco, Maria Camila (SCL/GDI); Pinzon Caicedo, Mariana (SCL/GDI); Quintero Rodriguez, Catalina (SCL/MIG); Vila Saint-Etienne, Sara (LEG/SGO); Zapata Penaloza, Maria Pia (SCL/GDI)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	28 Jun 2021.
▪ Beneficiary:	Peru
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC Strategic Development Program for Social Development(SOC)
▪ IDB Funding Requested:	US\$110,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months of execution, 40 months of disbursement
▪ Required start date:	October 2021
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	SCL/GDI-Gender and Diversity
▪ Unit of Disbursement Responsibility:	SCL/GDI-Gender and Diversity
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Gender equality; Social inclusion and equality

II. Objectives and Justification of the TC

- 2.1 Peru is one of the countries in LAC most impacted by the pandemic in terms of mortality and declines in GDP. GDP fell by 12.9% in Peru in comparison to a decline of 8.1% in LAC in 2020 (CEPAL 2020). Peru has relatively high rates of labor informality that are even higher for women (Acevedo et al. 2021). During the pandemic, women have also been disproportionately affected by increasing level of household conflict and stress, which has translated into a large increase in domestic violence cases, as evidenced by the 50% increase in calls to the domestic violence hotline (Línea 100) in April to August 2020 (Agüero 2021).

- 2.2 The TC will exploit a baseline sample of 1905 current and ex-clients of a microfinance program in Peru, Palabra de Mujer (PDM) of the microfinance NGO Financiera Confianza (FC). During pre-COVID-19 times, the research team conducted a randomized trial that tried to explore the impact of different training curricula on female entrepreneurs' business outcomes, earnings' capacity, and living conditions. (a hard-skills business training, a mixed hard and soft-skills training program, and a soft-skills training to find and keep a job). Relying on baseline and follow up records on the experimental sample and the randomization conducted to allocate the different treatment arms, this TC will evaluate which curricula enabled women to respond more agilely to the effects of COVID-19. Specifically, the main outcomes studied will be impact on: (i) business practices and earnings, and related behaviors including risk-taking and intertemporal preferences; and (ii) intimate partner violence.
- 2.3 The COVID-19 crisis has had far-reaching health and economic impacts but has also underscored important lessons for policymakers. The reactivation of productivity and employment in both the formal and informal sector, is clearly necessary to establish a solid economic recovery. As economic volatility is a constant challenge for entrepreneurs, the TC aims to provide insight into the type of skills and training that are most conducive to navigating disruptive and uncertain economic conditions. The research conducted under this TC will evaluate whether the different training curricula or different skills mediated the impact of COVID-19 on business practices and sexual and gender-based violence, among female micro and small entrepreneurs with low-income.
- 2.4 With the onset of COVID-19, the IDB shifted data collection to non-contact methods including internet and telephone surveys. For vulnerable populations without internet connections, telephone surveys likely produce more representative samples. The pandemic has highlighted that for remote and vulnerable populations, telephone surveys are a critical and cost-effective interviewing methodology until digital inclusion becomes universal. But the transition to telephone surveys presents other challenges such as those related to privacy and safety. This technical cooperation aims to address these issues, particularly with respect to sensitive information such as intimate partner violence. Previous research conducted by the Bank shows that stigma and other factors may hinder respondents' incentives to report truthfully, particularly when they have to identify themselves as victims in front of a stranger (Agüero and Frisancho, 2017). This project will pilot a pre-recorded automated system that protects respondents' confidentiality without reducing the sample size. The learnings from this research will have far-reaching implications for the Bank's projects in the region that are currently relying on telephone surveys to conduct monitoring and evaluation activities.
- 2.5 **Objective.** The objective of this TC is to learn which skills, measured pre-COVID-19, have been most conducive for female entrepreneurs to respond to the COVID-19 crisis, focusing on outcomes related to business practices as well as sexual and gender-based violence. The TC will use telephone survey methodologies to measure which skills and what type of training enable female entrepreneurs to better adapt to economic volatility, providing key information for designing training programs aimed at reactivating earnings and productivity. The TC will also innovate in telephone survey methodologies to measure whether different types of training were more effective in mediating the COVID-19 impacts on sexual and gender-based violence.
- 2.6 **Strategic alignment.** The objectives and activities included in this TC are closely aligned with two of the region's development challenges (Social exclusion and

inequality and Low productivity and innovation) as well as with one cross-cutting issue (Gender equality) included in the Bank's Second Update to the Institutional Strategy 2010-2020 (AB-3190-2). This TC is also aligned with the objectives of the Strategic Development Program for Social Development (SOC) (GN-2819-1) through its focus on promoting gender equality and generating knowledge. This TC is also well aligned with the Gender and Diversity Sector Framework Document (GN-2800-8), the Sector Framework Document of Social Protection and Poverty (GN-2784-7), and the Strategy on Social Policy for Equity and Productivity (GN-2588-3). The project is aligned with reactivating the productive sector, one of the key goals of Vision 2025, the cornerstone priority of gender equity, as well as a main priority for the country as defined by the Bank's Country Strategy with Perú (GN-3034). The knowledge generated in this TC will contribute to the development of future operations to support initiatives to promote micro and small enterprises and reactivate women's economic productivity in the region.

III. Description of activities/components and budget

- 3.1 **Component 1. Data collection and analysis (\$110,000).** This component will finance a telephone survey to a sample of current and ex-clients of a microfinance institution, Financiera Confianza (FC), in Pucallpa, Peru. This component will support the design, collection, and analysis of the survey data. Specifically, this component will finance: (i) a telephone survey to collect information on the impact of COVID-19 on business practices, earnings, and related behaviors such as risk-taking behavior and intertemporal preferences; (ii) a module on intimate partner violence that protects the privacy of respondents in telephone surveys while minimizing sample attrition; and (iii) a consultancy to analyze the data collected through the telephone surveys. Whereas the employment and covid-related questions will be asked by phone interviewers, the sensitive questions will be implemented through a pre-recorded automated system that protects respondents' confidentiality without reducing the sample size. Key to reduce attrition is the incorporation of the pre-recorded module mid survey, so that the respondents do not hang up as soon as the surveyor transfers them to the sensitive data module. Crucial for data analysis is the seamless integration of the automated module into the telephone survey such that a unique database is produced during the data collection process.
- 3.2 The analysis will address three related questions. First, are there any underlying personal traits that enable entrepreneurs to respond in a more agile way to unanticipated shocks? For example, did a higher resiliency score (Brief Resilience Scale) in November or December 2017 translate into better business outcomes in response to the pandemic? Second, the survey will address which type of pre-pandemic training facilitated a better economic standing approximately 1.5 years after the start of the pandemic, including the access to government funds for entrepreneurs (Fondo de Apoyo Empresarial a las MYPE (FAE-MYPE) or Fondo de Apoyo Empresarial para el Sector Turismo (FAE-Turismo)). Third, the survey will also document whether certain skills or training were more conducive for mediating the effects of COVID-19 on intimate partner violence.
- 3.3 As both the trainings were randomized and the pandemic was unanticipated, the results of the analysis can be understood to be causal. The results of this TC will be disseminated through webinars organized in collaboration with local researchers, to present findings to a wider audience. Also, the results will be share with Ministry of

Development and Social Inclusion (MIDIS) in Perú. This will address the Bank's efforts to reactivate employment and address gender inequality in Vision 2025.

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Total Funding
Component 1	Design and collection of telephone survey data	\$65,000	\$65,000
Component 1	Design and incorporation of sensitive data module	\$20,000	\$20,000
Component 1	Analysis of survey data and sensitive data module	\$20,000	\$20,000
Component 1	Dissemination	\$5,000	\$5,000
Total			\$110,000

- 3.4 The total cost of this TC is US\$110,000 funded by the Strategic Development Program for Social Development (SOC). The TC will be supervised by the team leader at SCL/GDI, with support from RES/RES, and no supervision costs are expected for COF Perú. The focal point from SCL/GDI in Peru will provide support to secure coordination of activities.
- 3.5 All knowledge products derived from this Technical Cooperation will be the Bank's intellectual property.

IV. Executing agency and execution structure

- 4.1 As a research and dissemination TC, the Bank is executing this project.
- 4.2 **Procurement.** The TC will be implemented over a period of 36 months. The Bank will contract individual consultants, consulting firms and non-consulting services to carry out the activities described. The activities to be executed are included in the Procurement Plan and will be contracted in accordance with Bank policies as follows: (a) hiring of individual consultants in accordance with the guidelines set out in the AM-650; (b) hiring of consulting firms of intellectual nature according to the Bank's new Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4) and (c) hiring of logistics services and other services other than consulting, according to the policy GN-2303-28.
- 4.3 *Single sourcing.* The design, collection and analysis of survey and sensitive data will be carried out by the Group for the Analysis of Development (GRADE), in view of the company's experience with the activities and products required in the project. GRADE is a private non-profit research center dedicated to undertaking economic, educational, environmental and social studies in areas relevant to the development of Peru and other Latin American countries. GRADE is considered one of the most important social research centers in Peru and Latin America. Not only the institution has excellent

trajectory, it also implemented the training activities in a previous stage of this project under (PE-T1369) and supervised the data collection. Moreover, GRADE has a wealth of experience in conducting the activities outlined in the contract and working with similar samples of subjects. Finally, the involvement of Dr. Martin Valdivia, one of the principal researchers at GRADE, since very early stages of the project makes GRADE an excellent fit to carry out the training activities. Dr. Valdivia has a very rich research agenda in the topics of financial inclusion and economic empowerment of women, entrepreneurship and business training and his knowledge and experience on these topics are valuable assets that favor GRADE's adequate execution of the terms of reference.

V. Major issues (estimated length: 1 page)

- 5.1 Given that more than 3 years have passed since the program beneficiaries were interviewed, there is concern regarding the quality of the contact information provided. This could cause attrition, potentially reducing power of the analysis and introducing bias to the data collected. To minimize attrition in the original sample of 1905 women interviewed in November-December 2017 and subsequently trained in 2018, the contracted firm will verify the phone numbers that were provided at the time of the survey for beneficiaries and contact the alternative contacts, to produce a robust list of telephone numbers for the sample.
- 5.2 Even though COVID-19 continues to present challenges to project coordination and data collection, this TC will minimize the risk of disruptions to the timeline through the collection of data through mobile phones which do not require in-person contact between interviewers and respondents. Recent research has demonstrated that mobile phone surveys are very promising for data collection in a pandemic.¹

VI. Exceptions to Bank policy

- 6.1 No exceptions to Bank policy are expected.

VII. Environmental and Social Strategy

- 7.1 The Environmental and Social Impact Category for this operation is "C". No environmental assessment studies or consultations are required for Category "C" operations. (See SPF and SSF).
- 7.2 This Category "C" operation will not require specific safeguard or monitoring requirements (Policy Directive B.3).

Required Annexes:

[Results Matrix - PE-T1480](#)

[Terms of Reference - PE-T1480](#)

¹ [Leveraging mobile phone surveys during the COVID-19 pandemic in Ecuador and Sri Lanka: Methods, timeline and findings \(Phadnis et. al 2021\)](#)

[Procurement Plan - PE-T1480](#)