

Summary of the Terminal Evaluation Results

I. Outline of the Project	
Countries: 4 MERCOSUR member states (Argentina, Brazil, Paraguay, Uruguay)	Project title: MERCOSUR Tourism Promotion Project
Issue/Sector: Private sector development (Tourism)	Cooperation scheme: Technical Cooperation Project
Division in charge: Regional Department III (Latin America and Caribbean)/ JICA Tokyo (Tokyo International Center)	Total cost: 350 million Japanese Yen
Period of Cooperation	(R/D): 2005.1.14 - 2008.1.13
	(Extension):
	(F/U):
Partner country's implementing organization: Tourism ministries/Agencies of MERCOSUR State parties	
Supporting organization in Japan: Ministry of Land, Infrastructure and Transport (MLIT)	
Other related cooperation:	MERCOSUR Tourism Promotion Seminar (JFY2002-2006)
1 Background of the Project	
<p>MERCOSUR consists of four countries: Argentina, Brazil, Paraguay and Uruguay. Since the conclusion of the Asuncion Treaty in 1991, MERCOSUR had aimed at strengthening the framework of regional cooperation among the four member states in economic development. The four countries regarded tourism promotion as an important approach in their development policies in order to earn foreign currencies, to reduce income disparities between the regions, and to create employment opportunities. The MERCOSUR state parties were well experienced in tourism promotion in North America and Europe. Other than North America and Europe, MERCOSUR had been looking for a new market for tourism promotion, and Japan with its huge economy and population had been targeted as an emerging market by MERCOSUR. However, due to a long distance between MERCOSUR and Japan and the insufficient prevalence of information about MERCOSUR in Japan, the number of Japanese tourists to MERCOSUR had been limited.</p> <p>Under such circumstances, MERCOSUR requested the Japanese government to provide a training course with a theme of tourism promotion in the Japanese market. Responding to the request, in February 2003 the Japan International Cooperation Agency (JICA) started a regional-focused training course targeting the four MERCOSUR countries. The participants of the training from the four countries drafted a project framework with an objective, "tourism promotion to attract tourists from Asian countries, especially from Japan."</p> <p>In March, 2003, JICA dispatched a project formation mission to the four MERCOSUR countries, and confirmed the background of their request of the project and the details of the project components. In December 2003, the MERCOSUR side officially requested JICA to provide a Technical Cooperation Project with an objective of tourism promotion. Later, in February and October 2004, JICA dispatched an ex-ante evaluation mission. In October 2004, the Record of Discussion (R/D) of the MERCOSUR Tourism Promotion Project was signed between the MERCOSUR and Japanese sides with a view to reinforcing the regional framework of MERCOSUR.</p>	
2 Project Overview	
(1) Overall Goals	
<ol style="list-style-type: none"> 1. Enhanced regional collaboration among member countries of MERCOSUR in the tourism sector 2. Enhanced bilateral collaboration between member countries of MERCOSUR and Japan in the tourism sector 	
(2) Project Purposes	
<ol style="list-style-type: none"> 1. To institutionalize regional collaboration among MERCOSUR state parties in the tourism sector and enhance collective capacity for tourism promotion 2. To establish a bridge-head of MERCOSUR in the Japanese tourism market and develop a model of tourism promotion in new market. 	

(3) Outputs

1. Strengthened framework of regional collaboration in the tourism sector
2. Enhanced capacity of MERCOSUR in tourism planning
3. Enhanced capacity of MERCOSUR in tourism marketing
4. Enhanced capacity of MERCOSUR in tourism product development
5. Enhanced capacity of MERCOSUR in tourism human resource development

(4) Inputs (at evaluation)**Japanese side (Total 350 million Yen)**

Long-term Expert: One expert
Trainees received: 34 trainees
Equipment: 5,082 thousand Yen
Local cost: 26,218 thousand Yen

MERCOSUR side

Counterpart: Four (One C/P for each country)

Land and Facilities: An office for the long-term expert in Ministry of Tourism and Sports, Uruguay

Local cost: 591 thousand USD (Argentina: 137 thousand USD, Brazil: 313 thousand USD, Paraguay: 70 thousand USD, Uruguay: 71 thousand USD)

II. Evaluation Team

Members of Evaluation Team	Juichiro Sasaki Group Director, Program II, JICA Tokyo	
	Hironori Kimura Team Director, Economic Development Team, JICA Tokyo	
Period of Evaluation	September 11, 2007 ~ September 23, 2007	Type of Evaluation:
		Terminal Evaluation

III. Results of Evaluation**1 Project Performance****(1) Achievement of the Project Purposes**

As for the first Project Purpose, “Approval of MERCOSUR Tourism Promotion Office as an official institution and necessary budgetary arrangements for operation of the office,” the sentence was so ambiguous that both MERCOSUR and Japanese sides did not have the common interpretation for the first Project Purpose. In the Final Evaluation, both sides defined the indicator for the first Project Purpose as the situation that the MERCOSUR side would create financial and organizational tools to operate JPMO⁴ without any assistance from JICA. The MERCOSUR side has been discussing how to operate JPMO independently after the Project including the budget allocation among the four member states (*See 3-2 (5) Sustainability*). However, by the end of the Project (January 13, 2008), it seems difficult for the MERCOSUR side to establish the financially and organizationally independent mechanism that they can operate JPMO. Therefore, it is evaluated that the first Project Purpose is less likely to be achieved by the end of the Project.

With regard to the second Project Purpose, the director of JPMO has been working on the master plan of tourism promotion in Japan by the close consultations with the Ad hoc members in Tourism Ministries/Agencies of MERCOSUR State parties (C/Ps), referring to the findings of the research that was conducted by a Japanese private consulting firm. The JPMO Director is supposed to complete the master plan by the end of the Project. The JPMO Director has some specific ideas that will be included in the master plan, such as the expansion of the network between JPMO and the media and the improvement of the website. Ideas

⁴ JPMO is the abbreviation of MERCOSUR Tourism Promotion Office in Japan

from the Ad hoc Group members (C/Ps) will also be included in the master plan. The JPMO Director has been integrating all the aforementioned ideas into one as the master plan for tourism promotion in Japan. Judging from the progress toward the completion of the master plan, it can be judged that the second Project Purpose will be achieved by the end of the Project.

(2) Achievement of the Outputs

1) Output 1: Strengthened framework of regional collaboration in the tourism sector

In the Project, two project offices were established. One in Montevideo, Uruguay, which is called PMO⁵; the other in Tokyo, Japan, which is called JPMO. PMO has been working as a coordinating organization among the four member states and between the MERCOSUR side and Japan. In the MERCOSUR side, the Ad hoc Group Meeting has been held 19 times, and minutes of the meetings have been recorded except once. The Project is the first opportunity for MERCOSUR to jointly address tourism promotion. Through the regular Ad hoc Group Meetings and project activities, the framework of MERCOSUR has been strengthened.

2) Output 2: Enhanced capacity of MERCOSUR in tourism planning

Marketing research was commissioned to a private consulting firm in order to collect information on tourism market in Japan. Working with travel agencies, media, advertising agencies, and airlines, JPMO has been collecting a lot of information on tourism promotion in Japan. Integrating such information and ideas from the MERCOSUR side, the JPMO Director is making the master plan of tourism promotion in Japan by the close consultations with the Ad hoc members. It can be judged that the capacity of the MERCOSUR side to plan tourism promotion has been expanded through a variety of project activities.

3) Output 3: Enhanced capacity of MERCOSUR in tourism marketing

The MERCOSUR side has implemented seminars and events to promote tourism in the four countries (once in Argentina, twice in Brazil, once in Paraguay, and twice in Uruguay). The Japanese side has also implemented a lot of promotion activities, such as participation in the World Travel Fair organized by Japan Association of Travel Agents (JATA), cooperation for various kinds of seminars and events for tourism promotion, Familiarization (FAM)/Press tours (eight times), launching the website of MERCOSUR, and compiling the guidelines and manuals for the promotion activities. Through those activities, the MERCOSUR side has enhanced their capacity for tourism marketing and promotion.

As of September 2007, all the planned activities, except the formulation of the master plan and the creation of the visual identity of MERCOSUR for tourism promotion, have been conducted as planned. Since there are different kinds of opinions about the visual identity among the Ad hoc members, they are supposed to discuss the matter again and decide by the end of the Project whether they will create it or not.

4) Output 4: Enhanced capacity of MERCOSUR in tourism product development

A pamphlet for joint tourism promotion in Japanese has been created. The pamphlet carries 15 model courses (4 each for Argentina, Brazil, and Paraguay, and 3 for Uruguay). In the FAM/Press tours, new destinations which had never been handled as tourism products were introduced, such as Jujuy and Sarta (Argentina). After the FAM/Press tours, a new destination (Lençois, Brazil) which was introduced in the FAM/Press tours has been added in a tourism product. Thus, the capacity of the MERCOSUR side to develop new tourism products has been expanded.

5) Output 5: Enhanced capacity of MERCOSUR in tourism human resources development

In the MERCOSUR countries, the participants who had participated in the MERCOSUR Tourism Promotion Seminar by JICA held tourism promotion seminars and events to disseminate the knowledge and skills that they had obtained in the JICA training (once in Argentina, twice in Brazil, once in Paraguay, and twice in Uruguay). They have been taking initiative in stimulating the private sector and disseminating the know-how of tourism promotion in the MERCOSUR side.

(3) Implementation Process of the Project

- Those who had participated in the JICA region-specific training “MERCOSUR Tourism Promotion Seminar

⁵ PMO is abbreviation of the MERCOSUR Project Management Office

in JFY2002” drafted a Project Design Matrix (PDM) for a tourism promotion project for the four MERCOSUR countries. Based on the draft, the MERCOSUR side submitted the official request to the Government of Japan. After the signing of the Record of Discussions on the Project, the Project was started on January 14, 2005.

- In the MERCOSUR side, all the project activities have been conducted by the four Ad hoc members (C/Ps) and local coordinators of each country (except Uruguay). Due to some procedural matters, the dispatch of the JICA Expert was delayed about one year (arrived in December 2005).
- In the Japanese side, all the project activities have been conducted by the JPMO Director, his assistant, and the Japanese staff dispatched by Japan International Cooperation Center (JICE). The management of JPMO is commissioned from JICA to JICE.
- In the Project, two project offices were established at the beginning of the Project. One is in Montevideo, Uruguay, which is called PMO; the other one in Tokyo, Japan, which is called JPMO. JPMO was supposed to contact the Ad hoc members by way of PMO. However, for one year from January to December 2006 after the first JPMO Director left the post, this communication channel had been inactive because of the absence of the JPMO Director. During the one year, it was difficult for the MERCOSUR and Japanese sides to communicate with each other. The problem of inefficient communications was solved upon the arrival of the new JPMO Director in January 2007. Since then, communications have been conducted smoothly between the two sides.
- In the JICA Technical Cooperation Projects, it was an unprecedented case that a project office was established in Tokyo. Since the Project aims at attracting Japanese tourists to the four MERCOSUR countries, it is essential to conduct promotion activities in Japan. To conduct the promotion activities effectively and efficiently, it was appropriate for the Project to have a project management office in Japan (JPMO).
- The project activities have been conducted based on the PDM and PO (Plan of Operations). The activities by the MERCOSUR side have been recorded by a local coordinator; while the activities by the Japanese side have been recorded by JICE. (The JPMO report the project activities to JICE.)

2 Summary of Evaluation Results

(1) Relevance

The relevance of the Project is evaluated high as a result of assessing the Project from the following perspectives, 1) consistency with the development policies of MERCOSUR; 2) consistency with the aid policy of the Japanese government; 3) appropriateness of the selection of the target market; and 4) appropriateness of the joint tourism promotion approach.

As for 1), the governments of the four MERCOSUR countries regard tourism development as an effective approach to economic development, and emphasize a development policy that promotes economic development through strengthening the regional framework of MERCOSUR. The direction that the Project pursues is consistent with the government policies of the four member states in terms of both promoting tourism and reinforcing the regional framework.

As for 2), with regard to assistance to Latin American countries, the Japanese government places an emphasis on support to regional integration. In particular, the Japanese government aims at strengthening the framework of regional cooperation through human resources development. The assistance to the Project with an emphasis on promoting tourism and enhancing the regional framework through human resources development is consistent to the aid policy of the Japanese government.

As for 3), prior to the commencement of the Project, the MERCOSUR side had promoted tourism in North American and European countries, and had a vision that they would like to explore a new market in Asia. With its large economy and population, the MERCOSUR side considers Japan as an emerging market for tourism promotion. In the Project, by exploring Japan as a new market in Asia, the MERCOSUR has been trying to develop a joint tourism promotion model in Japan, which they expect will be applicable to other Asian countries. Judging from their plan for the further promotion in Asia in the future, it is appropriate that Japan was selected as the first target for tourism promotion in Asia.

As for 4), unlike other projects targeting only one country, in the Project which targets four countries, they can share and complement resources (tourism resources, financial resources, and human resources) with one another. For instance, it seems difficult for Paraguay or Uruguay alone to attract Japanese tourists to the country. However, in the regional project targeting more than one country, Paraguay or Uruguay can sell tourism products in collaboration with Argentina or Brazil. Each country can promote tourism not as a single country but as a

region of MERCOSUR. This is an example of sharing tourism resources among the countries, which is one of the advantages of a joint tourism promotion approach. Thus, it was appropriate that the Project chose a joint tourism promotion approach at the planning stage.

(2) Effectiveness

In the Project, the five Outputs have been produced as planned, and contributed to the achievement of the Project Purposes. The second Project Purpose, which is the completion of the master plan of tourism promotion in Japan, is expected to be achieved by the end of the Project. However, the first Project Purpose, which is the establishment of the institutional framework by MERCOSUR to operate JPMO independently, seems difficult to be achieved by the end of the Project. Therefore, the effectiveness of the Project is evaluated middle.

With regard to the indicator of the first Project Purpose, which has been defined as “to create financial and organizational tools to operate JPMO without any assistance from JICA,” the MERCOSUR side has addressed the issue and decided the budget allocation among the four countries to operate JPMO by themselves. However, it seems difficult to establish the officially institutionalized system to operate JPMO by the end of the Project since it takes time to make necessary arrangements among the four member states.

With regard to the second Project Purpose, the JPMO Director has addressed the completion of the master plan of tourism promotion in Japan, referring to the findings of the research conducted by a Japanese private consulting firm and adopting ideas from the Ad hoc members. The JPMO Director has some specific ideas (e.g., expansion of the network between JPMO and the media, improvement of the website, etc.) that will be included in the master. Therefore, the master plan will be completed by the end of the Project.

(3) Efficiency

All the project activities have been conducted based on the PDM and PO. With a project office each in Japan and in MERCOSUR (Uruguay), tourism promotion activities have been conducted efficiently.

However, because of the delay of the dispatch of the JICA Expert to PMO and the one-year absence of the director in JPMO, it was difficult to conduct the project activities efficiently, especially during the period from January to December 2006. During the period, communications between the MERCOSUR and Japanese sides were not conducted smoothly, which hampered the efficient implementation of some of the project activities like preparation for the JATA Fair. For these reasons, throughout the Project, the efficiency of the Project is evaluated middle.

Since the JPMO Director was assigned to JPMO in the beginning of January 2007, all the project activities have been conducted efficiently as planned.

(4) Impact

1) Expectation to achieve the Overall Goals

- Increase of Japanese visitors to MERCOSUR

The number of Japanese visitors to MERCOSUR countries increased by 73.6% in 2006 comparing to that in 2002. It can be surmised that the Project has exposed more Japanese people to information about MERCOSUR countries by creating pamphlets, establishing the website of MERCOSUR, participating in the JATA Fair, organizing seminars and events on tourism promotion etc.

- Strengthening of partnerships among the MERCOSUR countries

With the common objective of tourism promotion in Japan, the four MERCOSUR countries have fostered partnerships among the member states. Throughout the Project, they have held the Ad hoc Group Meeting regularly. The Project is the first opportunity for the four member states to work together for tourism promotion, which has reinforced the regional framework of MERCOSUR in the tourism sector.

- Establishment of better relationships between JPMO and the Embassies of each MERCOSUR countries

The Embassies of the MERCOSUR countries have cooperated with JPMO to organize promotional events and seminars on tourism promotion. Through the Activities of the Project, the Embassies have begun to recognize the significant roles of JPMO to promote tourism in the Japanese market.

2) Positive or negative impacts which were not expected, except the Overall Goals

- Establishment of favorable relationships between the public and private sectors in the MERCOSUR countries

In the MERCOSUR countries, the respective Tourism Ministries/Agencies have built good relationships with private sectors by the acceptance of FAM/Press tours. In Japan, JPMO has established good relationships with the private sectors, such as travel agencies, mass media and airlines companies not

only through FAM/Press tours, but also through the JATA Fairs, seminars on tourism promotion and a lot of publicity activities. In the both sides, the private sectors were cooperative for the activities of the project.

- Increasing interest of the MERCOSUR countries in Japan and Asian countries

By receiving FAM/Press tours from Japan, some of those who have been working in the tourism sector in the MERCOSUR countries began to be interested in Japanese and Asian cultures. Some of them started to study the Japanese language.

No negative impact has been observed.

(5) Sustainability

The sustainability of the Project was evaluated in terms of 1) technology/technique; 2) organization/institution; and 3) finance. As a result, the overall sustainability of the Project is evaluated middle for the following reasons.

As for 1) technical sustainability, since the MERCOSUR side has acquired technical know-how necessary for tourism promotion by providing FAM/Press tours, participating in the JATA Fair, and launching the website. Moreover, they have made manuals about how to conduct those promotion activities. Even if the person in charge is transferred, anyone can continue the same promotion activities, referring to the manuals. For those reasons, the technical sustainability of the Project is evaluated high.

As for 2) organizational sustainability, it is not as high as technical sustainability. The MERCOSUR side is going to continue the Ad hoc Group Meeting even after the Project, and the Ad hoc Group is supposed to take initiative in tourism promotion activities in the Project. However, as of September 2007, the roles of PMO after the Project have not been clarified yet. Furthermore, with regard to JPMO, it is difficult to predict that the MERCOSUR side will establish the system in which they will be able to operate JPMO by themselves. Therefore, overall, the sustainability of the Project is evaluated middle.

In relation to 3) financial sustainability, the MERCOSUR side has discussed provisional measures of financing for the operation of JPMO. In the RET Ad hoc Group Meeting which was held in May 2007, it was decided their budget allocation for the coming two years (from January 14, 2008 to January 13, 2010) as follows: Argentina to pay for the rent of JPMO, Brazil for the cost of the JPMO Director, and Paraguay and Uruguay for the cost of tourism promotion activities, e.g., part of participation fees for the JATA Fair and the printing cost for promotion materials.

In the Ministers' Meeting which was held in October 2006, the four countries agreed that they were going to establish a fund specifically for the joint tourism promotion. Since it takes time to establish the fund, the aforementioned budget allocation among the four member states was decided as a provisional measure for the two years right after the Project. The MERCOSUR side regards the two years as a transitional period toward the independent operation of JPMO.

3 Factors promoting better sustainability and impact

(1) Factors concerning Planning

The PDM of the Project originates from the PDM that the participants of the MERCOSUR Tourism Promotion Seminar drafted in February 2003. Based on the PDM, the MERCOSUR requested the Government of Japan to implement a tourism promotion project targeting Japan. Responding to their request, the Project was started from January 14th, 2005. Thus, ideas from the MERCOSUR side were integrated in the Project at the planning stage. In this sense, the planning was conducted in a participatory manner, which has made the MERCOSUR side well motivated for the Project activities.

(2) Factors concerning Implementation Process

Refer to (1)

4 Factors inhibiting better sustainability and impact

(1) Factors concerning Planning

Nothing in particular.

(2) Factors concerning Implementation Process

- The dispatch of the JICA Expert was delayed one year due to some internal procedural matters (joined PMO in December 2005).
- The JPMO Director had been absent for almost one year from January to December 2006. It took time to select the next director after the first director had left JPMO in December 2005.
- In June 2005, the Varig Brazilian Airlines went into bankruptcy, which was an unexpected incident. As a result, flights between Japan and Brazil were discontinued. Because of the bankruptcy of the Varig Brazilian Airlines, it was concerned that the number of Japanese visitors would decrease. In fact, however, the number has been increasing. Although the number of Japanese tourists to the MERCOSUR countries has been increasing since June 2005, it is true that the bankruptcy has influenced Japanese tourists in a negative way to some extent. Without the bankruptcy of the Varig Brazilian Airlines, the number of Japanese tourists who visited the MERCOSUR countries could have further increased.

5 Conclusion

Recently, the number of Japanese visitors to the MERCOSUR countries has been increasing. Other than promotion activities by the Project, there should be other factors that have contributed to the increase of Japanese visitors to the MERCOSUR countries. Yet, it can be concluded that the promotion activities by the Project have contributed to the increase to some extent.

The Project has also contributed to strengthening the regional framework of the four MERCOSUR countries in the tourism sector. In a joint tourism promotion approach like the Project, it is sometimes time-consuming to coordinate among the four countries. However, considering both advantages and disadvantages of the joint tourism promotion approach, the advantages can outweigh the disadvantages since the four countries can complement various kinds of resources.

The Project has two Project Purposes. The first Project Purpose seems difficult to be achieved by the end of the Project since the MERCOSUR side has not established the system in which they can operate JPMO by themselves. Therefore the MERCOSUR side has requested the Phase 2 of the project in order to strengthen it furthermore. As for the second Project Purpose, since the master plan for tourism promotion in Japan seems to be completed by the end of the Project, it will be achieved by the end of the Project. It can be expected that they will expand their market not only in Japan but also in other countries by utilizing the master plan.

6 Recommendations

The MERCOSUR side needs to complete the following issues by the end of the Project (January 13, 2008).

- 1) To finalize the master plan for tourism promotion in Japan
- 2) To conduct the supporting committee in Japan
- 3) To discuss and decide whether the MERCOSUR side will create the visual identity or not
- 4) To finish the necessary procedures to renew the contract of JPMO (Argentina: disbursement of the rent)
- 5) To apply for a working VISA for the director of JPMO as soon as possible (Brazil)
- 6) To decide the roles of PMO
- 7) To submit the proposal for Phase 2 to JICA

7 Lessons Learned

The following lessons are learned from the Project.

- 1) In a regional project targeting several countries, it is important to share information timely and precisely among the countries. Coordination among the countries is sometimes time-consuming. Therefore, the roles of a coordinator are very important.
- 2) In a regional project targeting several countries, a single country can do what the country alone cannot do because they can complement resources with one another.
- 3) In a regional project targeting several countries, each country has different political and legal procedures for establishing an institutionalized entity.

- 4) At the planning stage, the expression of the PDM should be written in a concrete sentence, and a measurable indicator for the expression should be fixed. In particular, the definition of the Project Purpose(s) should be shared among both sides.

8 Follow-up Situation

The four MERCOSUR member states requested the Phase 2 of the project starting from 14/1/2008 for two years. In the Phase 2, JICA will decrease its inputs drastically, and on the other hand, the MERCOSUR side will make a big increase of their inputs, in order to attain sustainability to the maximum extent after the completion of the Phase 2.