

Ex-Post Evaluation of Japanese Technical Cooperation Project

The Mercosur Tourism Promotion Project

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0. Summary

The objective of the Mercosur Tourism Promotion Project (hereinafter referred to as “the Project”) was to strengthen tourism promotion activities in Japan by then four member countries of the Mercosur.¹ This objective matched one of the important policy challenges of the Mercosur which is a customs union aimed at strengthening the international competitiveness of its member countries. There is a strong rationale for joint tourism promotion by member countries of the Mercosur, targeting distant countries such as Japan. As the Project is highly consistent with Japan’s ODA policy, its relevance is high. Under the Project, member countries of the Mercosur set up the Mercosur Tourism Promotion Office in Japan (Japan Office) in Tokyo², establishing a system for the joint promotion of tourism. Joint promotion is much more efficient than separate promotion by individual countries. These needs suit the Japanese preference to tour several countries in a distant region, the Project has been praised by the Japanese tourism industry. In addition, the number of Japanese tourists visiting member countries of the Mercosur has increased and the Japanese tourism industry acknowledges that their turnover for tourism in the Mercosur region has also increased compared to the pre-Project period. Accordingly, the effectiveness/impact of the Project is high. The Project was, in fact, implemented in two phases. Most of the outputs were achieved and also the project period was completed in five years as planned. As such, the efficiency of the Project is high. In Phase 2, the financial contribution by the Mercosur side significantly increased, boosting its stance of self-reliance in regard to project-related activities. The joint tourism promotion activities in Japan by member countries of the Mercosur are still continuing at the time of ex-post evaluation and their performance levels are highly praised by the Mercosur side and Japanese tourism industry. As such, the sustainability of the Project is high.

In the light of the above, the Project is evaluated to be highly satisfactory.

1. Project Description



Project Locations



Mercosur Booth at the JATA (Japan Association of Travel agencies) Travel Showcase

¹ The original four member countries of the Mercosur were Argentina, Brazil, Paraguay and Uruguay. Venezuela joined as a full member in June, 2012.

² The Mercosur Tourism Office in Japan was called “the Japan Project Management Office (JPMP)” during the project period. In this report, the office is referred to as either the JPMP or simply as “the Japan Office”.

1.1 Background

The Mercosur (*Mercado Común del Sur / Mercado Comum do Sul / Southern Common Market*) is a customs union which came into force on 1st January, 1995 based on the Treaty of Asunción signed by Argentina, Brazil, Paraguay and Uruguay for the purpose of strengthening the international competitiveness of its member countries. The governments of these countries considered the development of tourism to be an important means of earning foreign currencies, reducing regional income gaps and creating employment opportunities. They emphasized the development of new markets, particularly Asia with strong potential, for tourism in their own countries in addition to more conventional markets, such as North America and Europe. Although there was a general understanding that the joint promotion of tourism by member countries of the Mercosur would be more advantageous in terms of cost effectiveness, the actual cooperation was limited to regional policy coordination. There was, in fact, no institutional framework for joint tourism promotion by member countries of the Mercosur.

Under these circumstances, the four member countries of the Mercosur made a request to the Government of Japan for the provision of training, the principal aim of which was to examine the feasibility of the promotion of Mercosur tourism in the Japanese market. In February, 2003, the Japan International Cooperation Agency (JICA) implemented a region-focused training program. Through this training, the Mercosur side compiled a draft joint project designed to develop the Asian market centering on Japan and made an official request for Japan's technical cooperation for this project in December, 2003. In response, the JICA conducted an ex-ante evaluation study in February, 2004. This was followed by the signing of the comprehensive Record of Discussions involving the four member countries of the Mercosur in October, 2004, agreeing on a project aimed at (i) establishing a framework for joint tourism promotion by the four member countries and (ii) developing a tourism promotion model targeting new markets for the Mercosur. Following a meeting of *Grupo Ad-Hoc de Reunion Especializada de Turismo*, so called, the Ad Hoc Group, a sub-committee of the Mercosur Specialized Meeting on Tourism³, in January 2005, the Mercosur Tourism Promotion Project was implemented in the two Phase, from January 2005 to January 2008 (Phase 1) and from January 2008 to January 2010 (Phase 2) with the competent Ministry for Tourism Promotion in each of the four member countries of the Mercosur and the Mercosur Specialized Meeting on Tourism acting as the counterpart organizations.

1.2 Project Outline

Overall Goal		(1) Expansion of the market size for Mercosur tourism in Japan* (2) Enhanced bilateral collaboration between member countries of Mercosur and Japan in the tourism sector.
Project Objective		Consolidation of tourism promotion activities in the Japanese market. (Objective of the Phase 2 Project)
Phase 1		
Outputs	Output 1	Strengthened framework for regional collaboration in the tourism sector
	Output 2	Enhanced capacity of the Mercosur for tourism planning
	Output 3	Enhanced capacity of the Mercosur for tourism marketing
	Output 4	Enhanced capacity of the Mercosur for tourism product development
	Output 5	Enhanced capacity of the Mercosur for human resources development
Phase 2		
Outputs	Output 1	Framework for regional collaboration among member countries of the Mercosur in the tourism sector is strengthened.

³ The Mercosur has a number of Specialized Meetings serving individual sectors. The Specialized Meeting on Tourism is one of these.

	Output 2	Official status and self-management structure of the Project Management Office in Japan (JPMO) are established.	
	Output 3	Tourism promotion activities are implemented based on the Master Plan developed in the Project Phase 1.	
	Output 4	Capacity of personnel concerning tourism promotion targeting the Japanese market is developed	
Inputs		<u>Japanese Side: Phase 1</u> 1. One long-term expert 2. 34 trainees received 3. Equipment: ¥5,082 million 4. Local Cost: ¥26,218 million	<u>Japanese Side: Phase 2</u> 1. Assignment of a training coordinator and a part-time advisor 2. Trainees received in Japan: - Mercosur Tourism Promotion Seminar (once a year, twice in total): 14 persons from MERCOSUR member countries (The cost was shared by Mercosur member countries and JICA) - On the Job Training: 4 persons (6 months each) 3. Cost of interpreter during FAM ⁴ /Press tour: One person Total spending by the JICA: ¥42.7 million (at the time of the evaluation)
		<u>Counterparts: Phase 1</u> 1. Assignment of 4 personnel (one from each country) 2. Land and Facilities: An office for the long-term expert in the Ministry of Tourism and Sport, Uruguay. 3. Project Cost (Total: US\$591,000) Argentina: US\$137,000 Brazil: US\$313,000 Paraguay: US\$70,000 Uruguay: US\$71,000	<u>Counterparts: Phase 2</u> 1) Assignment of ad hoc members: 4 personnel (One representative who is responsible for the Project in each country) 2) Financial contributions: Total ¥114.46 million • Argentina : Rent and operational costs of JPMO, promotional activities, etc.: ¥29.97 million • Brazil: JPMO director salary, promotional activities, etc.: ¥63.35 million • Paraguay: Costs for JATA World Travel Fair, promotional activities, etc.: ¥11.30 million • Uruguay Costs for JATA World Travel Fair, promotional activities, etc.: ¥9.84 million
Total Cost		¥350 million (Phase1); ¥40 million (Phase2)	
Period of Cooperation		January 2005 –January 2008 (Phase1) January 2008 –January 2010 (Phase2)	
Implementing Agencies		Tourism ministries/agencies of Mercosur member countries; National Secretariat of Tourism (Argentina and Paraguay), Ministry of Tourism (Brazil and Uruguay) Mercosur Specialized Meeting on Tourism	
Related Projects		Regional Training Program “Mercosur Tourism Promotion Seminar” (2002, 2003, 2004)	

Notes: This Project was divided into two phases. As the project objective was basically the same and the outputs of the respective phases were almost the same, the two phases were evaluated as one project. (The reason behind this decision is elaborated in 3.3 Efficiency.)

* Based on the Overall Goal of the Phase 1 “Enhanced bilateral collaboration between member countries of Mercosur and Japan in the tourism sector” of which indicator “Expansion of Japanese market for Mercosur member countries” has been revised to clarify the goal.

The implementation structure of the Project is shown in Fig.1. The Mercosur Specialized Meeting on Tourism is composed of representatives of government ministries/agencies responsible for the tourism sector in Brazil, Argentina, Paraguay and Uruguay while the Ad Hoc Group of the Mercosur Specialized Meeting on Tourism is composed of people working in the public sector of tourism in

⁴ A familiarization tour, which is a study tour for travel agencies to develop new travel products, is called a FAM tour.

each country concerned. For the implementation of the Project, the PMO⁵ and Japan Office were set up in Montevideo in Uruguay and Tokyo in Japan respectively.

The PMO was responsible for coordination of the people representing the four Mercosur member countries as well as the liaison with the Japan Office. To assist the work of the PMO, a Japanese expert was dispatched from December, 2005 after the commencement of the Project to the end of January, 2008. In addition, local coordinators were appointed in Brazil, Argentina and Paraguay to assist the activities of the Ad Hoc Group of which the members were responsible for the practical management of the Project in each partner country.

The Japan Office functioned as a base for the joint tourism promotion of the Mercosur member countries and its day-to-day operation and management were entrusted to the Japan International Cooperation Center (JICE). A Spanish-speaking assistant and others were assigned to this office. The Director of the Japan Office dispatched from Brazil and four government officials from various member countries of the Mercosur were successively assigned for on-the-job-training lasting for some six months each time to experience front-line tourism promotion activities. These were assisted by the JICA Tokyo (Tokyo International Center). In addition, a training supervisor and an advisor were also assigned to the Japan Office to supervise/support a wide range of tourism promotion activities. Meanwhile, the Project Support Committee in Japan was established to perform an advisory function for the Project. The members of this committee were university professors in the field of tourism and representatives of the Japan Association of Travel agencies (JATA), Overseas Tour Operators Association of Japan (OTOA), Japan Travel Bureau Foundation (JTB), Tour Conducting Service Association in Japan and Association of Nikkei and Japanese Abroad. The Japan Office not only developed a close cooperative relationship with travel agencies, airlines and others involved in tourism but also actively implemented a media strategy, including the commissioning of broadcasting programs, etc., to publicize tourist attractions in the Mercosur region to potential tourists throughout the project period.

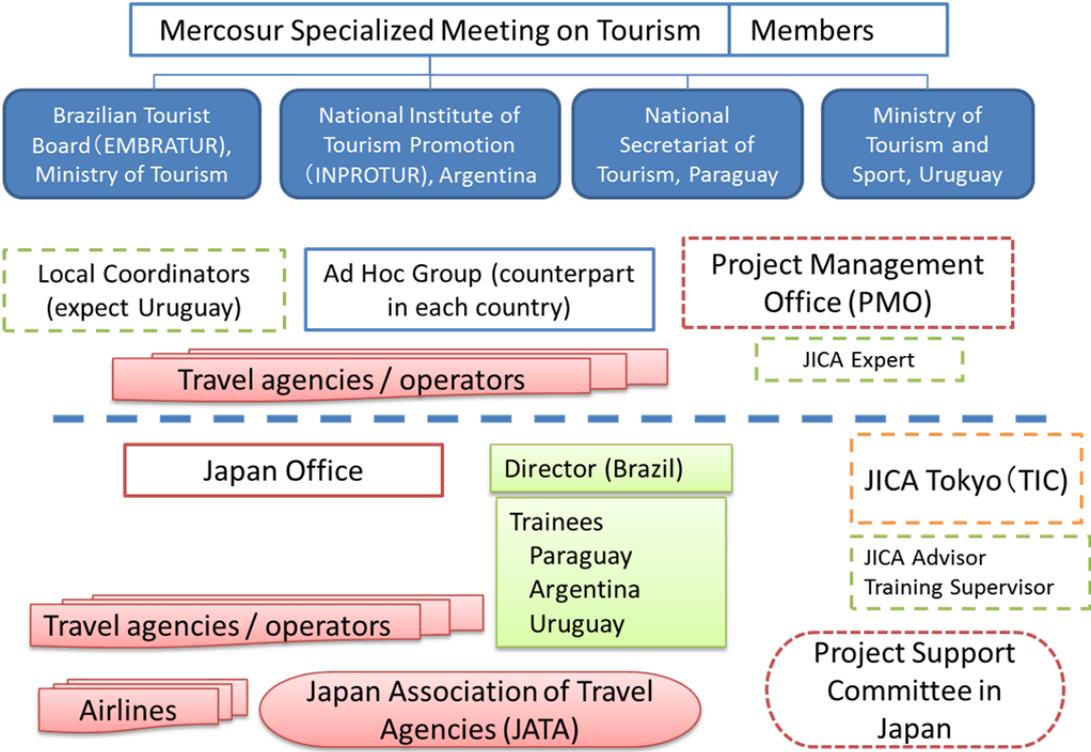


Fig. 1 Project Implementation Structure

⁵ Project Management Office

1.3 Outline of Terminal Evaluation

1.3.1 Achievement of Overall Goal

There were two overall goals in Phase 1: (i) expansion of the market size for Mercosur tourism in Japan and (ii) enhanced bilateral collaboration between member countries of Mercosur and Japan in the tourism sector. The terminal evaluation report statistically confirmed an increase of the number of Japanese tourists visiting the Mercosur region. The report also observed that by means of sharing the objective of promoting tourism in Japan, the sense of solidarity among the four member countries of the Mercosur had been enhanced and that regular meetings of the tourism minister as well as meetings of the Ad Hoc Group, which was the counterpart for the Project and included some members of the Mercosur Specialized Meeting on Tourism had contributed to the strengthening of the framework for the promotion of Mercosur tourism.

The objective of Phase 2 was the self-reliant management of the Japan Office. The terminal evaluation report observed that the common fund for the promotion of Mercosur tourism approved by the Common Market Council (CMC)⁶ in December, 2009 paved the way for legislation in each country to establish the fund by June, 2011 so that the operation of this common fund could commence by the end of 2011. The report concluded that there was a strong prospect for the achievement of the Phase 2 objective: “self-reliant management of the Japan Office”.

1.3.2 Achievement of Project Objective

Phase 1 had two project purposes: (i) institutionalization of regional collaboration among the Mercosur member countries in the tourism sector and enhancement of the collective capacity for tourism promotion and (ii) establishment of a bridge head for the Mercosur in the Japanese tourism market and development of a tourism promotion model for new markets. The degree of achievement of the first project purpose was evaluated based on its interpretation that “financial and organizational tools would be created to operate the JPMO without JICA assistance”. Based on this interpretation, it was judged that the first project purpose was difficult to achieve at the terminal evaluation stage as there were no financial and organizational arrangements to enable the Mercosur to operate the Japan Office by itself at the time of project completion (January, 2008) despite a series of consultation meetings on the distribution of the available funds by the Mercosur side. In regard to the second project purpose, the terminal evaluation report concluded that this would likely be achieved by the end of the Project in view of the fact that the Director of the JPMO was expected to finalize a Mercosur tourism promotion Master Plan in Japan by the end of the Project while referring to the market survey results and other relevant information.

In regard to the project objective of Phase 2: “consolidation of tourism promotion activities in the Japanese market”, this objective was expected to be achieved during the project period because (i) regular meetings of the Mercosur Specialized Meeting on Tourism made this body function as a decision-making organization for the Japan Office and (ii) the development of financial and organizational mechanism to promote tourism without Japanese assistance was making progress by means of establishing a common fund.

1.3.3 Recommendations

The recommendations made in the terminal evaluation report for Phase 1 were mainly of an administrative side, such as (i) finalization of the Master Plan for tourism promotion in Japan, (ii) holding of meetings of the project support committee involving both the public and private sectors in Japan, (iii) discussion of and decision on whether the Mercosur side will create a visual identify, (iv) completion of the necessary procedures to renew the contract for the Japan Office (Argentina), (v)

⁶ The CMC is the supreme decision-making body of the Mercosur.

application for a working visa for the Director of the Japan Office as soon as possible (Brazil), (vi) decision on the roles of the PMO in Phase 2 and (vii) submission of the proposal for Phase 2 to JICA.

The terminal evaluation report for Phase 2 recommended that the Mercosur member countries should continue their efforts to establish a common fund to ensure their self-reliant development, facilitate decision-making and activities, strengthen the monitoring function and establish a mechanism for collaboration of the public and private sectors of the Mercosur member countries, including the convening of regular meetings. It also recommended that the Mercosur side use every opportunity to provide all stakeholders with information on the Japanese market and the activities of the Japan Office. Moreover, in the light of the prospect of the changing status of the Japan Office from the project management office in Japan to the office for Mercosur tourism promotion in Japan without JICA's assistance after the completion of the Project, the report proposed the planning of a post-project strategy for Mercosur tourism promotion in the Japanese market and possible activities of the Japan Office after 2010, taking the likely reduction of the office's manpower and priority issues for Mercosur tourism promotion activities in Japan into consideration. As far as the Japan Office is concerned, the report recommended strengthening of its information service function, including improvement of the website and the provision of information and photographs on tourist destinations in the Mercosur region against the background of an increasing number of package tours to the Mercosur region organized by Japanese travel agencies and tour operators.

2. Outline of the Evaluation Study

2.1 External Evaluator

Nobuko Shimomura (Global Group 21 Japan, Inc.)

2.2 Duration of the Evaluation Study

The ex-post evaluation study for the project was conducted over the following period.⁷

Duration of Study:	January, 2013 to December, 2013
Duration of the Field Survey:	May 23 – 27, 2013 (Paraguay and Brazil)

3. Results of the Evaluation(Rating: A⁸)

3.1 Relevance (Rating: ③⁹)

3.1.1 Relevance to the Development Plan

Member countries of the Mercosur list tourism promotion as a priority policy in the hope that tourism will increase foreign currency earnings with relatively small public investment facilitate employment in local areas and alleviate poverty. The implementation of the Project was highly emphasized as the Project was expected to assist the first intra-regional collaboration in the tourism sector to develop a framework for joint tourism promotion.¹⁰ Brazil and Argentina in particular position tourism development to be a priority issue in the current national development policy from the viewpoints of earning foreign currencies and employment creation. The progress of intra-regional cooperation in the

⁷ A questionnaire survey with approximately 20 Japanese travel agencies was conducted as a beneficiary survey.

⁸ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁹ ③: High, ②: Fair, ①: Low

¹⁰ Prior to the commencement of the Project, the Minister for Tourism and Sport of Uruguay, a member country of the Mercosur, visited Japan. Together with the ambassadors to Japan and other government officials of the four member countries of the Mercosur, he praised Japan's assistance for the Project and also a strong motivation expressed the determination of the Mercosur to continue the project-related activities.

tourism sector is evident and includes the signing of a bilateral agreement for tourism promotion between Uruguay and Argentina in 2003. In the light of the above, the relevance of the Project to the development policies of the Mercosur is high.

3.1.2 Relevance to the Development Needs

At the time of the Project, the member countries of the Mercosur found it to be urgently necessary to diversify the market for Mercosur tourism as the number of tourists from such traditional regions as North America and Europe had stagnated. Meanwhile, the number of tourists from Asia, including Japan, had been small because of such impeding factors as long distance and lack of information.¹¹ Because Japan had been the largest market in Asia for Mercosur tourism, it was reasonable to establish a Mercosur tourism promotion office in Japan.

The Project was the first attempt of Mercosur member countries to share the cost of an international activity to achieve a joint objective. The Project was highly advantageous for Uruguay and Paraguay as they were promoting tourism in their own countries along with Brazil and Argentina which had been more attractive destinations for international tourists. For Brazil and Argentina, as their tourist appeal had been limited in distant countries like Japan, the joint tourism promotion of multiple countries was more appealing to the tourist industry in the target markets. This approach matched the needs of Japanese tourists who tend to prefer to tour several countries when visiting a distant region.

In the light of the above, the Project was highly relevant to the development needs of the Mercosur.

3.1.3 Relevance to Japan's ODA Policy

The Government of Japan has been paying close attention to the trend of regional integration in Latin America and has been pursuing the development of active relationships, especially economic relationships. In terms of bilateral technical cooperation with the four member countries of the Mercosur, tourism development is identified as part of poverty reduction in the JICA's project implementation program for Paraguay and part of the vitalization of the local economy in the corresponding program for Argentina. As such, tourism development is positioned an effective approach for economic development.

As the Project has been highly relevant to the development policies and needs of the Mercosur member countries as well as Japan's ODA policy for the region, its relevance is evaluated to be high.

3.2 Effectiveness and Impact¹² (Rating: ③)

3.2.1 Project Outputs

3.2.1.1 Project Outputs

Although the Project was implemented in two phases, the planned outputs of Phase 2 formed part of the planned outputs of Phase 1. As such, the degree of achievement has been analyzed in this ex-post evaluation in terms of the planned outputs of Phase 1. In the case of the employment of different indicators in Phase 1 and Phase 2 for the same output, the degree of achievement of each indicator is analyzed.

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

¹¹ For example, even if tourism promotion was planned to set up a booth at the JATA Travel Showcase, a request by Japanese travel agency to set up such a booth was required. Because of the limited number of potential tourists to individual countries, the promotion of tourism by individual countries was difficult.

¹² Sub-rating for Effectiveness is to be put with consideration of Impact.

Indicator 1.1: Plan of Mercosur Tourism Promotion Office in both in Mercosur and in Japan (Phase 1 indicator)

Indicator 1.2: Number of meetings of the Support Committees (Phase 1 indicator)

Indicator 1.3: Approval of the strategy of the Mercosur tourism promotion of Mercosur institutions (Phase 2 indicator)

Indicator 1.4: Documents which prove the official status of the Japan Office (Phase 2 indicator)

Indicator 1.5: Allocation and disbursement of the necessary budget for the self-management of the Japan Office (Phase 2 indicator)

Indicator 1.6: Employment of staff for the Japan Office by the Mercosur (Phase 2 indicator)

Indicator 1.1 was achieved as the PMO and the Japan Office (JPMO) were established in Uruguay and in Tokyo respectively along with rules for their operation and management by the Mercosur Specialized Meeting on Tourism.

Indicator 1.2 was achieved as the Mercosur Specialized Meetings on Tourism were held 19 times and the Public-Private Collaboration Meetings in Japan were held three times (until October, 2007) along with similar public-private collaboration meetings in each country and irregular meetings for the exchange of opinions with travel agencies, etc. in the private sector. However, it is difficult to accurately assess the number of public-private collaboration meetings in each Mercosur country as the formats for these meetings were quite diverse. Exchanges of opinions with private travel agencies in Japan were conducted through the Project Support Committee in Japan, FAM tours and JATA Travel Showcase.

The Japan Office prepared an annual plan in line with the general guidelines prepared by the Mercosur Specialized Meeting on Tourism. As this plan was approved by the aforementioned Meeting (which is an official Mercosur institution) on Tourism, Indicator 1.3 was achieved.

Documents proving the official status of the Japan Office had not been prepared by the time of project completion as feared in the Phase 2 terminal evaluation report. Therefore, Indicator 1.4 was not achieved. While the establishment of a common fund with contributions by each country was proposed as the best method to establish the official status of the Japan Office, the preparation of documents to prove the official status was found to be extremely difficult because of the different institutional arrangements in each country. In the end, the proposed common fund did not materialize. However, cost sharing by the member countries of the Mercosur to run the Japan Office was agreed in writing at a meeting of the Mercosur Specialized Meeting on Tourism in 2009¹³, enabling the self-reliant management of the Japan Office without official status.

The Director of the Japan Office was appointed with funding by Brazil while a training supervisor and advisor were assigned at the JICA's expense (Indicator 1.6 was achieved).

Based on the above, Output 1 is judged to have been achieved.

(2) Output 2: Enhanced capacity of the Mercosur in tourism planning

Indicator 2.1: Master Plan for tourism promotion (Phase 1 indicator)

¹³ A resolution of the CMC (No. 24 of 2009) states that it is deemed to be useful to pursue the possibility of continuing the positive outcomes of the Mercosur Tourism Promotion Project jointly implemented by the JICA and the Mercosur in Japan, thereby necessitating the establishment of a financial organ to continue tourism promotion activities in Japan.

Apart from the commissioning of a market survey, etc. to outsiders, the Japan Office independently gathered information and formulated a Master Plan for tourism promotion as a guideline document for activities over a period of two years after the completion of the Project. Therefore, Output 2 was achieved.

(3) Output 3: Enhanced capacity of the Mercosur in tourism marketing

Indicator 3.1: Increased number of persons reached (through website) (Phase 1 indicator)

Indicator 3.2: Guidelines/manuals for marketing (Phase 1 indicator)

Indicator 3.3: Implementation of same kind of tourism promotion activities based on the Master Plan (Phase 2 indicator)

Indicator 3.4: Allocation and disbursement of the necessary budget for the implementation of activities (Phase 2 indicator)

As it is difficult to clearly distinguish marketing activities (Output 3) and activities to facilitate the development of tourism products (Output 4), Output 3 and Output 4 are jointly evaluated in this ex-post evaluation.

The Japan Office website received approximately 130,000 hits from January, 2006 to July, 2007. Because of the lack of data for the subsequent period, it is impossible to determine whether the number of hits has increased or decreased. Therefore, it is impossible to evaluate Indicator 3.1.¹⁴

The marketing guidelines and manuals were said to be in preparation at the time of the terminal evaluation of Phase 1. However, no confirmation of the existence of any marketing guidelines has been made by the ex-post evaluation except for a document stating the handing over of assignment between trainees. Accordingly, it is impossible to judge the degree of achievement of Indicator 3.2.

In the Phase 2 period, various activities were conducted in line with the Master Plan formulated in Phase 1. These activities included publicity of the Mercosur in the JATA TABIHAKU Travel Showcase¹⁵, various events and seminars, FAM tours and the website for promotion, marketing to individual travel agencies and tour operators, and preparation and distribution of tourism brochures. Because of these activities, Indicator 3.3 was achieved. Table 1 lists the main tourism promotion activities during and after the project period while Table 2 lists the brochures prepared under the Project.

As far as budgetary measures are concerned, the member countries of the Mercosur agreed during the project period to fund the operation of the Japan Office, etc. in proportion to each country's share of Japanese tourists to the Mercosur region and paid the cost of a booth at the JATA Travel Showcase, tourism promotion activities in general, production cost of brochures, meeting expenses and other expenses. As such, Indicator 3.4 was achieved.

¹⁴ The hit counter of the website encountered a technical problem. However, as communication with tour operators and travel agencies in Japan primarily used email with a mailing list, repair of the hit counter was judged to have been a low priority. As a result, the hit counter has been excluded.

¹⁵ The JATA TABIHAKU Travel Showcase organized by the JATA comprises four principal elements: (i) JATA Travel Showcase providing the latest tourism information, including new styles of travelling abroad, (ii) JATA Tourism Forum discussing possible ways of developing the tourism industry, (iii) JATA International Business Meeting where travel sellers and buyers from Japan and abroad meet one another for business negotiations and (iv) Commendation Awards Ceremony praising those organizations, corporations and individuals who have contributed to the development of travel destinations or stimulated the demand for tourism by offering hit products on the market.

Based on the above, Output 3 was generally achieved.

Table 1 Main Activities of the Japan Office

During the Project Period	After the Project Period (since 2010)
<ul style="list-style-type: none"> ① FAM tour (combination of two countries: for example, Argentina and Uruguay in June and September, 2009 and Brazil and Paraguay in September, 2009) ② Preparation of joint tourism promotion brochures for the four countries ③ Promotion and renewal of the Japan Office homepage ④ Introduction of the Mercosur tourism promotion seminar and establishment of the Project Support Committee ⑤ Participation in the JATA Travel Showcase (every year since 2005) and other events; planning of events (Mercosur Evening in 2008, introducing the music, dance and tourism information of Mercosur member countries) ⑥ Loan and distribution of publicity materials (photographs and brochures) ⑦ Joint promotion with trainees of the JICA Project. Collaboration with travel agencies, mass media, advertising agents, airlines and other private enterprises as part of the joint promotion; cooperation with television program makers 	<ul style="list-style-type: none"> ① Awards for excellently planned products (the Mercosur Tourism Award ceremony has been held every year since 2009 by the Japan Office to award travel agencies, tour operators and airlines) ② Study trips for travel planners (three times in 2011) ③ Regular destination seminars for the tourism industry (four times in 2011, JATA Destination Seminar in 2012 and 2013 seminars/study meetings targeting the tourism industry) ④ Cooperation for destination presentation events by travel agencies to explain their products (five times in 2011) ⑤ Touring seminars ⑥ Free loan of photographs to travel agencies, media and publishers ⑦ Free supply of brochures in Japanese ⑧ Presentation of Let's Go Kaigai and JATA Travel Showcase (regarding the latter, eight spaces have been booked every year since 2005 when the Japan Office was established to the present) ⑨ Guidance on specific destinations and consultation

Source: The Japan Office

Table 2 Brochures Prepared during the Project Period

Country	Title of Brochure /DVD	Number of Copies (Year of Publication)
Argentina	Brochure for the tourism industry	6,000 copies (2006)
	Brochure for the public	2,000 copies (2006)
	Wine and Tourism	2,000 copies (2007)
	Tour of the World Heritage	5,000 copies (2007)
	20 Model Tour Routes of Argentina	Number of copies unknown (2006)
	DVD: Tour of Tango, Wine and the World Heritage	Both number of copies and year of publication unknown
Uruguay	Brochure	1,500 copies (2006)
	Uruguay Natural	1,000 copies (2007)
	DVD: Uruguay Natural	200 copies (2007)
Paraguay	Tourism guide on Paraguay	9,500 copies (2006)
	Introduction of Paraguay	10,000 copies (2007)
	DVD: Introduction of Paraguay	200copies (2007)
Brazil	Tourism Map	17,000copies (2006)
	Introduction of Carnival	1,000copies (2007)
	DVD: Introduction of Brazil	Number of copies unknown (2007)

Source: Information provided by the JICA

(4) Output 4: Enhanced capacity of the Mercosur in tourism product development

Indicator 4.1: Increase in the number of products developed (Phase 1 indicator)

The tourism promotion brochures published by the Japan Office introduce tourist spots and model courses in each Mercosur country. Tourism products are, however, essentially developed by Japanese travel companies and the Japan Office continually assists the tourism promotion activities referred to in connection with Output 3. Although it is difficult to quantitatively determine the number of products developed by Japanese travel companies because of the lack of data, the questionnaire survey with travel agencies in Japan found that travel agencies in Japan much appreciate the provision of information (in the form of brochures in Japanese, tourist spot information and photographs) by the Japan Office for the development of new tourism markets for them. They also highly evaluate the Japan Office's cooperation for FAM tours, advice on individual agents and consultations with local travel agencies, tour operators and others involved in tourism in the Mercosur region. They have also reported the increased sale of products featuring the Mercosur region. Without such cooperation by the Mercosur side for the development of tourism products, it would have been impossible to develop new products and to increase the number of tourists to the region. Such observation suggests that the capacity of the Mercosur for tourism product development has been enhanced. Accordingly, Output 4 was achieved.

(5) Output 5: Enhanced capacity of the Mercosur in tourism human resources development

Indicator 5.1: Maintained network of focal persons (Phase 1 indicator)

Indicator 5.2: Number of persons attended workshops implemented by a Japanese Advisor (Phase 1 indicator)

Under the Project, approximately 30 focal persons, mainly government officials, involved in tourism underwent training. Long-term trainees had direct dealings with the tourism industry in Japan while liaising with the Japan Office and competent authority for tourism in their respective countries. Such competent authorities for tourism and Japanese travel agencies praised the long-term training and FAM tours as the training, etc. provided an excellent opportunity for Mercosur personnel to understand tourism promotion methods suited to the tourism needs of Japan as well as the characteristics of Japanese tourists (in terms of tour contents, destinations and contractual conditions with travel agencies). The activities of former trainees on their return to their own countries were not necessarily restricted to tourism promotion and the Mercosur side highly valued the joint implementation of a tourism promotion policy targeting Japan as it obtained valuable experience by this exercise. One drawback is that the returned trainees have not organized seminars, making any spillover effects of the former trainees unlikely. Based on the above, Indicator 5.1 was generally achieved.

During the project period, tourism promotion events/seminars were held six times in Mercosur member countries. However, the planned dispatch of a Japanese advisor did not materialize, partly because of the difficulty of dispatching a long-term tourism expert to the Mercosur and partly because of the failure of the Mercosur side to clarify the need for such an advisor.

Although a workshop led by a Japanese expert was not organized, the human resources development effect of training on Mercosur personnel is believed to be very large. Therefore, Output 5 was generally achieved.



Mercosur Evening (introducing the tourist attractions and culture of the Mercosur region)



FAM tour (study tour for Japanese travel agency personnel to the Mercosur region)

3.2.1.2 Achievement of Project Objective

The degree of achievement of the objective of the Phase 2 Project: “consolidation of tourism promotion activities in the Japanese market” is analyzed here.¹⁶ As the two indicators originally set for the project objective are considered to be insufficient, a third indicator has been added for the present ex-post evaluation as listed below.

Indicator 1: Creation of financial and organizational tools to conduct promotional activities in Japan without any assistance from Japan

Indicator 2: Implementation of same kinds of tourism promotion activities in Phase 1

Indicator 3: Satisfaction on the part of Japanese travel companies and overseas tour associations with the activities conducted by the Japan Office

As already mentioned in Output 3 of the Project, there was an agreement for a mechanism to share the cost of Mercosur tourism promotion activities based on the number of Japanese tourists visiting each country. There is now an institutional framework centering on the Mercosur Specialized Meeting on Tourism and the Japan Office for joint tourism promotion in the Mercosur region. As such, Indicator 1 was achieved.

Activities similar to the tourism promotion activities in Phase 1 continued until the end of Phase 2 in line with the Master Plan formulated in Phase 1. Therefore, Indicator 2 was achieved.

There are approximately 30 Japanese travel companies using the services provided by the Japan Office, all of which are involved in Mercosur tourism. Interviews as well as a questionnaire survey with these travel companies and an overseas travel association (JATA) as part of the ex-post evaluation have found that the level of satisfaction among them with the activities conducted by the Japan Office is extremely high for the following reasons.¹⁷

- Because of the great distance of the four Mercosur member countries from Japan, Japanese tourists tend to prefer tours which involve more than one country. The Japan Office can fully accommodate such preference.

¹⁶ As the project objectives (purposes) and their indicators in Phase 1 are identical to some outputs and their indicators, they are excluded from the present analysis.

¹⁷ In regard to the questionnaire survey with travel companies, it was difficult to set questions which exclusively dealt with the situation at the end of the Project.

- As the Japan Office functions as a one-stop information center for tourism in the Mercosur region, it is very convenient. In the past, communication with the tourism industry in Latin American countries was very time-consuming. In contrast, the Japan Office is quick to respond to requests for specific information.

The tourism promotion activities launched under the Project have been continuing even after the completion of the Project up until today. In 2012, the Japan Office received an award by the JATA as the most prominent foreign tourism office in Japan (JATA Tourism Award in the Foreign Tourism Office and Embassy Category).

In the light of the above, the project objective was judge to be achieved.

Box: Results of the Beneficiary Survey with Japanese Tour Operators

While the beneficiary of the Project is the tourism sector in each member country of the Mercosur, a beneficiary survey as part of the ex-post evaluation was conducted with Japanese tourism sector in line with the project objective of increasing the number of Japanese tourists to the Mercosur region. The targets were Japanese tour companies which used the tourism promotion services of the Japan Office. The findings of the interviews and questionnaire survey were then used to analyze the effectiveness and impact of the Project. The questionnaire was sent to 28 member tour companies of the JATA which had organized tours to the Mercosur region and 14 of these tour companies replied. 12 of these 14 responded that their sales of tours to the Mercosur region had increased. Most of the tour companies replied favorably about the role of the Japan Office and admitted that the Mercosur tourism market had improved tremendously in recently years from a market with problematic access by air because of its distance from Japan, limited information and difficult communication. Even though only 8 of these 14 are aware of the JICA's project, the contribution of the Project and contents of the services provided by the Japan Office are widely recognized by Japanese tour companies, illustrating the high reputation of the Project.

3.2.2 Impact

3.2.2.1 Continuation of Activities in the Post-Project Period

Since the completion of the Project, the PMO in Uruguay has closed down but the Japan Office is still functioning as of the time of the ex-post evaluation as it was during the project period.

The Mercosur's joint tourism promotion arrangement supported by the Japan Office and Mercosur Specialized Meeting on Tourism which convenes approximately twice a year is firmly established and the annual activity plan is examined and approved by the latter. Even though those responsible for tourism promotion in individual countries do not necessarily refer to the Master Plan formulated under the Project, the Mercosur Specialized Meeting on Tourism discusses and formulates an annual plan for the Mercosur region. There is no revised Master Plan or guidelines but the necessary marketing activities are included in the annual plan.¹⁸ The division of work between the Japan Office and Ad Hoc Group members in individual countries is clearly defined while incorporating requests from the private sector in a flexible manner.

The Japanese staff members of the Japan Office have been continually employed since the completion of the Project by the Mercosur side, i.e. Mercosur Specialized Meeting on Tourism. The position of Director of the Japan Office is currently vacant. According to the EMBRATUR (Brazilian Tourism Board), recruitment is in progress for the appointment of a new Director by the end of 2013. The Japan

¹⁸ Those responsible for tourism promotion in individual countries believe that the present method of formulating an annual plan is sufficient and that revision of the master plan is unnecessary.

Office is very active and is continuing its activities, including its participation in the JATA Travel Showcase, sponsoring of FAM tours, seminar and events and providing information for travel agencies, etc.

On the Mercosur side, the competent agencies, etc. for tourism in individual countries have occasional meetings with the private sector and have knowledge of the trends of Japanese tourists visiting their countries.

The self-management of the Japan Office with the financial contribution of each country has continued throughout the post-project period. Each country is well aware of the importance of the Japan Office and their commitment to the Japan Office is undoubtedly clear.

3.2.2.2 Achievement of Overall Goals

The Project had two overall goals as listed below.

- Expansion of the market size for Mercosur tourism in Japan
- Enhanced regional collaboration among the member countries of the Mercosur in the tourism sector

The expansion of the Japanese market can be checked in terms of the number of Japanese visitors to each of the four member countries of the Mercosur. In 2009, the Mercosur Minister for Tourism reported to the CMC that the number of Japanese visitors to the Mercosur region had exceeded 100,000 from approximately 60,000 recorded 10 years ago.¹⁹ The questionnaire survey with Japanese tour companies found that sales for Mercosur tourism had increased for most tour companies, suggesting a positive impact of the Project. Around 2008 during the project period, it was reported that the Government of Chile and the Government of Peru had both expressed a desire to participate in the tourism promotion activities of the Mercosur. Such a development clearly indicates a positive impact of the Project on neighboring countries.

Table 3 Number of Japanese Visitors to Four Mercosur member countries

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Brazil	51,387	60,806	68,066	74,638	63,381	81,270	66,655	59,742	63,247	73,102
Argentina	13,621	15,624	14,931	18,777	19,723	23,613	18,754	19,040	20,478	20,544
Paraguay	1,946	2,287	2,836	3,364	3,685	3,816	3,319	3,485	2,630	4,032
Uruguay	1,847	2,385	2,547	2,833	2,507	2,673	2,673	3,046	3,177	3,232
Total	68,801	81,102	88,380	99,612	89,296	111,372	91,401	85,313	89,532	100,910
<i>Worldwide ('000)</i>	<i>13,296</i>	<i>16,831</i>	<i>17,404</i>	<i>17,535</i>	<i>17,295</i>	<i>15,987</i>	<i>15,446</i>	<i>16,637</i>	<i>16,994</i>	<i>18,491</i>

Source: Japan Office for Mercosur member countries and Japan National Tourist Organization (JNTO) for worldwide data.

Note: The large increase of Japanese visitors to Brazil in particular in 2008 was exceptional because the year was designated the Japan-Brazil Exchange Year (100th Anniversary of Japanese Immigration to Brazil).

¹⁹ Materials provided by the JICA state: "Since the signing of the Treaty of Asunción in 1991, the tourism sector has reached the highest level among all sectors in terms of implementing the reformist initiative to uphold the purpose of regional integration. The four member countries of the Mercosur have jointly planned and implemented tourism promotion and information services since the establishment of the Japan Office in 2005 and these efforts generated income of US\$ 178 million in the Mercosur region in 2008, illustrating the significant contribution made by the Project."

Since the completion of the Project, events to promote Mercosur tourism have been held in China, South Korea and India. It is fair to say that these events organized by the competent authorities, etc. for tourism in individual Mercosur member countries were made possible by the know-how and confidence gained by these authorities, etc. as members of the Mercosur Specialized Meeting on Tourism to organize tourism promotion activities in foreign countries through their involvement in the Project. Based on the above, both overall goals are judged to have been achieved.

3.2.2.3 Other Impacts

There are no other impacts to specially note.

The planned outputs of the Project were generally achieved, resulting in the achievement of the project objective. As certain positive effects have been produced towards the realization of the overall goals, the effectiveness of the Project is high.

3.3 Efficiency (Rating: ②)

The project implementation study report for Phase 1 states that the period of Japanese assistance for Phase 1 will be three years. It also states that the implementation of Phase 2 will depend on the achievements of Phase 1, while taking the requested period of five years by the Mercosur side into consideration. An interview with a JICA staff member in charge of the Project found that there was concern regarding the financial sustainability in the post-project period due to the unique feature of the Project of the implementation of the principal activities in Japan, including the opening of the Japan Office. Such concern led to the decision that the institution for the Mercosur to promote Mercosur tourism in Japan would be established in Phase 1 and that the sustainability of the Project would be enhanced in Phase 2 with a substantial increase of the financial contribution by the Mercosur side.

As the terminal evaluation of Phase 1 found that understanding of the indicators for achievement of the project objectives was insufficient on both sides, the project purpose and its indicators were revised. One of the new indicators, i.e. “creation of financial and organizational mechanism to operate the JPMO without JICA assistance”, was highly aware of the sustainability aspect of the Project. Based on this indicator, the terminal evaluation report concluded that the project purpose had not been achieved and that the sustainability of the Project was insufficient, recommending the extension of the Project to Phase 2.

The results of careful analysis of the history of the Project suggest that the implementation of Phase 2 was expected to a certain extent right from the beginning of the Project as a supplementary period of assistance to ensure the sustainability of the Project by means of requesting that the Mercosur side would make sufficient financial contributions towards the operation of the Japan Office.

The analysis of the efficiency of the Project below is based on the above findings.

3.3.1 Inputs

Table 4 Planned and Actual Inputs

Inputs	Planned	Actual (at the time of completion)
Dispatch of Experts	<p>(Phase 1) ¥80 million Long-term: 36 person-month Short-term: 8 person-month (strengthening of the operation and management system of the Mercosur Tourism Promotion Office; trial development of products, trial human resources development; formulation of a medium to long-term strategy)</p> <p>(Phase 2) 1 training supervisor 1 advisor for the Director of the JPMO</p>	<p>(Phase 1) 1 long-term expert (In Japan) 1 training supervisor and 1 part-time advisor</p> <p>(Phase 2) 1 training supervisor 1 part-time advisor</p>
Acceptance of Trainees	<p>(Phase 1) Acceptance of trainees: ¥140 million (trial marketing in Japan and training of focal persons)</p> <p>(Phase 2) Acceptance of 1 long-term trainee and some short-term trainees (expenses paid by the JICA)</p>	<p>(Phase 1) Acceptance of 34 trainees</p> <p>(Phase 2) Acceptance of trainees - Mercosur tourism seminar (twice at a rate of one a year) 14 trainees in total (expenses paid by the JICA and Mercosur side) - On-the-job-trainees: 4 trainees (6 months each)</p>
Provision of Equipment		(Phase 1) ¥508 million for office equipment
Other	<p>Local cost: ¥130 million Contribution by the Mercosur side (Phase 1): approx. ¥31 million</p> <ol style="list-style-type: none"> 1. Assignment of counterparts: approx. 180 person-month 2. Part of office operation and management cost: approx. ¥3 million 3. Part of field work cost: ¥10 million <p>(Phase 2)</p> <ol style="list-style-type: none"> 1. Assignment of counterparts 2. Dispatch of the Director of the Japan Office 3. Office operation and management expenses 4. Tourism promotion expenses 5. Partial contribution towards seminars held in Japan 6. Expenses for continued operation 	<p>Local cost: ¥260 million Contribution by the Mercosur side (Phase 1): approx. US\$ 591,000</p> <ol style="list-style-type: none"> 1. Assignment of counterparts: 4 persons 2. Land and facilities: office for the long-term expert at the Ministry of Tourism and Sport Building in Uruguay 3. Local cost: total US\$ 591,000 (Argentina: US\$ 137,000; Brazil: US\$ 313,000; Paraguay: US\$ 70,000; Uruguay: US\$ 71,000) <p>(Phase 2) Contribution by the Mercosur side: total ¥114.46 million</p> <ul style="list-style-type: none"> • Argentina : Rent and operational costs of JPMO and promotional activities, etc.: ¥29.97 million • Brazil: JPMO director salary and promotional activities, etc.: ¥63.35 million • Paraguay: Costs for JATA World Travel Showcase and promotional activities, etc.: ¥11.30 million • Uruguay Costs for JATA World Travel Showcase and promotional activities, etc.: ¥9.84 million
Total Amount of Assistance	¥390 million (total of Phase 1 and Phase 2)	¥360 million (total of Phase 1 and Phase 2)

3.3.1.1 Elements of Inputs

The planned and actual inputs are shown in Table 4. The main differences between the planned inputs and actual inputs are described below along with the factors which are believed to have affected the efficiency of the Project.

In regard to the input of short-term experts (8 person-month), the enlisting of Japanese private enterprises was considered. However, this plan did not materialize because of the lack of suitable persons and mismatching with the needs of the Mercosur side. In regard to the Japan Office, some problems were encountered after the opening of the office, including the delayed dispatch of the Director and the temporary absence of the Director (in 2007). The implementation of the original plan for the Japan Office did not suffer any major delay as a Japanese who had been working as a local coordinator with the Mercosur side was sent to the Japan Office to oversee the operation of the office.

While the local cost was substantially reduced halfway through Phase 1 because of the tight JICA budget, the Mercosur side began to provide sufficient funding for Phase 2. As a result, the efficiency of the Project was not damaged. The share of the financial contribution by the Mercosur side massively increased from 17% in Phase 1 to 69.4% in Phase 2. Altogether, it has been confirmed that the Mercosur side covered 34% of the total project budget of Phase 1 and Phase 2.

3.3.1.2 Project Cost

The actual combined cost of Phase 1 and Phase 2 for the JICA of ¥360 million was lower than the planned cost of ¥390 million (the actual cost was 92% of the planned cost).

3.3.1.3 Period of Cooperation

The period of cooperation for the Project was five years as planned. The delayed dispatch of the Director of the Japan Office and other delays in the first half of the planned period of cooperation were compensated for by revision of the activity plan, increase of experts and employment of local staff. In the end, the planned activities were completed within the planned period of cooperation.

In Phase 1, the delayed dispatch of a JICA long-term expert to the PMO and the delayed assignment of the Director of the Japan Office slightly lowered the efficiency of the Project. The lengthy period required to harmonize the views of the four countries regarding the desirable mechanism for the self-management of the Japan Office made it difficult to complete the development of such mechanism within the Phase 1 period. Consequently, the terminal evaluation report for Phase 1 concluded that the efficiency of the Project was fair. Despite the curtailment of the financial contribution by the JICA for Phase 2, the planned activities were adequately conducted with increased funding by the Mercosur side, achieving the planned outputs in general. Therefore, the terminal evaluation report for Phase 2 concluded that the efficiency of the Project was high.

Although both the project cost and project period were within the plan, the timing of some inputs was inappropriate to achieve the planned outputs. Therefore, the overall efficiency of the Project is fair.

3.4 Sustainability (Rating:③)

3.4.1 Related Policy towards the Project

The promotion of tourism is a key policy for all four member countries of the Mercosur and there is a strong commitment on the part of these countries to the continuation of the Japan Office. Given the high level of commitment and establishment of a procedure to agree on cost sharing and the planning of activities through the Mercosur Specialized Meeting on Tourism, the sustainability in terms of related policies to the Project is high.

3.4.2 Institutional and Operational Aspects of the Implementing Agencies

Although the PMO established at the Ministry of Tourism and Sport in Montevideo, Uruguay which was the coordinating country for the Mercosur was closed down after the completion of the Project, the Mercosur Specialized Meeting on Tourism has been in continuous operation. What is believed to mostly affect the sustainability of the self-reliant development of the Japan Office in the post-project period is the continued service of its Japanese staff. The Japan Office has managed to retain people with specialist knowledge of tourism in addition to knowledge and experience of the Mercosur member countries and the Japanese market for Mercosur tourism. Because of this, the Japan Office has maintained a level of performance which is praised by both the tourism industry in Japan and the Mercosur side.

The member countries of the Mercosur discuss and finalize the annual plan, etc. at the Mercosur Specialized Meeting on Tourism. The management system of the Japan Office has been firmly established as the competent authority responsible for tourism in each Mercosur country is in regular contact with the Japan Office (using Skype and other means) with the support of the Mercosur Specialized Meeting on Tourism. In short, the institutional sustainability is judged to be assured as long as the present Japanese staff of the Japan Office is retained. At the time of the ex-post evaluation (August, 2013), the position of Director of the Japan Office is vacant even though there is an agreement that Brazil is responsible for filling the position of Director. It is said that Brazil is proceeding with the procedure to appoint the Director for his/her dispatch to the Japan Office. Each member country of the Mercosur has expressed a strong commitment to the continued operation of the Japan Office and hopes for the retention of the current highly capable Japanese staff.

Based on the above, the institutional sustainability of the Project on the part of the Mercosur is high.

The opinion has been expressed by the Japanese tourism industry that the manpower of the Japan Office should be strengthened in view of the strong possibility of an increase of the number of Japanese tourists to the Mercosur region in the coming years. Meanwhile, the Mercosur side appears to believe that strengthening of the manpower of the Japan Office (for example, the recruitment of additional Japanese staff) is difficult and hopes to promote Mercosur tourism in other countries while maintaining the tourism promotion activities in Japan.

3.4.3 Technical Aspect of the Implementing Agencies

The interviews and questionnaire survey with the Mercosur side found that there have been no pending technical issues concerning the Project. Judging from the level of technology/skills required to achieve each output and the state of the continuing activities in the post-project period, the transfer of technology/skills has been adequately conducted under the Project.

The Japan Office has maintained the tourism promotion activities at a high level, including the planning of and participation in the JATA Travel Showcase and other travel fairs and FAM tours, cooperation for the embassies of Mercosur member countries and travel agencies in Japan. Through the training and participation in the JATA Travel Showcase, Mercosur officials have developed a good understanding of the Japanese market and have contributed to the promotion of the Project. The Japanese tourism industry highly praises the outcome of the Project in that the Mercosur side which was once satisfied with one-sided promotional activities without a proper understanding of the specific characteristics of the Japanese market, has now been engaged in diverse tourism promotion activities, including fresh approaches to travel companies and the mass media in Japan, through the Project. There is a common notion in Japanese industry today that not many tourism offices operating in Japan, especially among those of developing countries, rival the level of the Japan Office in terms of their tourism promotion activities.

3.4.4 Financial Aspect of the Implementing Agencies

Member countries of the Mercosur have shown a strong commitment to the continued operation of the Japan Office through their financial contributions and the establishment of a common fund. The Japan Office has, therefore, been operating on a self-management basis in the post-project period and the positive effects of the Project will continue in the years to come.

The CMC of the Mercosur approved the establishment of a common fund for the promotion of Mercosur tourism at a meeting in December, 2009. While the relevant cabinet order or similar has since been enacted in each member country, this common fund has not yet reached the actual operational stage because of institutional complications among the member countries. Meanwhile, the financial sustainability of the Japan Office has so far been secured because of the established practice of each member to contribute its share of the operating cost through the Mercosur Specialized Meeting on Tourism. A resolution passed by the CMC in December, 2009 before the completion of the Project authorized funding of US\$ 603,000 in 2010. In subsequent years, the share of the operating cost has been set at 20% for Argentina, 65% for Brazil and 7.5% for both Paraguay and Uruguay.²⁰ These shares will be reviewed in due course when Venezuela joins the scheme. Once a common fund has been officially set up, it will not only provide a stable source of funding but will also enhance the flexible use of the available funds.²¹

The increased financial contribution of the Mercosur side in Phase 2 made way for budgetary backing for the continued operation of the Japan Office after the completion of the Project, resulting in the financial sustainability of the Project.

No major problems have been observed with the policy background or the structural, technical and financial aspects of the counterpart to threaten the sustainability of the Project. Therefore, the sustainability of the Project is high.

4. Conclusion, Recommendations and Lessons Learned

4.1 Conclusion

The objective of the Project was to strengthen tourism promotion activities in Japan by then four member countries of the Mercosur. This objective matched one of the important policy challenges of the Mercosur which is a customs union aimed at strengthening the international competitiveness of its member countries. There is a strong rationale for joint tourism promotion by member countries of the Mercosur, targeting distant countries such as Japan. As the Project is highly consistent with Japan's ODA policy, its relevance is high. Under the Project, member countries of the Mercosur set up the Japan Office in Tokyo, establishing a system for the joint promotion of tourism. Joint promotion is much more efficient than separate promotion by individual countries.

These need suits the Japanese preference to tour several countries in a distant region, the Project has been praised by the Japanese tourism industry. In addition, the number of Japanese tourists visiting member countries of the Mercosur has increased and the Japanese tourism industry acknowledges that their turnover for tourism in the Mercosur region has also increased compared to the beginning of the Project period. Accordingly, the effectiveness/impact of the Project is high. The Project was, in fact, implemented in two phases. Most of the outputs were achieved and also the project period was completed five years as planned. As such, the efficiency of the Project is high. In Phase 2, the financial contribution by the Mercosur side significantly increased, boosting its stance of self-reliance in regard to project-related activities. The joint tourism promotion activities in Japan by member countries of

²⁰ Although the exact figure is unknown, Argentina is recently reported to have contributed US\$ 140,000, resulting in the likely funding by the four member countries of approximately US\$ 700,000.

²¹ At present, the contribution of each country is tied to certain aspects of the Japan Office's operation and, therefore, any change of use faces certain restrictions.

the Mercosur are still continuing at the time of ex-post evaluation and their performance levels are highly praised by the Mercosur side and Japanese tourism industry. As such, the sustainability of the Project is high.

In the light of the above, the Project is evaluated to be highly satisfactory.

4.2 Recommendations

4.2.1 Recommendations for the Implementing Agencies

It is desirable for the tourism authorities in the member countries of the Mercosur to adopt the following recommendations through the Mercosur Specialized Meeting on Tourism to further enhance the positive effects and sustainability of the Project.

- An activity plan and financial contribution plan which include Venezuela, a new member of the Mercosur, should be formulated in connection with tourism promotion activities targeting Japan.
- It is important to make proper arrangements among the member countries of the Mercosur for the appointment of a suitable director of the Japan Office to respond to the expectations and needs of the Japanese tourism industry which has highly evaluated the activities of the Japan Office so far and hopes for the strengthening of such activities.
- It is important to actively arrange talks among the member countries of the Mercosur as soon as possible on a concrete procedure to establish a common fund and to engage in the said procedure so that a stable source of funding for the operation of the Japan Office can be secured and the flexibility of fund usage increased.

4.2.2 Recommendations for the JICA

None

4.3 Lessons Learned

- (1) In the case of a tourism promotion project described below, the possibility of including joint tourism promotion in Japan as part of the activities should be examined.
 - When planning a tourism promotion project involving more than one country, it must be noted that countries with a small population and economy find it difficult to independently promote tourism in the Japanese market. In the case of the present Project, such developing countries as Paraguay and Uruguay benefited from the joint tourism promotion with Argentina and Brazil, which are more developed countries, in the Japanese market. There are many countries in other regions which require a similar framework for their own tourism promotion.
 - Those project which include Japan among the main targets for tourism promotion. For the member countries of the Mercosur, Japan used to be a less accessible market for their tourism promotion because of the great distance and strong demand of Japanese tourists for a high level of service even though Japan was considered to be an important market with a high volume of potential tourists to the Mercosur region. There are other regions in the world today which find access to the Japanese market difficult.
- (2) It is feasible to organize a tour involving more than one country, taking the geographical proximity, cultural similarities, and complementarity of the tourist attractions and usable means of transport into consideration. As a market survey by a Japanese travel company has found, a tour which combines several neighboring countries is more popular among potential Japanese tourists than trips to individual countries when it comes to small countries located far from Japan.

The joint promotion of tourism by several countries targeting the Japanese market is, therefore, highly meaningful.

- (3) In regard to the present Project, the necessity for Phase 2 was discussed with the Mercosur side from the stage of the project implementation study with a view to ensuring the sustainability of the Project in the post-project period by means of increasing the financial contribution by the Mercosur side. The subsequent development of a relationship of trust between the two sides during Phase 1 led to the implementation of Phase 2 with a clear agreement of the increased funding by the Mercosur side, resulting in a high level of the self-management of the project-related activities by the Mercosur side. To ensure the financial sustainability of a technical cooperation project, discussions and emphasis on and documentation of the importance of the financial contribution of the recipient side at the initial stage or even before the commencement of a project should prove to be highly effective.