

Ex-Post Project Evaluation 2012: Package IV-6
(Paraguay, Latin America Region)

December 2013

JAPAN INTERNATIONAL COOPERATION AGENCY

GLOBAL GROUP 21 JAPAN, INC.

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Preface

Ex-post evaluation of ODA projects has been in place since 1975 and since then the coverage of evaluation has expanded. Japan's ODA charter revised in 2003 shows Japan's commitment to ODA evaluation, clearly stating under the section "Enhancement of Evaluation" that in order to measure, analyze and objectively evaluate the outcome of ODA, third-party evaluations conducted by experts will be enhanced.

This volume shows the results of the ex-post evaluation of ODA Loan projects that were mainly completed in fiscal year 2010, and Technical Cooperation projects and Grant Aid projects, most of which project cost exceeds 1 billion JPY, that were mainly completed in fiscal year 2009. The ex-post evaluation was entrusted to external evaluators to ensure objective analysis of the projects' effects and to draw lessons and recommendations to be utilized in similar projects.

The lessons and recommendations drawn from these evaluations will be shared with JICA's stakeholders in order to improve the quality of ODA projects.

Lastly, deep appreciation is given to those who have cooperated and supported the creation of this volume of evaluations.

December 2013
Toshitsugu Uesawa
Vice President
Japan International Cooperation Agency (JICA)

Disclaimer

This volume of evaluations, the English translation of the original Japanese version, shows the result of objective ex-post evaluations made by external evaluators. The views and recommendations herein do not necessarily reflect the official views and opinions of JICA. JICA is not responsible for the accuracy of English translation, and the Japanese version shall prevail in the event of any inconsistency with the English version.

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0. Summary

This project was implemented with the objective of “firmly establishing CEPPROCAL as a center providing a high quality consulting service and training service on quality and productivity” with a view to contributing to the strengthening of the competitiveness of Small and Medium-Sized Enterprises (SMEs) in particular. The project was relevant to Paraguay’s development policies, the development needs of SMEs and Japan’s ODA policy and, therefore, its relevance is high. With the strengthening of the capacity of CEPPROCAL to conduct its businesses as well as improvement of the capacity to provide the consulting service, the above objective was mostly achieved. Since the completion of the project, the training service has been expanded but the number of contracts gained for the consulting service has shown a declining trend even though the service itself has continued. The diffusion of the outputs of the project by the Ministry of Industry and Commerce (MIC) has not been fully realized and the impacts of the project have been almost limited to the beneficiary enterprises of the consulting services. As such, the effectiveness and impacts of the project is fair. Although activities to extend the consulting service to local areas were suspended due to inefficiency, the project was smoothly implemented in general and was completed in three years and two months as planned. Together with the actual project cost for the JICA being only 70% of the planned cost, the efficiency of the project is high. Even though the sustainability of CEPPROCAL in terms of its institutional, technical and financial aspects poses no problems, the prospect of both collaboration with the MIC and the use of a subsidy scheme to extend the impacts of the project are unclear. Therefore, the sustainability of the project effects is fair. Based on the above, the project is evaluated to be satisfactory.

1. Project Description



Project Location



Consultant Training Completion Ceremony

1.1 Background

Small and Medium-Sized enterprises (SMEs)¹ (approximately 1,300 at the time of the ex-ante evaluation) were playing an important role in the economic development of the Republic Of Paraguay, accounting for 14% of the GDP and 18% of the total working population. Since the creation of a

¹ A SME at the time was defined as an enterprise of which the number of employees is between 10 and 99.

customs union under the Mercado Común del Sur (MERCOSUR) in 1995,² however, the international competitiveness of these SMEs had been extremely low. Under these circumstances, the Japan International Cooperation Agency (JICA) implemented “Leader Training of Small and Medium-Sized Enterprises in the Republic of Paraguay” (2002 – 2005) based on the recommendations of its own “Economic Development Study of Paraguay” which was a Development Study conducted in 2000. This project aimed at strengthening the training courses and consulting services for domestic enterprises which were provided by the Education and Training Department of the Paraguay Industrial Union (UIP: Union Industrial Paraguaya).³ The UIP was the counterpart organization for this project along with the Ministry of Industry and Commerce (MIC). Under the project, training curriculums for productivity improvement and quality management were developed and a total of 12 trainees consisting of some staff members of the UIP and such external knowledgeable persons as university professors and consultants were trained. Before the project, the main training courses organized by the UIP featured business manners. With the commencement of the project, some 90% of the training courses were changed to feature productivity improvement and/or business improvement. A new consulting service for business management and production management was also launched and 12 enterprises received this service.

Because of the limited role of the MIC in directly providing training, consulting and other services for enterprises in a sustainable manner due to its substantial dependence on donors’ funding and the instability due to the change of government etc., the UIP as a public interest corporation was selected to function as the counterpart organization along with the MIC for the project. The MIC was then made responsible for the general coordination of the project while the UIP was made responsible for the implementation of it. Through this public-private partnership, it was expected to attain; increased dynamism in project administration, sustainability of cooperation, and strengthening of private sector in providing training and consulting services for enterprises which is not the direct function of the MIC.

The Project of Strengthening of Paraguayan Quality and Productivity Center (CEPPROCAL) (hereinafter referred to as “the Project”) was the succeeding project to the above leader training project. The Project was implemented between 2007 and 2010 for the purpose of generally inheriting trained leaders and business services developed by the preceding project and making CEPPROCAL established under the UIP become a model institution for consulting services for enterprises in Paraguay.

1.2 Project Outline

Overall Goal		The competitiveness of industries in Paraguay, especially in Small and Medium-Sized Enterprises, will be strengthened by using consulting services provided by CEPPROCAL.
Project Objective		The organization of CEPPROCAL as the center that provides the consulting service and training, etc. concerning the quality and productivity is established, and high quality consulting services are provided.
Output(s)	Output 1	To strengthen the implementation capacity of CEPPROCAL
	Output 2	To improve the capacity of consulting services of CEPPROCAL
	Output 3	To expand consulting services in the region*

² The MERCOSUR was created as an integrated regional market with the participation of Argentina, Brazil, Paraguay and Uruguay and evolved into a customs union in 1995.

³ The UIP is a public interest corporation established in 1936 when an industrial group in Paraguay planned and held an industrial exhibition and is one of the leading industrial associations in Paraguay. It provides training, seminar and advisory services for its member as well as non-member enterprises. The principal objective is to improve the quality, competitiveness and productivity of domestic enterprises in order to contribute to the economic development of the country. As a non-profit making body, its working capital is financed by the membership fee and income from exhibitions, education and training services.

Inputs	<p><Japanese Side></p> <ol style="list-style-type: none"> 1. Experts total 12 persons: 3 long-term experts; 9 for short-term experts (3 in third countries) 2. 21 Trainees received 3. Equipment 13.8 million yen 4. Local cost support 14.3 million yen <p><Paraguayan Side></p> <ol style="list-style-type: none"> 1. 3 Counterpart personnel 2. Project office 3. Local cost
Total cost	217 million yen
Period of Cooperation	January, 2007 – February, 2010
Implementing Agency	Union Industrial Paraguaya (UIP); Ministry of Industry and Commerce (MIC)
Related Projects	<ul style="list-style-type: none"> - Commercial and industrial policy advisor (2002 – 2004) - Leaders training for the small and medium-sized enterprises (2002 – 2005) - Dispatch of senior volunteers to the UIP (3 volunteers from 2010 to the time of ex-post evaluation)

* Output 3 was withdrawn in November, 2008 as a result of a change of the plan.

1.3 Outline of Terminal Evaluation

1.3.1 Achieving of Overall Goal

The terminal evaluation report observed that “the realization of the overall goal, which have been originally set as a goal to be achieved several years after the achievement of the project objective, is expected”. The report expected that the positive signs of improvement of the business performance among the enterprises which had received the consulting service would impact on SMEs in Paraguay. In regard to “the diffusion of the positive outputs of the Project through the MIC”, an indicator for the overall goal, the report expected that the MIC would make an increased contribution as a mechanism of collaboration between donors in funding the implementation of national policies.

1.3.2 Achievement of Project Objective

The terminal evaluation report stated that “the organizational strength of CEPPROCAL has been improved and that a high quality consulting service has become available, indicating the likely prospect of achieving the project objective”. To be more precise, the organizational structure and authority of the CEPPROCAL had become clearer. Annual and medium-term plans had been formulated and a system to proceed with the work based on these plans had been developed. While the training and consulting department had emerged as a department with 12 elite staff members, there was a mechanism to use external personnel when a requested service necessitated such recruitment. The report also mentioned that the launch of a consultant training course had stimulated human resource development of consultants in collaboration with universities, etc., that the visibility of CEPPROCAL had increased among enterprises and that the level of satisfaction with CEPPROCAL’s consulting service was quite high as nearly 80% of the enterprises which used this service had seen an improvement of their business performance.

1.3.3 Recommendations

The terminal evaluation report put forward the following three recommendations.

- ① Arrangement of regular information exchanges between consultants: Regular meetings should be held for information exchanges between CEPPROCAL consultants for the purpose of enabling

these consultants to improve their consulting service and also to enable CEPPROCAL to accumulate information as a consulting service provider to improve the said service in the future.

- ② Agreements with comparable organizations in neighboring countries: Cooperation agreements should be concluded with comparable organizations in Brazil, Costa Rica, Uruguay and Argentina. Conscious efforts should be made to translate these agreements into concrete activities so that support for enterprises from an international perspective will become easier to provide and regional cooperation will become part of the general support to strengthen SMEs.
- ③ Active involvement of the MIC responsible for SME support policies: A cooperation agreement between CEPPROCAL and the MIC should be materialized with a view to making the MIC fully aware of the importance of a consulting service for SMEs and even the launch of a nationwide drive to spread the use of the consulting service. The positive outcomes of the project and high level of satisfaction among those enterprises which have received the consulting service are evidence of such importance. The possibility of implementing concrete support measures, such as the injection of government funds, to facilitate the smooth implementation of various activities of CEPPROCAL should be examined.

2. Outline of the Evaluation Study

2.1 External Evaluator

Hajime Sonoda (Global Group 21 Japan, Inc.)

2.2 Duration of Evaluation Study

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

Duration of the Study:	January, 2013 to December, 2013
Duration of the Field Study:	17 th March – 22 nd April and 1 st - 16 th August, 2013

3. Results of the Evaluation (Overall Rating: B⁴)

3.1 Relevance (Rating: ③⁵)

3.1.1 Relevance to the Development Plan of Paraguay

When the Project began, the “promotion of the development of SMEs” and “improvement of the international business capability” were among the priority matters of the national development plan (2003 – 2008) of Paraguay. The policy objectives of the MIC (2004 – 2008) at the time considered strengthening of the competitiveness for the business expansion of SMEs to be one of the highest priority tasks.

The Strategic Economic and Social Plan (2008 – 2013), a national plan of Paraguay, lists the promotion of economic development through the participation of citizens and the private sector to be one of the four principal goals. One of the strategies to achieve this goal is improved productivity and competitiveness to create a larger market and employment opportunities.

As the promotion of SMEs was emphasized at the time of both the ex-ante evaluation and terminal evaluation, the Project was highly relevant to the country’s development plans.

⁴ A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

⁵ ③: High, ②: Fair, ①: Low

3.1.2 Relevance to the Development Needs of Paraguay

At the time of the ex-ante evaluation, the biggest issue faced by the economy of Paraguay was insufficient employment opportunities. As SMEs provided an overwhelming proportion of jobs at the time, it was essential to strengthen their competitiveness. For this reason, it was necessary to improve access to training and technical support throughout the country. The situation surrounding SMEs had not changed much when the Project was completed and there must have been a need among SMEs for training and a consulting service.⁶

The preceding project strengthened the training of SMEs by the UIP but could not fully develop the capacity of the UIP to provide technical support through its consulting service. While training was thought to focus on theory, the consulting service was thought to produce more concrete impacts through lengthy on-site guidance by consultants at the target enterprises. For this reason, the UIP hoped to establish CEPPROCAL based on the achievements of the preceding project to strengthen its consulting service. Meanwhile, the MIC was hoping that CEPPROCAL/UIP would provide a model training and consulting service on quality and productivity improvement for enterprises, performing a certain public role as a public interest corporation.

At the time, it was somewhat recognized that even though many SMEs in Paraguay showed interest in the consulting service, most of them were reluctant to pay a fee for the consulting service.⁷ Because of such reluctance, the SME development project which had been implemented by the MIC since 2005 using a loan from the Inter-American Development Bank (IDB) introduced such measures designed to encourage SMEs to invest in the consulting service as awareness-raising of owners, education on the advantages of the consulting service and offer of a subsidy.⁸

The Project was implemented to enable CEPPROCAL to provide high quality training and consulting services for enterprises. This means the capacity building of the service provider. At the time of the ex-ante evaluation, it was thought that the use of a subsidy system under the Enterprise Development for SMEs would make it easier to secure model enterprises (those using the consulting service of CEPPROCAL as part of the activities under the Project) for the Project and it was hoped that the Project and the Enterprise Development for SMEs would develop a mutually complementary relationship. The Project was implemented to strengthen the capacity to provide a consulting service to enable a response to the existing need for training and technical support among SMEs at the time of the ex-ante evaluation. However, measures to stimulate the demand for the said service were not included in the scope of assistance, having assumed collaboration with the Enterprise Development for SMEs.⁹

Based on the above analysis results, the Project was relevant to the potential development needs of SMEs in Paraguay. Although it can be pointed out that the non-inclusion of measures to actualize these needs in the scope of the assistance is a shortcoming, it does not mean that this non-inclusion was highly detrimental to the relevance of the Project to the development needs of Paraguay.

⁶ A government document at the time of a new act (subsequently enacted in 2012) submitted calls for training, technical support as well as preferential measures in terms of finance, taxation and employment system as the strong support of the government is required for the development of micro, small and medium-sized enterprises.

⁷ The ex-post evaluation report on the preceding project states: "It is often pointed out in interviews with experts, etc. and on other occasions that there are not many enterprises which are willing to pay for a consulting service because of the generally conservative mentality of Paraguayan owners and senior executives, very little interest in investment in human resources development and tight business conditions in terms of finance and manpower. A study by the UIP in 2006 featuring 200 enterprises found that although 75% of these enterprises were interested in a consulting service, half of those interested said that a reasonable fee would be US\$ 1,000 or less.

⁸ Enterprise Development for SMEs (Small and Medium Enterprises) (PR0100)

⁹ At the time of ex-ante evaluation, "the required number of model enterprises for consultation exercises is secured" was recognized as one of the external assumptions for project outputs. The ex-ante evaluation sheet makes it clear that the use of the subsidy system under the Enterprise Development for SMEs was expected to satisfy it. As described in 3.2.1.2 – Achievement of the Project Objective, efforts were made under the Project via the MIC to coordinate with the IDB with a view to gaining access to the subsidy system under the Enterprise Development for SMEs. These efforts, however, failed to realise access to the subsidy system.

3.1.3 Relevance to Japan's ODA Policy

At the time of the ex-ante evaluation of the Project, Japan identified agriculture, health care, human resources development and the environment as priority fields for assistance in Paraguay and set “strengthening of the competitiveness and promotion of economic development to deal with the challenges posed by the MERCOSUR” as one of the development themes. As the JICA listed the strengthening of the competitiveness and promotion of economic development to deal with the challenges posed by the MERCOSUR as one of the priority fields for assistance in its project implementation program for Paraguay, “Assistance for the Improvement of a Human Resources Development System for Micro, Small and Medium-Sized Enterprises” was indeed one such priority program.

As described above, the Project was highly relevant to the country's development plans, development needs as well as Japan's ODA policy, therefore, its relevance is high.

3.2 Effectiveness and Impact¹⁰ (Rating:②)

3.2.1 Project Outputs

3.2.1.1 Project Outputs

1) Output 1: To strengthen the implementation capacity of CEPPROCAL

Of the 8 indicators set up for Output 1, 7 were achieved except for Indicator 1.1 (number of the enterprise participated in training courses and seminars increase by 10% or more percent during the project period). It is fair, therefore, to conclude that Output 1 was mostly achieved.

Indicator 1.1 Number of the enterprise participated in training courses and seminars increase by 10% or more percent during the project period (including 5% or more increase of the enterprises that participate newly): During the project period (2007 – 2009), the number of enterprises participating in training/seminars decreased to 60%, failing to meet this indicator (Table 1). However, the number of participants increased by 34% in the same period. In 2009, both the number of participating enterprises and the number of participating persons significantly dropped from 2008, presumably because of the negative growth of the national economy, in turn caused by a fall of the price of soybeans and other agricultural products and the declining amount of remittance by Paraguayans working overseas since the Lehman shock (September, 2008). Meanwhile, the total number of newly participating enterprises in 2008 and 2009 reached 66% of the total of participating enterprises in the same period.

Indicator 1.2 65% or more participants of training courses and / or seminars are satisfied: The target of this indicator was achieved as the level of satisfaction among the participants was above 80% throughout the project period (Table 1).

Indicator 1.3 Regulations concerning ethics, reward, and the method of executing business are set and enacted: The targets of this indicator were achieved. An ethical code, pay regulations and labor standards were included in the contract concluded with semi-counterparts working as consultants and applied to their work.

¹⁰ Sub-rating for Effectiveness is to be put with consideration of Impact.

Table 1 Results of the Training Service of CEPPROCAL

	2007	2008	2009	2010	2011	2012
Open Training (Times)	79	133	107	110	113	142
(Persons)	1,705	3,034	1,830	2,272	2,302	2,690
In-Company Training (Times)	14	19	31	39	26	27
(Persons)	282	509	619	1,183	762	534
Open Seminars (Times)	6	13	6	5	4	6
(Persons)	105	510	206	152	85	122
In-Company Seminars (Times)	2	10	9	28	21	20
(Persons)	63	365	237	818	659	616
Total Training/Seminars (Times)	101	175	153	182	164	195
Total Participants (Persons)	2,155	4,418	2,892	4,425	3,808	3,962
Level of Satisfaction among Participants	85%	84%	84%	85%	88%	88%
Number of Participating Enterprises	332	306	200	201	299	338
Of Which Newly Participating Enterprises	na	208	125	75	113	131

Source : CEPPROCAL

Note: The results for 2007~2009 are during the project period.

Indicator 1.4 Curriculums, manuals, textbooks are prepared, and utilized for the training of new consultants as well as for consulting services: The targets of this indicator were achieved. Based on the curriculum prepared for each target field, 14 volumes of textbooks and manuals were prepared for the quality/productivity field and marketing/sales field.

Indicator 1.5 Capacity of information propaganda (ex. Pamphlet, poster, and telephone solicitation, etc.) is established: The target of this indicator was achieved. Wide-ranging publicity activities by means of leaflets, website, UIP Bulletins, newspapers and television appearances were conducted.

Indicator 1.6 Needs assessment and follow-up survey are executed regularly (once a year): The target of this indicator was achieved. An annual survey featuring 100 – 200 enterprises was conducted throughout the project period.

Indicator 1.7 Capacity of settling short-term (annual) and mid-term (for three years) business plans are established, and the plans are approved by the board of the UIP: The target of this indicator was achieved. A medium-term business plan for 2010 – 2012 was formulated and approved.

Indicator 1.8 The training courses are regularly reviewed (once a year): The target of this indicator was achieved. The training courses were reviewed each year and the review results were reflected on the following year's training courses.

2) Output 2: To improve the capacity of consulting services of CEPPROCAL

In view of the state of achieving the indicator for this output, it is judged that Output 2 was achieved. The results of the consultant training by CEPPROCAL are shown in Table 2.

Indicator 2.1 16 new consultants are promoted: The target of this indicator was achieved. Intensive lectures by experts and on-the-job instructions on a consulting service for enterprises for the trainees, each of which provides such a service for at least five enterprises, produced one counterpart and 8 semi-counterparts in the quality/productivity field and one counterpart and 8 semi-counterparts in the

marketing/sales field, totaling 18 consultants of which 17 passed the qualification test and interview.¹¹

Table 2 Results of Consultant Training by CEPPROCAL

(Unit: persons)

	2009	2010	2011	2012
Productivity/Quality				
Number of Persons Completing Training	11	10	22	9
Apprentice (In Place)	8	12	23	8
Formally Employed (In Place)		9	7	8
Marketing/Sales				
Number of Persons Completing Training	11	12	9	5
Apprentice (In Place)	8	11	9	4
Formally Employed (In Place)		9		6
Other Fields (Formally Employed)				5

Source : CEPPROCAL

Note: Number of persons completing training in 2009 includes the 16 semi-counterparts

Outline of the Consulting Service of CEPPROCAL

CEPPROCAL assigns a consultant-in-charge to each target enterprise. If necessary, one or two assistant consultants are also assigned. The duration of each consulting service is approximately 4 – 8 months and the consultant(s) repeatedly visits the enterprise for information gathering, training and on-site instructions. In the quality/productivity field and marketing/sales field assisted by the Project, the consulting service was provided on the following themes.

< Quality/Productivity >

Introduction of 5S (*); checking of fraction defective; improvement of quality inspection; review of work and standardization of work; review of production organization; formulation and improvement of production plan; formulation of equipment renewal plan; integrated management of production, sales and inventory; assistance for the acquisition of ISO certifications, etc.

< Marketing/Sales >

Review of organizational structure; rearrangement of division of duties; market analysis; customer satisfaction survey; brand recognition survey; sales plan; sales promotion plan; improvement of customer communication, etc.

(*) 5S means activities to form the foundations for workplace management and each S represents a Japanese work: seiri (sorting), seiton (set in order), seiso (systematic cleaning), seiketsu (standardise) and shitsuke (self-discipline). The 5S is not simply a beautification method for the workplace but signifies the fundamental activities to improve the level of management throughout the workplace. Seiri (sorting) means the elimination of wasteful items, space and time from the workplace. Seiton (set in order) means the arrangement of things and information for their easy common use. Seiso (systematic cleaning) means the creation of a tidy and organized workplace where the occurrence of any abnormality can be instantly detected. Seiketsu (standardise) means the continued state of perfectly managed things and information. Shitsuke (self-discipline) means improvement of the awareness and behavior of people handling things and information.

¹¹ Those who were not staff members of CEPPROCAL but who were successfully trained as consultants under the Project are called here “semi-counterparts”. In the quality/productivity field, although 8 persons completed the training, one could sit neither the qualification test nor interview due to personal circumstances. These semi-counterparts individually conclude a contract with CEPPROCAL and were engaged in the consulting service of CEPPROCAL as contract consultants.

3.2.1.2 Achievement of Project Objective

In connection with the project objective of “the organization of CEPROCAL as the center that provides the consulting service and training, etc. concerning the quality and productivity is established, and high quality consulting services are provided”, the six indicators listed below were originally set up. For the present ex-post evaluation, it was thought that the existing indicators would be insufficient to judge whether or not the project objective was achieved and a seventh indicator of “actual achievement of the consulting service (number of orders received and total amount of contracts)” was added.

As described below, the level of achievement of each indicator was high and it is fair to conclude that the project objective was generally achieved. Both of the two intended outputs were mostly achieved, contributing to the achievement of the project objective.

- Indicator 1 Organization of CEPPROCAL is strengthened: The target of this indicator was achieved as office regulations, division of duties, mission, vision and set of values for CEPPROCAL were clearly stipulated.
- Indicator 2 Number of staff members of CEPPROCAL is maintained or increased: The target of this indicator was achieved. The number of staff members increased from 7 to 12 and the counterparts were involved throughout the project period.
- Indicator 3 Income and expenditure of CEPPROCAL are increased: The targets of this indicator were achieved. Both the income and expenditure considerably increased and the amount of profit also increased.

Table 3 Income and Expenditure of CEPPROCAL

	(million Gr.)					
	2007	2008	2009	2010	2011	2012
Income	450	1,937	867	906	1,690	1,802
Training	434	1,763	881	741	1,440	1,602
Consulting	17	174	266	165	225	200
Expenditure	206	1,381	867	662	1,028	1,282
Profit	244	556	279	244	661	520

Source: CEPPROCAL

Note : The results for 2007~2009 are during the project period.

- Indicator 4 Acknowledgement level and reputation of CEPPROCAL rise among enterprises: The target of this indicator was achieved. A market survey featuring 200 enterprises found that the acknowledgement level of CEPPROCAL increased from 9% to 62% in three years.
- Indicator 5 As a result of consultation by CEPPROCAL, 25% or more model enterprises are improved / are expected to be improved: The target of this indicator was achieved. According to interviews held prior to the completion of the Project, improvement effects were confirmed at more than 70% of the enterprises.
- Indicator 6 65% or more enterprises that receive the consulting service by CEPPROCAL are satisfied: The target of this indicator was achieved as 79% of the enterprises surveyed said that they were satisfied.
- Indicator 7 Actual achievement of the consulting service (number of orders received and total amount of contracts) (additional indicator): The target of this indicator was

mostly achieved. The target number of orders to be received during the project period was set at 48 to ensure sufficient on-the-job instructions to the consultants under training. However, because of the difficulty to secure willing enterprises, the target number was downwardly revised to 40 at a meeting of the Joint Steering Committee in June, 2008. The final number was 41. Although it was originally planned to provide the consulting service for leading enterprises in each business field to make a profound impact throughout each business field, not many enterprises asked for the service. As it was a struggle to reach the target number, the intended involvement of leading enterprises across various business fields was not sufficiently achieved.

Table 4 Number of Orders Received for the Consulting Service of CEPPROCAL

	2007	2008	2009	2010	2011	2012
Quality/Productivity Field	4	7	9	12	8	6
Marketing/Sales Field	4	7	10	4	2	1
Other Fields	-	-	-	4	4	10
Total	8	14	19	20	14	17
Total Amount of Contracts (million Gr.)	79	163	162	211	206	241
Amount per Contract (million Gr.)	9.9	11.6	8.5	10.6	14.7	14.2

Source : CEPPROCAL

Notes

- The results for 2007~2009 are during the project period.
- Other fields included business management, personnel management, business planning, safety management and GMP (WHO version of Good Manufacturing Practice for the quality and manufacture of pharmaceutical products).
- 1 million Gr is approximately US\$ 230 based on an exchange rate as of August 2013.

The factors which facilitated the achievement of the project objective were the steady progress of various activities based on good communication among the experts and counterparts, high efficiency of CEPPROCAL as a private sector organization and fluency in Spanish of the experts.

Meanwhile, the less than expected number of enterprises requesting the consulting service made it difficult to select suitable enterprises during the project period. As explained later, this drawback adversely affected the continuation of the consulting service in the post-project period. It was already recognized at the time of the ex-ante evaluation that SMEs would be reluctant to request an expensive consulting service and the interim evaluation report in 2008 pointed out that such reluctance on the part of SMEs could impede the consulting service in the post-project period. This report puts forward a number of recommendations, including the development of low cost consulting options, examination of the feasibility of a government subsidy for the consulting service prior to the completion of the Project and an intensive campaign to make owners of SMEs aware of the importance of a consulting service for their businesses. In response to these recommendations, a small-scale consulting service option and free diagnosis were introduced under the Project along with marketing activities using various media and events. However, access to the subsidy scheme under the Enterprise Development for SMEs could not be realized despite strong expectations for such access from the time of the ex-ante evaluation. This situation aggravated the difficulty of selecting target enterprises for the consulting service right to the end of the Project.¹²

¹² The subsidy scheme under the Enterprise Development for SMEs offered a subsidy to cover 65% of the consulting service cost. However, CEPPROCAL could not meet the condition regarding the length of the business experience of consultants. Although the MIC agreed to allow access by CEPPROCAL to this subsidy scheme by exempting CEPPROCAL from the said condition as an exceptional case, the IDB did not endorse the MIC's decision on the grounds that such an arrangement would distort fair competition in the consulting industry.

Using the curriculums and textbooks developed under the Project, consultant training by the counterparts began in the second half of the project period. Even though this training was an activity not listed in the original plan, it continued even after the completion of the Project. As described later, it has led to the maintenance of the number of consultants working at CEPPROCAL. Positive impacts on industries have also been made by those who returned to their own enterprises on the completion of their training.



Consultant training



A consultant giving instructions at the production floor.

3.2.1.3 Continuation of Activities in the Post-Project Period

(1) Organizational Setup and Business Management of CEPPROCAL

In regard to the organizational setup of CEPPROCAL, while the ethical code has been maintained, the pay regulations and labor standards have been modified. During the project period, the apprentice consultants did not receive any remuneration but now receive a small payment.¹³ Of the three counterparts who worked for the CEPPROCAL at the end of the Project, one has left. In the case of administrative staff, six out of seven have left CEPPROCAL. At the end of the Project, the total number of staff members was 12. At the end of 2012, this number stood at 13, an increase by one, consisting of 11 full-time employees and 2 contracted employees.

The publicity activities have continued in the post-project period and a website was launched in 2010. A survey on the needs of enterprises has continued in the post-project period. The needs survey in 2012 found that recognizability of CEPPROCAL was as high as 95%.

CEPPROCAL formulated its annual plan until 2012 based on the Medium-Term Business Plan prepared under the Project. This Medium-Term Business Plan has not been revised. The reason for this is that as the Medium-Term Business Plan did not take the market conditions fully into consideration, only an annual plan was formulated based on the previous year's performance and the results of the annual needs survey. For the formulation of the annual plan, the Japanese senior volunteer (specializing in business management) dispatched to CEPPROCAL assisted the preparation of the financial plan and business plan for CEPPROCAL and UIP.¹⁴

The financial performance in 2012 in Table 3 showed a decline of the income from consulting to the three-quarter level of 2009 which was the final year of the Project. However, income from training

¹³ During the project period, the presence of Japanese experts acted as an incentive for the apprentice consultants. After the end of the Project, a financial incentive became necessary.

¹⁴ From the end of the Project to 2013, the JICA dispatched three senior volunteers specialising in the fields of business management (2010 – 2012), quality/productivity (2011 – 2013) and marketing/sales (2013) till 2013.

was more than double the corresponding income in 2009, resulting in a profit increase by 40% against the average annual profit during the project period.¹⁵

(2) Training Service

As shown in Table 1, the number of enterprises participating in training has recovered since the end of the Project and the number of participants has also substantially increased. The contents of the training have been diversified to respond to the actual needs of enterprises. One result is a further increase of the level of satisfaction on the part of the participants. The training contents, etc. have been regularly reviewed in the post-project period. Based on feedback from the participants, new courses (for example, a labor safety course in response to the tighter enforcement of the Labor Safety Act) have been introduced and the training contents have been improved, such as giving more practical explanations and an increase of the number of case studies. In 2013, the introduction of virtual courses using the website is planned. As these examples indicate, the training service has been smoothly maintained since the end of the Project.

(3) Consultant Training

The consultant training course began during the project period using the curriculum developed under the Project which consisted of 10 modules with a total of some 200 teaching hours. New modules featuring human resources development and IT have been added since the end of the Project. The consultant training course had been expanded to 15 modules with 400 teaching hours by the time of the ex-post evaluation and it now meets the criteria set by the Ministry of Education for its certification as an expert training course.

Approximately half of the initial entrants complete the consultant training course. As Table 2 shows, 87 persons completed this training course in the project period as well as the three immediate post-project years. CEPPROCAL has recruited some of them as contracted consultants based on their academic performance during the training and individual interview results.

Of the 18 consultants trained by the end of the Project, 8 are still working for CEPPROCAL as consultants. Including the consultants trained in subsequent years and 5 consultants newly contracted in fields other than quality/productivity and marketing/sales, 19 formerly employed consultants and 12 apprentice consultants work for CEPPROCAL as of 2012.

(4) Consulting Service

While the number of orders for the consulting service in both the quality/productivity field and marketing/sales field has considerably declined since the end of the Project, this fall has been compensated by orders in other fields for which the consulting service has been introduced in the post-project period (Table 4). Interviews with officials of CEPPROCAL and MIC, the experts and senior volunteers found the following reasons for this decline of orders.

- Many SME owners consider the consulting service fee to be a cost but not an investment and are very reluctant to make a request for a consulting service of which the fee may exceed US\$ 1,000.¹⁶ In 2012 in particular, many business owners adopted a passive stance towards investment in the consulting service because they were adversely affected by the sluggish economy due to the change of the government administration and decline of beef exports. It is fair to say that these owners are capable of considering their spending on a consulting service to be an investment if the expected results of the service are presented in a concrete, quantitative manner. According to senior

¹⁵ In 2011, the income from training increased by 1.9 times the income in the previous year because of winning an order for training with a high unit cost.

¹⁶ The average contract amount for the consulting service by CEPPROCAL in 2012 was approximately US\$ 3,200 (see Table 4).

volunteers dispatched to CEPPROCAL and other interviewees, consulting service proposals to enterprises are often dominated by qualitative statements and, therefore, are not very persuasive. Needless to say, consultants must have rich experience and excellent skills to be able to present numerical targets. While many enterprises are interested in the international quality management standard (ISO9001), they are seldom aware of the fact that the 5S and KAIZEN can be used as the first steps towards obtaining certification¹⁷.

- The consulting service of CEPPROCAL had not been successful in availing the existing subsidy scheme for SMEs (refer to 3.2.2.1 – Degree of Achievement of Overall Goal and Footnote 22).
- CEPPROCAL cannot beat the competition with independent consultants who provide a cheaper consulting service. The price competition is extremely harsh in the marketing/sales field in particular.
- The marketing capacity of CEPPROCAL is limited. During the project period, it was possible to secure a certain number of orders with active marketing activities, including those by the experts. At present, only one counterpart is involved in marketing. Meanwhile, CEPPROCAL has been repeatedly reviewing its marketing strategy through trial and error. The contracted consultants conduct hardly any marketing activities because they have little incentive to do so.¹⁸ The enterprise survey conducted at the time of the ex-post evaluation¹⁹ found that nearly half of the member enterprises of the UIP and non-member enterprises were unaware that CEPPROCAL provides a consulting service, suggesting much room for intensive publicity.

On the other hand, most of the enterprises which have received the consulting service have been satisfied and some have experienced important results, leading to improvement of the business performance. As part of the ex-post evaluation, an interview survey was conducted with 30 enterprises in the quality/productivity and marketing/sales fields which have received the consulting service with a contracted amount of 5 million Gr. (approximately US\$ 1,100) or more since 2007. More than 90% of these enterprises rated both the process of the consulting service and the cost-benefit performance as very good or good (i.e. the top two grades of the five grade evaluation). Almost all of the enterprises replied that they would recommend a similar consulting service to other enterprises. All 30 enterprises replied that the consulting service had a good impact on their business performance. In fact, 40% of the enterprises replied that the consulting service had good and important impacts on their business performance.

3.2.2 Impact

3.2.2.1 Achievement of Overall Goal

The overall goal of the Project was “the competitiveness of industries in Paraguay, especially in SMEs, will be strengthened by using consulting service provided by CEPPROCAL” and the relevant indicator was “the results of the Project is spread to Paraguayan industries by MIC”. In this section, the impacts relating to the overall goal are analyzed from three viewpoints: 1) impact on enterprises receiving the consulting service (hereinafter referred to as “beneficiary enterprises”), 2) diffusion of positive results through the MIC and 3) competitiveness of Paraguayan industries.

¹⁷ KAIZEN is an activity to review work practices at the manufacturing shop floor. It is a bottom-up approach to solving concrete problems at the shop floor by means of making workers the principal players to put forward suggestions instead of them being instructed by management.

¹⁸ Contracted consultants individually conclude a contract with CEPPROCAL to provide the consulting service on behalf of CEPPROCAL. These include the semi-counterparts under the Project, some of which completed the consultant training course of CEPPROCAL (in the quality/productivity and marketing/sales fields), and experts in other fields (see Footnote 11).

¹⁹ This telephone survey featured 50 member enterprises of the UIP and 50 non-member enterprises.

(1) Beneficiary Enterprises of the Consulting Service

By 2012, 67 Paraguayan enterprises had received the consulting service provided by CEPPROCAL. 60% of these enterprises have not more than 50 employees while 90% of them have not more than 99 employees.²⁰ Many of these beneficiary enterprises are UIP members and most of them operate in the manufacturing sector. As already mentioned earlier, all of the 30 enterprises receiving CEPPROCAL's consulting service in the quality/productivity and marketing/sales fields replied that the consulting service had a positive impact on their business performance. 40% of them actually said that the consulting service had a good and important impact. These replies suggest that the consulting service had an impact which would lead to strengthening of the competitiveness of some 40% of the beneficiary enterprises. However, quantitative analysis of impacts of the consulting service is difficult because of (i) the absence of clear indicators and goals for the results of the consulting service and (ii) unwillingness of the owners to disclose concrete data on their business performance. 58 of the beneficiary enterprises have not more than 99 employees. As this figure only accounts for 4% of some 1,300 SMEs (with not more than 99 employees) at the time of the ex-ante evaluation, the contribution to the overall goals remains minor.

(2) Diffusion of Positive Results through the MIC

The indicator for the overall goal was "the results of the Project are spread to Paraguayan industries by MIC". Although no concrete method for the MIC to achieve such diffusion was clearly presented at the beginning of the Project, the UIP concluded an agreement with the MIC on the diffusion of positive outputs using the existing subsidy scheme and others in 2009 before the end of the Project.

Following this agreement, the MIC committed itself to actively introducing the services of CEPPROCAL for enterprises to industrial circles to try to facilitate the use of the said service, possibly utilizing one of its own two subsidy schemes. During the project period, CEPPROCAL began earnest efforts to collaborate with the MIC and a coordinator from the MIC attended the weekly meetings at CEPPROCAL²¹. Nevertheless, no orders for CEPPROCAL's consulting service using a subsidy scheme has been placed in the three years since the end of the Project. According to CEPPROCAL, the slow handling of the subsidy procedure by the MIC and limited amount of the actual subsidy were behind the lack of any orders.²² Even though the coordinator from the MIC has been the same person throughout this period, the commitment of the MIC to the diffusion of project results has not been necessarily clear, partly because of frequent changes of senior officials. CEPPROCAL believes that much stronger leadership by the MIC is necessary to achieve the diffusion of the positive results of the Project.

Based on the above, it is safe to conclude that "the diffusion of the positive results through the MIC" is hardly visible at the time of the ex-post evaluation. This conclusion is reinforced by the fact that the MIC has implemented hardly any activities designed to stimulate the demand for the consulting service based on the results of the Project.

²⁰ These 67 enterprises consisted of 7 micro-enterprises (not more than 10 employees), 21 small enterprises (not more than 30 employees), 13 medium-sized enterprises (not more than 50 employees) and 26 large enterprises (51 or more employees). (The definitions of micro-enterprises and SMEs are based on a new act introduced in 2012.)

²¹ During the project period of three years, the Minister for Industry and Commerce changed three times while the Vice-Minister changed seven times. Meanwhile, the same coordinator has been in place up to the time of the ex-post evaluation, contributing to the continual collaboration between the MIC and CEPPROCAL.

²² While the subsidy scheme for exporting enterprises was unpopular because of its complicated procedure and slow handling of applications, things have improved in 2013. As of August, 2013, the first granting of a subsidy is likely to be realised for the use of the consulting service of CEPPROCAL. Another subsidy scheme targeting micro-enterprises has not been used for the consulting service of CEPPROCAL as the unit amount of subsidy per hour for the consulting service is set low due to the assumption that low cost independent consultants are used.

(3) Impacts of Consultant Training

As shown in Table 2, 87 persons completed the consultant training course of CEPPROCAL by 2012. Of these, 15 have a consultant agreement with CEPPROCAL at the time of the ex-post evaluation. The number increases to 29 when those working as independent consultants or as consultants at other enterprises are included. Six others work as part-time consultants. Many of the ex-participants apply the newly acquired knowledge, etc. during their training to their workplaces even if they do not work as a consultant.²³ The contribution of the consultant training course to industrial circles as a whole may not be great but it is fair to say that the ex-participants have made some contribution to improving the competitiveness of Paraguayan industries.

(4) Competitiveness of Paraguayan Industries

According to the Global Competitiveness Report (2011 – 2012)²⁴ published by the World Economic Forum, the global competitiveness score of Paraguay is 3.5 out of 7 which ranks Paraguay at 122nd of 142 countries, which is the lowest position among MERCOSUR countries²⁵ There is little improvement from the 3.4 points and 124th of 133 countries two years earlier (2009 – 2010). According to an interview with the APC (*Asociación Paraguaya de la Calidad: Paraguay Quality Association*), some 250 – 300 enterprises have so far had their quality management regime certified under ISO9001. This figure is extremely low compared to the some 2,000 in Uruguay, some 8,000 in Brazil and some 20,000 in Argentina.²⁶ The above analysis results indicate that the competitiveness of Paraguay's industries is still low and that no visible improvement has been made in recent years. The majority of micro-enterprises and SMEs in Paraguay are believed to be unregistered, unofficial enterprises. Therefore, no reliable statistical data exists regarding the international competitiveness of these enterprises.

Based on the above, the impacts of the Project have been limited and the diffusion of results of the Project by the MIC has hardly been achieved. Therefore, the degree of achievement of the overall goal is low.

3.2.2.2 Other Impacts

The enterprise survey at the time of the ex-post evaluation found that approximately one-third of the enterprises surveyed knew that CEPPROCAL provides a consulting service. Approximately two-thirds of them knew about such workplace management and production management techniques as the 5S and KAIZEN, both of which were employed by the Project. Half of the enterprises surveyed showed interest in applying these techniques to their own business operations. According to CEPPROCAL, the number of Paraguayan consultants using KAIZEN has been increasing in recent years, presumably because of the impact of the Project.

To summarize the analysis results of the impacts, the implementation of the Project has had certain positive effects, making the effectiveness and impact of the Project fair. Intended Output 1 of the Project was mostly achieved while intended Output 2 was achieved. Consequently, the objective of the Project was mostly achieved. The training service has expanded since the completion of the Project. In contrast, the number of orders received for the consulting service has shown a declining trend even though the service itself has been continuing. Because the diffusion of results by the MIC has not been

²³ A questionnaire survey by email was conducted with the ex-participants as part of the ex-post evaluation. 86 of the 87 ex-participants replied to this survey. 55 said that the training contents were useful while 54 said that the new knowledge and know-how acquired through the training can be fully utilised in their present work.

²⁴ Global Competitiveness Report 2011 – 2012 (World Economic Forum)

²⁵ The same report placed Brazil at 53rd, Uruguay at 63rd and Argentina at 85th.

²⁶ By ratio of population, Paraguay has one certified enterprise per 22,000 – 26,000 persons compared to 1,700 persons in Uruguay, 5,000 persons in Argentina and 10,000 persons in Brazil. According to this index, Paraguay is ranked at the bottom of the four countries.

achieved and also because the impacts of the Project have been limited to the beneficiary enterprises of the consulting services and workplaces of the consultants trained under the Project, the degree of achievement of the overall goal is low.

3.3 Efficiency (Rating: ③)

3.3.1 Inputs

Input	Planned	Actual (at the time of completion)
Dispatch of experts	Long-term experts: 4 <ul style="list-style-type: none"> • Institutional Strengthening • Quality/productivity • Marketing/sales • Coordinator Short-term experts: 8 fields <ul style="list-style-type: none"> • Strategic information system • Production management • Company diagnosis • Business management • Intra-MERCOSUR marketing • Business plan formulation • Productivity seminar 	Long-term experts: 3 (107 M/M) <ul style="list-style-type: none"> • Quality/productivity • Marketing/sales • Coordinator Short-term experts: 9 fields (9 experts; 9 M/M) <ul style="list-style-type: none"> • Production planning and process management • Strengthening of organization • Market survey and customer satisfaction • Electronic trade • Quality management in the food processing industry • Enterprise management • Inventory control and cost management • Logistics
Acceptance of Trainees	Acceptance of trainees	Acceptance of trainees <ul style="list-style-type: none"> • C/P training: 14 (study visits to private enterprises, etc.) • Training by region: 9 (assistance for local entrepreneurs and new businesses; vitalization of SMEs and local industries; practical techniques to improve productivity; other)
Provision of Equipment	<ul style="list-style-type: none"> • Training and office equipment • Vehicle 	PCs, printers, projectors, vehicle and other (¥138 million)
Total Amount of Assistance	Approx. ¥300 million	Approx. ¥210 million
Paraguayan Inputs	Counterparts: 4 (strengthening of organization; quality/productivity (x2); marketing/sales) Semi-counterparts: 20 Trainees (students)	MIC: Director and Coordinator UIP: General Manager, Manager and 3 counterparts (strengthening of organization, quality/productivity and marketing/sales) Semi-counterparts: 16

3.3.1.1 Elements of Inputs

The analysis results of the inputs affecting the efficiency of the Project are described below.

- Extension of the consulting service of CEPPROCAL to local areas was originally planned as an output (Output 3). Since entry to Ciudad del Este, a local city with a high concentration of industries, was prohibited under the JICA's safety rules, Encarnación, another local city, was selected. However, it was difficult to find target enterprises for the Project as the number of enterprises suitable for the consulting service was extremely low with many enterprises having a closed attitude towards outsiders. Taking into consideration the travelling time to visit this city which is located far from the capital, it was thought that any effort to spread the Project to this city

would be inefficient and it was, therefore, decided to abandon the plan to extend the consulting service to local areas at the Joint Steering Committee meeting held one year and 10 months after the commencement of the Project. This decision was made simply to abandon a planned activity which would have been inefficient and which would not have produced sufficient results. As it limited a decline of the efficiency of the Project as a whole, this was an appropriate decision.

- The terminal evaluation concluded that the communication within the Project was excellent. This conclusion is supported by the strong collaboration with the MIC and the participation of the Deputy President of the UIP in the weekly work committee meetings. According to the results of interviews with the counterparts and the experts, even though the Vice Minister for Industry and Commerce acting as the project director was replaced 7 times during the project period, the appointment of the former Vice Minister for Industry and Commerce who had been involved in Japanese assistance from the time of the preceding project to the position of project manager in October, 2009 to work half a day every weekday at CEPPROCAL enables excellent communication until the completion of the Project.
- The facts that most of the long-term experts were fluent in Spanish and that an expert who participated in the preceding project took the charge of leader of the Project were contributory factors for the efficient implementation of the Project.
- Interviews with the experts found that almost all of the counterparts and semi-counterparts participated in the training in Japan although some could not participate because of illness or other reasons. Their direct experience in Japan of what had been taught by the Japanese experts in Paraguay boosted their confidence, resulting in their proactive stance on their return to Paraguay. This was another factor for the smooth transfer of technologies/skills.
- At the terminal evaluation, neither the Paraguayan side nor the Japanese side raised any problems relating to the quality, quantity and timing of inputs, indicating adequate inputs. This was also confirmed by the ex-post evaluation through interviews with officials of CEPPROCAL and experts.

3.3.1.2 Project Cost

The actual project cost was approximately ¥210 million which was 70% of the planned ¥300 million. Based on the activity plan for and the actual results of the Project, the input of extending the consulting service to local areas (Output 3) would not have exceeded 30% of the total inputs. Even though part of the planned activities was abandoned, the efficiency of the Project in terms of the project cost was high.

3.3.1.3 Period of Cooperation

The cooperation period of three years and two months was as planned.

Based on the above, because the period of cooperation was as planned and also the actual project cost was within the planned project cost, the efficiency of the Project was high.

3.4 Sustainability (Rating:②)

3.4.1 Related Policy towards the Project

In May, 2012 after the completion of the Project, the Government of Paraguay enacted the Micro, Small and Medium-Sized Enterprises Act aimed at facilitating the process of acknowledging the legal status of these enterprises, the majority of which was said to be operating unofficially, so that their chance of entering the official market would be increased and their competitiveness would be strengthened. At the same time, the MIC introduced the position of Vice Minister for Micro, Small

and Medium-Sized Enterprises and established a department responsible for the formulation and implementation of policies targeting these enterprises. The Act stipulates subsidy schemes for training, technological assistance and technological innovation, simplification of the procedures for business start-up, business discontinuation and administrative control and preferential measures in connection with loans, taxation and employment conditions.

Although the subsidy schemes of the MIC rely on donors to provide a large part of the funding, it is hoped that some kind of subsidy scheme will continue following the enforcement of this Act. At the time of the change of government in August, 2013, however, the prospect for enforcement of the Act is unclear. As far as the use of a subsidy scheme for the consulting service of CEPPROCAL is concerned, while the possibility for the first case of such use has finally emerged at the time of the ex-post evaluation, the future of the use of a subsidy scheme is uncertain.

President Horacio Cartes who leads the new government which came into power in August, 2013 has an industrial background and has expressed his intention of actively encouraging inward investment for the promotion of domestic industries and implementing measures designed to assist Micro, Small and Medium-Sized enterprises. As a future trend of subsidy schemes may directly threaten the sustainability of the Project, careful attention must be paid to such trend.

3.4.2 Institutional and Operational Aspects of the Implementing Agency

Of the 12 staff members working at CEPPROCAL at the time of project implementation, 9 have been replaced or have retired so far. Meanwhile, the contents of the training and consulting services have been consolidated and advanced by adding new target fields and other measures. As such, there has not been any decline of the organizational capacity of CEPPROCAL.

Of the 16 consultants trained under the Project, 8 did not renew their contract with CEPPROCAL at the end of the Project. Six of these positions have been filled by subsequently trained consultants and 5 consultants have been hired to cover new fields. At present, therefore, 19 consultants are working for CEPPROCAL. According to CEPPROCAL, not many consultants serve for a long time because they only work as part-time consultants due to the small number of orders for the consulting service. Newly trained consultants tend to leave early, partly because of the low level of pay they receive during their apprentice period (2 – 3 years).

Since the end of the Project, the JICA has dispatched a series of senior volunteers to provide continued technical assistance for CEPPROCAL (see Footnote 14). These senior volunteers made / are making important contribution to the strengthening of CEPPROCAL/UIP (particularly strengthening of the financial capacity) and improvement of the consulting service in the quality/productivity field.

Since the end of the Project, CEPPROCAL has proposed two universities to approve the consultant training course as a master's degree course. However, this proposal has made no progress due to the slow response by the universities. Meanwhile, an international training course is held 4 – 7 times a year in cooperation with comparable organizations in Uruguay and Argentina.²⁷

3.4.3 Technical Aspects of the Implementing Agency

The organization of CEPPROCAL has been firmly established under the Project. In the post-project period, it has continued its organizational operations, training service and consultant training in a steady and expansive manner, suggesting that it has sufficient technical capability. In the case of the

²⁷ CEPPROCAL maintains a cooperative relationship with the Laboratorio Tecnológico del Uruguay (LATU; a half public, half private laboratory responsible for the inspection and certification of enterprises for ISO and other international standards) and the Instituto Nacional de Tecnología Industrial (INTI; a national institute responsible for the development, analysis, testing and certification of new technologies) in Argentina. Both of these organizations have received the JICA's technical assistance in the past.

consulting service, the technical capability of CEPPROCAL to provide this service is judged to be sufficiently high given the high level of praise of the service by those enterprises which have used the service. However, the number of orders received has shown a declining trend in the quality/productivity field and marketing/sales field, both of which were assisted by the Project. While one reason for this is the slow progress of the use of a subsidy system for this service, there is no certainty of the permanent availability of a subsidy. CEPPROCAL should enhance its marketing strength in order to obtain orders for its consulting service without relying on a subsidy.

3.4.4 Financial Aspects of the Implementing Agency

When comparing the income and expenditure of CEPPROCAL between the project period (2007 – 2009) and the three post-project years (2010 – 2012) (Table 5), the income from both consulting and training increased with the total income up by 35%. The profit which is entirely transferred to the UIP account also increased by 32%. Although the sluggish growth of the consulting service must be noted, CEPPROCAL has been working hard to maintain its financial health as a private organization, showing no problems with the sustainability of its finance.

Table 5 Income and Expenditure of CEPPROCAL
(Comparison between Three Project Years and Three Post-Project Years)

	(million Gr./year)		
	Average for Three Project Years (2007 – 2009)	Average for Three Post-Project Years (2012 – 2013)	Rate of Increase
Income	1,085	1,466	35%
- Training	1,026	1,269	24%
- Consulting	152	197	29%
Expenditure	818	991	21%
Profit	360	475	32%

Source: CEPPROCAL

In summary, the results of the Project have been maintained and even more developed as evidenced by the expansion of the subject fields for the consulting service and the consolidation of the consultant training. The sustainability of CEPPROCAL in its institutional and financial aspects does not pose any problems. However, the number of orders received for the consulting service in the quality/productivity field and marketing/sales field has been declining. The room for improvement of the marketing of the consulting service and unclear prospects of the government’s subsidy schemes can be pointed out as likely reasons for such decline. Therefore, the sustainability of the project effects is fair.

4. Conclusion, Recommendations and Lessons Learned

4.1 Conclusion

The Project was implemented with the objective of “firmly establishing CEPPROCAL as a center providing a high quality consulting service and training service on quality and productivity” with a view to contributing to the strengthening of the competitiveness of Small and Medium-Sized Enterprises (SMEs) in particular. The Project was relevant to Paraguay’s development policies, the development needs of SMEs and Japan’s ODA policy and, therefore, its relevance is high. With the strengthening of the capacity of CEPPROCAL to conduct its businesses as well as improvement of the capacity to provide the consulting service, the above objective was mostly achieved. Since the completion of the Project, the training service has been expanded but the number of contracts gained for the consulting service has shown a declining trend even though the service itself has continued. The diffusion of the outputs of the Project by the MIC has not been fully realized and the impacts of the Project have been almost limited to the beneficiary enterprises of the consulting services. As such,

the effectiveness and impacts of the Project is fair. Although activities to extend the consulting service to local areas were suspended due to inefficiency, the Project was smoothly implemented in general and was completed in three years and two months as planned. Together with the actual project cost for the JICA being only 70% of the planned cost, the efficiency of the Project is high. Even though the sustainability of CEPPROCAL in terms of its institutional, technical and financial aspects poses no problems, the prospect of both collaboration with the MIC and the use of a subsidy scheme to extend the impacts of the Project are unclear. Therefore, the sustainability of the Project effects is fair. Based on the above, the Project is evaluated to be satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agencies

(1) Recommendations for the Ministry of Industry and Commerce

It is desirable for the MIC to strengthen its cooperation with CEPPROCAL/UIP and to introduce measures designed to enhance the understanding and awareness of SMEs of the benefits and advantages of the consulting service so that the positive results of the Project can be widely diffused throughout industries in Paraguay. To be more precise, these measures include ① the diffusion of the project results and other effects to industrial circles through training courses and seminars, publicity using printed matters, various media and a website, ② consolidation of subsidy schemes for training and technical assistance in line with the Micro, Small and Medium-Sized Enterprises Act and ③ the active provision and introduction of information on CEPPROCAL to enterprises likely to use the said subsidy schemes.

(2) Recommendations to CEPPROCAL/UIP

CEPPROCAL should make the following efforts to increase the number of orders for the consulting service in order to enhance the impacts of the Project.

- Proactive publicity of information on the contents, concrete cases and outcomes of CEPPROCAL's services for enterprises and opinions of enterprises which have used the service to member enterprises of the UIP and other domestic enterprises.
- Emphasis on consulting on the 5S and KAIZEN which are specialties of CEPPROCAL and on which the consulting service was first provided by CEPPROCAL and provision of a continuous consulting service which brings not only the 5S and KAIZEN but also the acquisition of ISO certification for quality management into view.
- Preparation of marketing materials which assist owners of Micro, Small and Medium-Sized enterprises to understand the merits of the consulting service in a concrete and quantitative manner. Exploration of the possibility of presenting proposals capable of showing the expected outcomes in a concrete manner using indicators and quantitative evaluation of the actual results after the completion of consulting work in regard to the principal problems faced by enterprises which have shown interest in receiving the consulting service of CEPPROCAL.

4.2.2 Recommendations to JICA

The JICA should re-explain the background and results of the Project as well as the contents of the agreement between the UIP and MIC to senior officials of the MIC under the new administration and work on the MIC to facilitate the diffusion of the said results throughout Paraguay.

4.3 Lessons Learned

- Technical cooperation was provided under the Project to promote SMEs by means of enhancing the capacity of the private sector to provide the consulting service. Its impacts were limited as effective measures to stimulate the demand were not implemented despite the weak demand for the service among SMEs. As a result, the impact was limited and the sustainability of the project effects was weakened. When planning a technical cooperation project similar to the Project in the future, it is essential to determine the contents of the cooperation based on a proper understanding of the prevailing conditions on the demand side, including the necessary for SMEs to receive the consulting service and the willingness of SMEs to pay a consultation fee. If a weak demand is already known, the inclusion of measures to stimulate the demand in the scope of the assistance should be considered. Likely measures include the diffusion of information and an awareness raising campaign by the public sector and improved access to a subsidy scheme.
- In the case of technical cooperation like the Project which targeted the private sector where there was a need to pursue efficiency in a competitive business environment, efficient project management and financial sustainability can be expected to materialize. However, as the private sector cannot be directly involved in the decision-making and implementation processes of public policies, its impact on a country as a whole may be limited. To compensate for this limitation, it is desirable to clearly define the roles of the related private sector and public sector players and then to create a concrete mechanism for public-private collaboration.

0. Summary

The Project for Improvement and Transfer of Asunción University Hospital (hereinafter referred to as “the Project”) was implemented to achieve (i) qualitative and quantitative improvement of the health and medical services at the “Hospital de Clínicas” of the National University of Asuncion (hereinafter referred to as “UNA Hospital”) and (ii) expansion of the research and educational activities of the Faculty of Medical Science of the National University of Asuncion (UNA) by means of realizing the relocation of the UNA Hospital through the construction of hospital facilities and procurement of medical equipment. While the size of facilities was relatively smaller compared to the demand for medical services at the relocation site, the necessity and urgency of the Project were both high. The Project was relevant to the development policy of Paraguay and the ODA policy of Japan, therefore its relevance is high. Meanwhile, the number of patients using the UNA Hospital has rapidly increased since the full-scale relocation and the capacity of the hospital to diagnose and treat patients has already reached its limit, reducing the efficiency of the medical services. Moreover, the efficiency of the medical services has been partially decreased by unplanned building extension / alteration works and the rational layout of facilities in the original plan was altered. There is room for improvement in regard to the hospital facilities and hospital management. Improvement of the research and educational facilities has not been fully sufficient. The massive increase of the number of patients has had both positive and negative impacts on the quality of medical education at the UNA Hospital. The UNA Hospital provides advanced and specialized treatment with a low payment burden for patients and its benefits reach all corners of the country. However, because of the inadequate functioning of the referral system, the medical diagnosis and treatment capacity of the hospital is not effectively utilized. Although the project cost was roughly within the plan, the period of implementation was significantly exceeded the plan, therefore the efficiency of the project is fair. The operation and maintenance of the buildings, building services and general equipment have been adequate. However, there is concern in regard to secured funding for operation and maintenance. Moreover, the operation and maintenance of the electronic medical equipment provided under the project are facing some institutional and technical problems. Therefore, the sustainability of the Project is fair. In the light of the above, this project is evaluated to be partially satisfactory.

1. Project Description



Project Location



Building constructed under the Project

1.1 Background

The UNA Hospital in the Republic of Paraguay (hereinafter referred to as “Paraguay”) is the highest 4th tier level general hospital in the country and also plays a core role in medical research and education. The UNA Hospital used to be located on an old campus at the remotest corner of the Old Town of Asunción and provided advanced medical services for the people of Paraguay as the country’s sole university hospital while training excellent medical specialists equipped with the latest medical skills as the hospital was in possession of information on the most advanced medical care in the world. Its history of more than 115 years meant that the facilities and equipment had deteriorated and the quality of both the medical care and educational services had declined due to a lack of essential equipment for diagnosis and treatment, shortage of hospital beds, excessive concentration of patients and other reasons. Confusing lines of flow resulting from a series of building extension and alteration works aggravated the disorderly state of the hospital. To improve these situations, the UNA made a decision in 1996 to relocate and improve the UNA Hospital from the old campus to San Lorenzo in a suburb of Asunción (hereinafter referred to as the “new campus”) which is 28 km away from the old campus and made a request to the Government of Japan for the provision of assistance for this plan. In response to this request, the Government of Japan constructed the UNA Hospital Japan-Paraguay Friendship Maternal and Child Health Center (*Centro Materno Infantil: CMI*) from FY1997 to FY1998 under a grant aid project. Following the completion of the CMI, the Obstetrics and Gynecology Department and the Pediatrics Department of the UNA Hospital were relocated to the CMI.

However, the planned simultaneous full-scale relocation of the UNA Hospital with funding by the Government of Paraguay did not materialize due to a change of the administration and budget shortfall. This meant that the UNA Hospital would operate on two sites, i.e. the old campus and the new campus. Hospital activities under this new arrangement were quite inefficient as patients on the new campus often had to travel to the old campus for medical testing. Medical students and doctors in training of the Faculty of Medical Science also had to travel between the two campuses for their training. This situation called for the full-scale relocation of the UNA Hospital to the new campus as quickly as possible.

In the midst of the further deterioration of the facilities on the old campus, the UNA once again decided in 2005 on a policy of relocating the entire hospital as well as the Faculty of Medical Science to the new campus and made a request to the Government of Japan for the provision of grant aid for the construction of the necessary facilities and procurement of equipment. In response to this request, the Government of Japan implemented the Project for Improvement and Transfer of Asunción University Hospital in two phases in FY 2007 and FY 2008. The Project envisaged the construction of a building to house general outpatients, emergency outpatients (Accident and Emergency: A&E), medical testing, operating theaters and other areas to be constructed by the Japanese side (hereinafter referred to as the “Facilities by Japan”) along with facilities to house the hospitalization, administration and service areas (hereinafter referred to as the “Ward Building”) and the Faculty of Medical Science Building, both of which would be constructed by the Paraguayan side.

1.2 Project Outline

The Project aimed at realizing the relocation of the UNA Hospital, qualitative and quantitative improvement of the health and medical services and improvement of the research and educational activities of the UNA Faculty of Medical Science by means of providing hospital facilities and medical equipment at the UNA San Lorenzo Campus.

Loan Approved Amount/ Disbursed Amount	(I) ¥1,370 million, (II) ¥419 million / (I) ¥1,228 million, (II) ¥412 million
Exchange of Note Date	(I) June, 2006, (II) August, 2017
Executing Agency	National University of Asunción
Project Completion Date	(I) March, 2008, (II) January, 2009

Main Contractors	Tokura Corporation, Mitsubishi Corporation
Main Consultant	Azusa Sekkei Co., Ltd.
Basic Design Study	March, 2006
Related Projects	Project for Construction of Japan-Paraguay Friendship Maternal and Child Health Center of the National University of Asunción Hospital (Grant Aid, FY1998-FY1999)

2. Outline of the Evaluation Study

2.1 External Evaluator

Hajime Sonoda (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.¹

Duration of Study:	January, 2013 - December, 2013
Duration of the Field Study:	March 17– April 22 and August 1 - 16, 2013

3. Results of the Evaluation (Rating: C²)

3.1 Relevance (Rating: ③³)

3.1.1 Relevance to the Development Plan of Paraguay

At the time of the planning of the Project, the Government of Paraguay had formulated the National Development Plan 2003 – 2008 and was proceeding with “the establishment of health and medical care system” and “improvement of the health and medical services” as components of “the Alleviation of Poverty and Corruption and Security Measures” which was one of the four pillars of development. The National Health Plan 2003 – 2008 was also formulated with the overall goal of “expanding and ensuring the fairness of social protection in the health and medical care sector”. This plan adopted two specific objectives: (a) improved care by the health and medical services and (b) provision of high quality services for the poor. The priority issues identified by the plan included “strengthening of the referral system”, “improvement of national hospitals under the jurisdiction of the Ministry of Public Health and Social Welfare” and “training and nurturing of health workers”.⁴

At the time of the ex-post evaluation, the Ministry of Public Health and Social Welfare is calling for “the improvement of regional hospitals, district hospitals, mother and child health hospitals and special hospitals capable of providing professionally, technically, physically and financially appropriate hospital functions required by their service areas. Meanwhile, President Horatio Cartes

¹ For this ex-post evaluation, a number of interviews were conducted with people working at the UNA Hospital (doctors, nurses and administrative staff members), doctors in training and medical students in addition to information gathering at the UNA Faculty of Medical Science. Moreover, a questionnaire survey was conducted with 40 outpatients, 43 inpatients, 20 doctors, 20 nurses, 20 doctors in training and 20 students).

² A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

³ ③: High, ②: Fair, ①: Low

⁴ A referral system is a system whereby a patient is introduced and smoothly transferred to a suitable facility depending on the type and severity of the illness and the medical care capability of a medical facility through liaising with health centers, clinics, regional core hospitals and general/specialist hospitals. The introduction and transfer of a patient from a lower tier medical facility to an upper tier medical facility is called referral. Patient movement in the opposite direction is called counter-referral. The smooth functioning of the referral system enables higher tier medical care facilities to perform to the maximum capacity as the medical care needs of patients are matched with the required levels of care provided by medical care facilities of different tiers.

who leads the new government formed in August, 2013 recognizes the importance of health and medical care and has expressed his intention of widely providing low cost medical services for the people of Paraguay.

To summarize, the health and medical care sector has been continually emphasized in Paraguay's development plans since the time of the ex-ante evaluation to the time of the ex-post evaluation.

3.1.2 Relevance to the Development Needs of Paraguay

As already described in 1.1 Background, completion of the relocation of the UNA Hospital to the new campus was both highly necessary and urgent at the time of the planning of the Project.

In general, a university hospital not only provides advanced medical services for the public as a high tier medical institution but also plays the role of a medical research and educational institution for the training of doctors. In Paraguay, 15 universities have their own faculty of medicine and three medical institutions accept doctors in training. The UNA Hospital is the only university hospital in Paraguay and its role as a research and educational institution for advanced medical care is extremely important.⁵ As continuous improvement of the facilities and equipment is essential to enable the latest treatment as well as advanced research and educational activities in line with the advancement of medical technologies, the Project sufficiently met such needs at the time of its planning and also at the time of the ex-post evaluation.

However, the scale of the facilities constructed by the Japanese side was smaller than the actual demand for medical care at the relocation site. As explained in more detail in 3.2.1.1 Quantitative Improvements of the Medical-Care Service, the number of outpatients after the full-scale relocation of the UNA Hospital to the new campus in December, 2012 has been more than double the number of patients at the time of planning. Moreover, the number of emergency patients is more than three times as planned, forcing the Surgical Center to work at full capacity (see 3.2.1.1-(3)). The Laboratory can no longer cope with the demand and congestion caused by people awaiting their turn has reduced the efficiency with many patients having to visit other medical institutions for testing. A change of use of some of the facilities and the construction of additional facilities for the Outpatient, Emergency, Laboratory and Surgical Center are already pressing issues. There were several reasons why the original planning scale was modest.

- The basic design of the Project was based on the Master Plan prepared by the UNA Faculty of Medical Science and this Master Plan did not predict a future increase of the number of patients.⁶
- In the Basic Design Study, the planning policy for facilities “focused on the education and training of doctors” and the scale of facilities was based on “the current number of patients”, ignoring a possible increase or decrease of the number of patients due to demographic changes.⁷ Any change of the accessibility to the hospital due to its relocation was also not taken into consideration.⁸

⁵ The most advanced medical care in Paraguay can be studied at the UNA Faculty of Medical Science as it gathers information on international medical research and medical technologies. The faculty is capable of accepting its graduates and doctors in training at its own hospital.

⁶ *Plan Director del Proyecto: Nueva sede para la Facultad de Ciencias Medicas y el Hospital de Clinicas en el Campus Universitario de la U.N.A.- San Lorenzo (2005).*

⁷ The Basic Design Study Report for the Project for Relocation and Improvement of the National University of Asunción Hospital in the Republic of Paraguay, March, 2006, pp. 3–7. Although the site plan in the Basic Design Study allowed some room for future *extension* of the general Outpatient, Laboratory and Surgical Center, the site itself was not large enough for the actually required scale of extension after relocation.

⁸ Compared to the old campus which was located along a river in a rather remote area, the new campus is near the demographic center of Asunción Capital City *and* is located along a trunk road linking various parts of the country to the Capital City.

- The number of outpatient examination rooms and operating theaters was calculated on the basis of the actual performance in 2000 through 2004. However, the actual figures used did not include some of the hospital departments which should have been included and were, therefore, underestimated by some 20%.⁹ The Basic Design Study could not assume a subsequent need for additional outpatient examination rooms due to a need for new hospital departments in line with advancements in medicine.
- Although the UNA Hospital was the supreme referral hospital (hospital at the highest level of the referral system), it has a statutory obligation to unconditionally admit a patient without a referral from the lower tier medical institution like any other hospitals in Paraguay as long as there is an empty bed on the ward.¹⁰ This means that the UNA Hospital finds it difficult to restrict visiting outpatients when many outpatients simply arrive at the hospital seeking diagnosis and treatment. The Basic Design Study Report did not mention such situation, suggesting that this kind of situation was not taken into proper consideration.

Based on the above, it is clear that the medical needs to be met by the UNA hospital were not fully examined at the planning stage of the Project. In particular, it can be pointed out that examination of the possibility of an increase of the number of patients due to a change of accessibility resulting from relocation was insufficient along with a lack of consideration of the situation of the UNA Hospital being unable to restrict the number of patients despite it being a supreme referral and educational hospital.

In short, the urgency of the Project to respond to the important need for the provision of an advanced medical service and the training of doctors was strong. However, the relevance to the needs was slightly lacking as the required scale of the Facilities by Japan was under-estimated at the time of planning.

3.1.3 Relevance to Japan's ODA Policy

Having considered the national strategy and development tasks of Paraguay, the Government of Japan held its first policy dialogue involving the ODA Task Force in August, 2004. This dialogue confirmed four priority fields for assistance of agriculture, health and medical care, human resources development and the environment. The Project fell in the category of cooperation for “the consolidation of health care and education principally targeting the poor” and was consistent with the ODA policy of Japan.

Based on the above, while it can be pointed out that the facility was relatively smaller than the needs at the relocation site, as the necessity and urgency of the Project were high and it was relevant to the development policy of Paraguay as well as Japan's ODA policy. Therefore, its relevance is judged to be high.

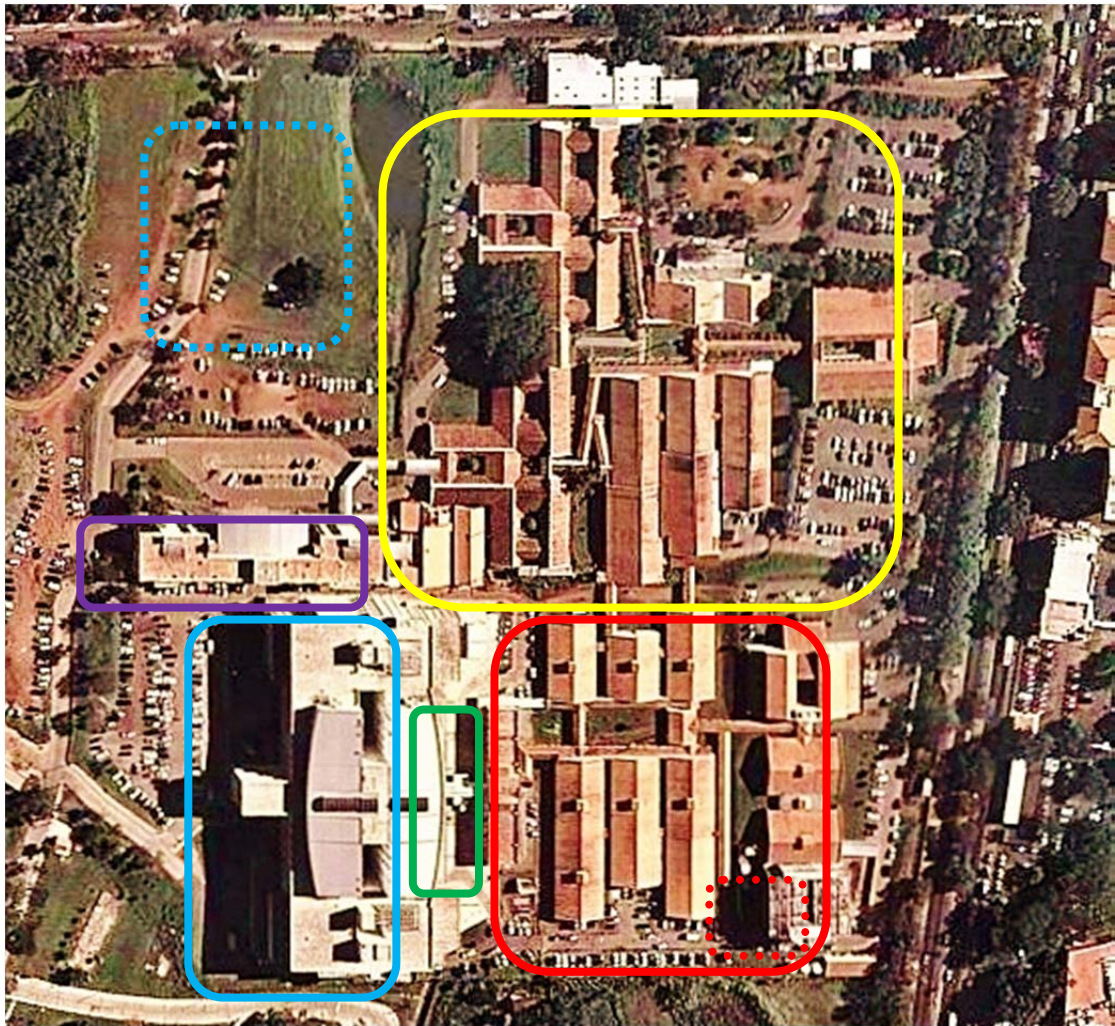
⁹ It is inferred that the number of outpatients *and* operations relating to the Respiratory, Cardiovascular, Neurology, Nephrology, Oncology and Neuropsychiatry Departments were not taken into consideration for calculation of the facility scale.

¹⁰ According to doctors of the UNA Hospital, there is a general tendency among hospital doctors in Paraguay to try to squeeze in patients even if there are no vacant beds because of their fear of criticism by the mass media or even fear of a lawsuit.

UNA Hospital: Outline of the Facilities and Background of the Relocation

Various facilities have been constructed in stages at the UNA Hospital since the construction of the CMI to the time of the ex-post evaluation with the slow progression of the hospital's relocation. Here, the main facilities at the UNA Hospital are outlined and the progress of relocation up to the time of the ex-post evaluation is described following the sequence of facility construction. The scope of the present ex-post evaluation includes all facilities which have been constructed, are in the middle of construction or are planned after the construction of the Facilities by Japan.

1. CMI (completed in 2000): This facility was constructed with Japan's grant aid cooperation. It houses the Obstetrics and Gynecology Department (outpatient, emergency, operation and inpatient facilities), the neonatal ICU and the ward for the Pediatrics Department. At the time of its construction, it was planned to relocate all of the hospital functions, excluding the CMI-related functions, to new facilities to be constructed by the Paraguayan side. However, only the Outpatient Building for the Pediatrics Department (to be described next) was constructed and full-scale relocation was not completed.
2. Outpatient Building for the Pediatrics Department (completed in 2005): Although the work was started to construct an accommodation facility for doctors in training and family members visiting inpatients, the building was converted to allow the reception of general and emergency outpatients at the Pediatrics Department because of the lack of progress of the relocation of the hospital proper. Since the full-scale relocation of the hospital in December, 2012, the building has also been used to receive outpatients, excluding those of the Ophthalmology, Otorhinolaryngology (Ear, Nose and Throat: ENT) and Dermatology Departments.
3. Facilities by Japan (completed in 2009): The Facilities by Japan were originally supposed to house almost of all the hospital departments (including general outpatients, emergency outpatients, general testing and diagnostic imaging, operation, ICU, etc.) other than the hospitalization function. Because of the delayed construction of the Ward Building, only the Ophthalmology, Otorhinolaryngology and Dermatology Departments moved into this building in 2009 and 2010.
4. Intermediate Building (completed in 2008): Because of the delayed construction of the Ward Building, this building was constructed as a small ward building so that the operation function of the Facilities by Japan could be used by some departments. Since the full-scale relocation of the hospital in December, 2012, this building has been used to house an emergency unit and ICU.
5. Ward Building (completed in 2011): This building houses wards for all departments except the Obstetrics and Gynecology Department and Pediatrics Department, dialysis treatment unit, rehabilitation unit, mortuary, such auxiliary facilities as canteen and laundry, educational facilities (classrooms, lecture hall, conference rooms, library and others) and administrative offices of the hospital. Full-scale relocation from the old campus took place in December, 2012.
6. Outpatient Building (planned completion in 2013): This four story Outpatient Building is under construction at the time of ex-post evaluation to compensate for the shortage of outpatient examination rooms.
7. Faculty of Medical Science Building (planned and with a floor area of 24,000 m³): Although the basic concept has been developed, no plan for its construction has been finalized.










- | | | | |
|---|---|--|-----------------------|
|  | CMI |  | Intermediate Building |
|  | Outpatient Building for the Pediatrics |  | Facilities by Japan |
|  | Faculty of Medical Science Building (planned) |  | Ward Building |
|  | Outpatient Building (under construction) | | |

Fig. 1 UNA Hospital: Layout of Facilities on the New Campus

3.2 Effectiveness¹¹ (Rating:②)

The Project had two objectives: (i) qualitative and quantitative improvement of the health and medical services and (ii) expansion of the research and educational activities of the UNA Faculty of Medical Science. Here, the quantitative improvement (increase) of the health and medical services is analyzed primarily in terms of the quantitative effects. The qualitative improvement of the health and medical services and expansion of the research and educational activities are analyzed primarily in terms of the qualitative effects. The situation of achievement of each objective is then clarified at the end.

¹¹ Sub-rating for Effectiveness is to be put with consideration of Impact.



Intermediate Building (left) and
Ward Building (right)



CMI (front) and Outpatient Building for
Pediatrics Department (rear)

3.2.1 Quantitative Effects (Operation and Effect Indicators)

The Basic Design Study listed several indicators to assess the effects of the Project on the qualitative and quantitative improvement of the health and medical services. These were increases of the number of outpatients, number of medical tests, number of emergency patients and increase of the number of operations. The indicators for the expansion of the research and educational activities were increases of the number of patient examinations as well as number of image projections by doctors in training and number of conferences between professors and medical students. However, none of these indicators were given a target value. Some indicators had no reference value (i.e. actual value before the Project). For some indicators, it was difficult to obtain the relevant data. For these reasons, the present evaluation is not restricted to the above indicators and various types of quantitative data obtained are used to analyze the situation of achievement of the two objectives of the Project.

3.2.1.1 Quantitative Improvements of the Medical-Care Service

The performance of the medical services at the UNA Hospital since 2000 is shown in Fig. 2 through Fig. 8. The Project (consisting of the Facilities by Japan, Intermediate Building and Ward Building) targeted all the hospital departments except for the Obstetrics and Gynecology Department and the Pediatrics Department. For the targeted departments, all actual clinical activities were conducted at the old campus until the full-scale relocation of the hospital in December, 2012 (although some diagnosis and treatment activities were conducted at the new campus after the partial relocation of some departments). The numerical values for 2013 in these figures are estimates based on the actual performance from January to July, 2013.¹²

(1) Number of Outpatients

The Basic Design Study for the Project assumed that the number of outpatients covered by the scope of the Project would be 97,640 a year. The number of outpatients gradually increased towards 2012. In the period from January to July, 2013, the actual number reached nearly 250,000, recording an increase of some 30% on the same period in 2012 and was some 2.6 times the estimated figure by the Basic Design Study (Fig. 2). It is inferred that this massive increase in 2013 can be attributed to the hospital's improved accessibility following its full-scale relocation to the new campus.

The outpatient facility in the Facilities by Japan has served outpatients of the Ophthalmology, Otorhinolaryngology and Dermatology Departments (some 40,000 outpatients a year) since the partial relocation. While the Facilities by Japan has 28 outpatient examination rooms, these are entirely

¹² Because the diagnosis and treatment performance shows *seasonal* fluctuations, the comparative ratio of the performance for the period from January to July, 2013 vis-à-vis the same period in 2012 was calculated and the actual performance in 2012 was multiplied by this ratio to estimate the actual performance in 2013.

occupied by the Ophthalmology, Otorhinolaryngology and Dermatology Departments which began to use these rooms after their relocation to the new campus under the partial relocation of the hospital. Since the full-scale relocation, outpatient examination rooms for other departments have been temporarily set up in the Outpatient Building for the Pediatrics Department. By the end of 2013, the new Outpatient Building with 64 rooms will have been constructed and departments other than the three departments mentioned above are expected to have their outpatient examination rooms in this building.

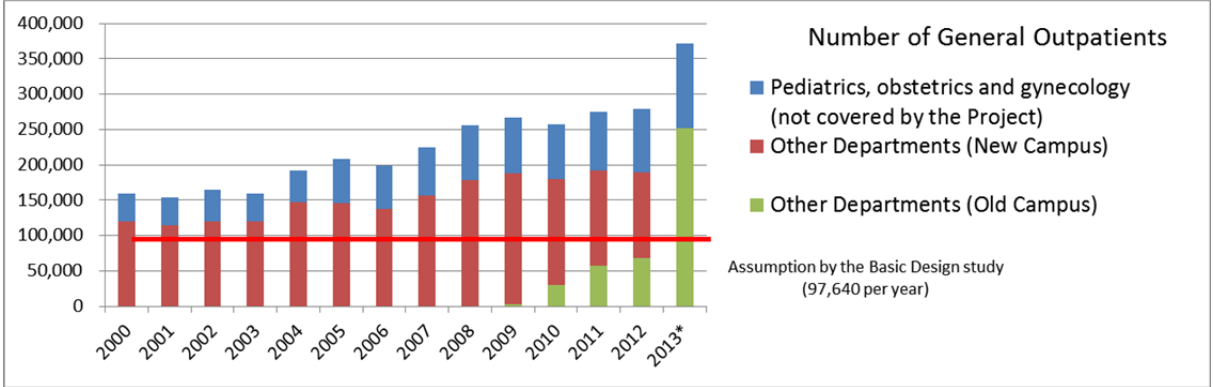


Fig. 2 Number of General Outpatients Treated at the UNA Hospital (2000 – 2013)
Source: UNA Faculty of Medical Science

Note: The figure for 2013 is an estimated value based on the actual performance from January to July, 2013

(2) Number of Emergency Outpatients

The number of emergency outpatients covered by the scope of the Project showed a slight annual increase until 2011 but the increase was more noticeable in 2012, followed by a projected massive increase in 2013 (Fig. 3). These increases were primarily the result of the hospital’s improved accessibility. In addition, a major outbreak of dengue fever in early 2013 is one factor for the massive increase of emergency outpatients in 2013. Since the partial relocation, emergency outpatient units of the Ophthalmology, Otorhinolaryngology and Dermatology Departments have been operating in the Facilities by Japan (some 14,000 patients in 2012). Since the full-scale relocation, all departments except for the Obstetrics and Gynecology Department and Pediatrics Department have emergency outpatient units (an estimated some 90,000 patients in 2013) in the Facilities by Japan.

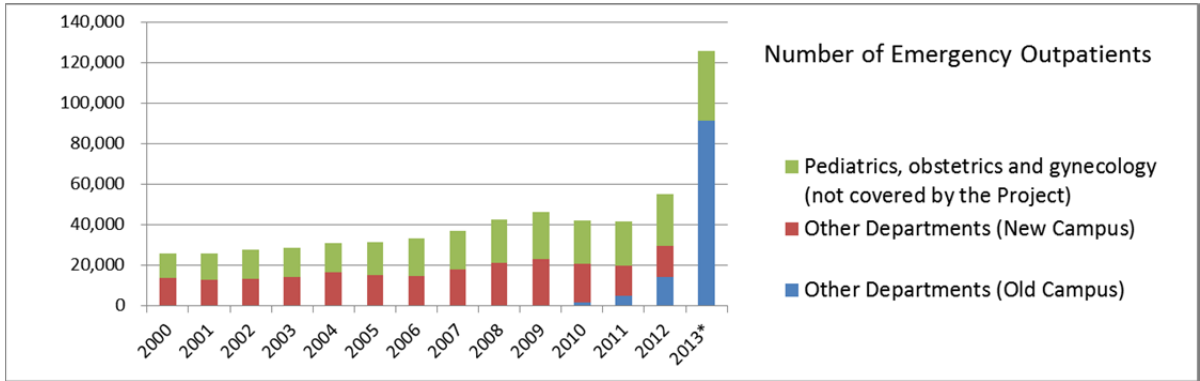


Fig. 3 Number of Emergency Outpatients Treated at the UNA Hospital (2000 – 2013)
Source: UNA Faculty of Medical Science

Note: The figure for 2013 is an estimated value based on the actual performance from January to July, 2013



Waiting room of the expanded emergency outpatient unit



Treatment room of the expanded emergency outpatient unit

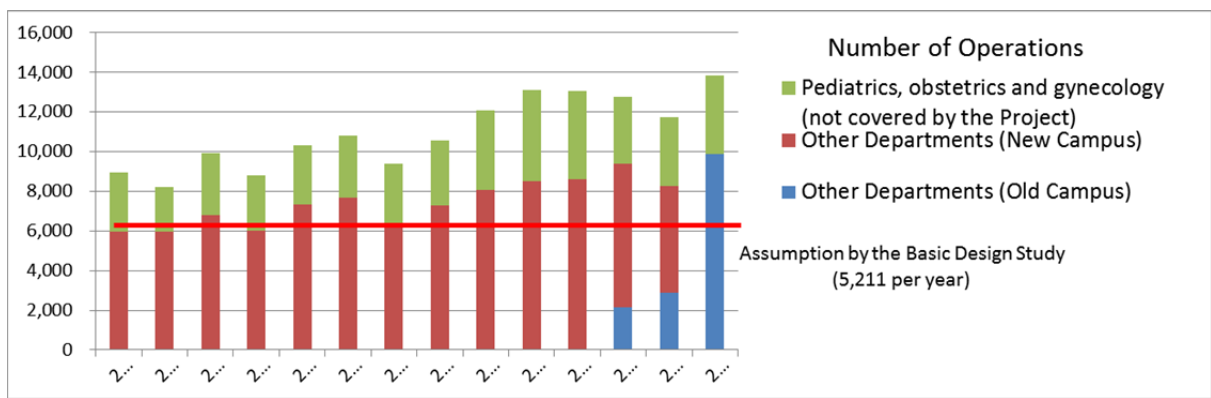


Fig. 4 Number of Operations at the UNA Hospital (2000 – 2013)

Source: UNA Faculty of Medical Science

Note: The figure for 2013 is an estimated value based on the actual performance from January to July, 2013

In 2012, the UNA Hospital undertook major expansion of the Emergency Department in the Facilities by Japan.¹³ Despite this expansion, however, there is clearly a shortage of space at the time of the ex-post evaluation as emergency beds are observed in such areas as treatment rooms and preparation rooms where patient beds should not normally be found.¹⁴

(3) Number of Operations

The Basic Design Study for the Project assumed that the number of operations covered by the Project would be 5,211 a year. The number of operations has gradually increased to reach 8,244 in 2012 which was approximately 1.6 times more than the assumption made by the Basic Design Study. In 2013, the number is expected to grow to approximately 9,900 (Fig. 4). While the maximum number of operations assumed by the Basic Design Study was 6,180 a year, the actual number since the full-scale relocation has substantially exceeded this level. At the time of the ex-post evaluation, the operating theaters appear to be fully occupied all of the time. As a shortage of operating theaters is expected to occur sooner rather than later because of the rapid increase of the number of patients and introduction of new technologies (including the introduction of new equipment and the implementation of

¹³ As the Basic Design Study did not assume such expansion, this expansion work used part of the area reserved for a car park.

¹⁴ While the number of emergency beds to be introduced under the Project was 12, 70 beds were available at the time of the ex-post evaluation.

pioneering operations), the UNA Hospital plans to establish a new surgical facility of the similar scale as the current facility in the Ward Building by the end of 2013.¹⁵

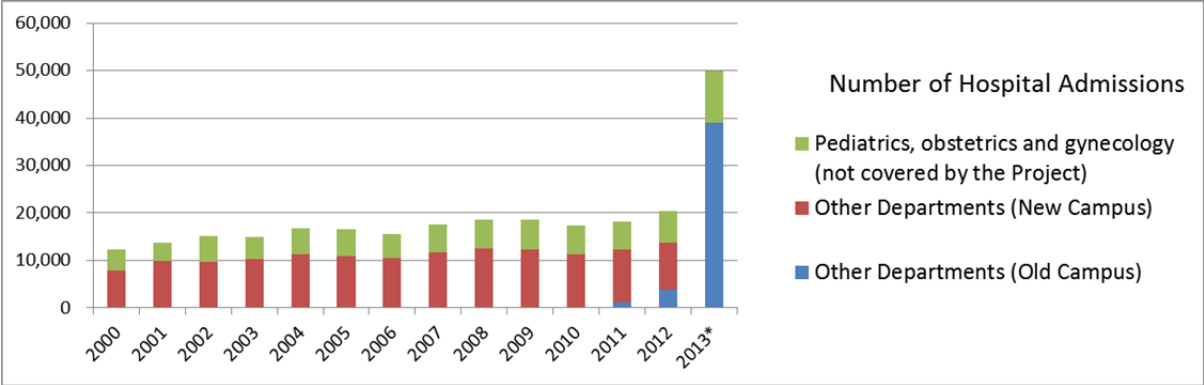


Fig. 5 Number of Hospital Admissions at the UNA Hospital (2000 – 2013)

Source: UNA Faculty of Medical Science

Note: The figure for 2013 is an estimated value based on the actual performance from January to July, 2013

(4) Number of Hospital Admissions

The number of hospital admissions covered by the Project gradually increased to reach 17,426 in 2012. The figure has phenomenally increased in 2013 and is estimated to reach some 39,000, nearly three times the figure for 2012 (Fig. 5). At the time of the ex-post evaluation (August, 2013), the UNA Hospital has a total of 510 beds. It is planned to introduce 200 extra beds in the Ward Building by the end of 2013 to cope with the rapid increase of the number of hospital admissions.

(5) Number of Laboratory Examination, Efficiency of Laboratory Examination

The number of examinations conducted by the Laboratory Examination Department in old / new campuses increased in 2012 to some 680,000 compared to an annual average of some 460,000 in the period from 2000 to 2004 (Fig. 6). The number of examination conducted at the new campus (those associated with the Project and CMI) did not record much of an increase after the partial relocation in 2010. One likely reason for this is that the Ophthalmology, Otorhinolaryngology and Dermatology Departments which moved to the new campus under the partial relocation do not often require medical testing.

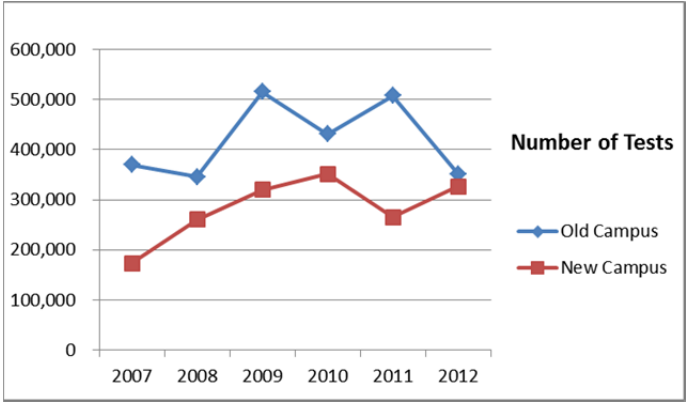


Fig. 6 Number of Tests Conducted at the UNA Hospital (2000 – 2012)

Source: UNA Hospital

Note: The figure for the new campus includes tests conducted at the CMI.

Interviews with those working in the Laboratory in the Facilities by Japan found that the number of patients dealt with trebled after the full-scale relocation compared to the pre full-scale relocation

¹⁵ The planned number of operating theaters to be set up under the Project was 8. A further 9 operating theaters are planned in the new surgical facility.

period. Because of this, the time to obtain examination results has lengthened to approximately four hours since the full-scale relocation compared to some 15 minutes before. Such congestion in the Laboratory means that approximately two-thirds of patients have to have some examinations done outside the UNA Hospital.¹⁶ There is no concrete plan to expand the Laboratory in the Facilities by Japan at the time of the ex-post evaluation, partly because of the little availability of extra space within this building.

The number of ultrasonic examinations and X-ray examinations on the new campus has increased since the partial relocation (Fig. 7 and Fig. 8), presumably because the Facilities by Japan responds to the testing needs of the Obstetrics and Gynecology Department and Pediatrics Department. Since the full-scale relocation, however, the Diagnostic Imaging Unit can only meet some 60% of the actual demand, forcing approximately half of the patients to undergo part or entire image diagnostic examination outside the UNA Hospital.¹⁷

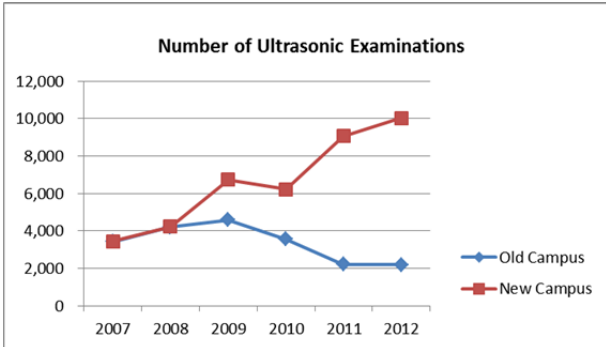


Fig. 7 Number of Ultrasonic Examinations at the UNA Hospital (2007 – 2012)

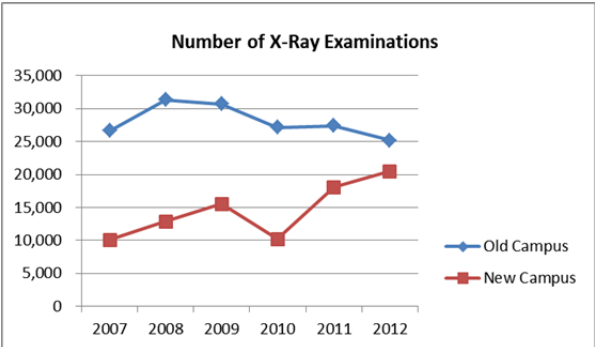


Fig. 8 Number of X-Ray Examinations at the UNA Hospital (2007 – 2012)

Source: UNA Hospital
 Note: The figure for the new campus includes tests conducted at the CMI.

Source: UNA Hospital
 Note: The figure for the new campus includes tests conducted at the CMI.



Examination room



ICU patient room and medical students

¹⁶ Based on the results of the questionnaire survey with patients.

¹⁷ Based on the results of the questionnaire survey with a professor (a doctor) of the Diagnostic Imaging Unit and patients.

3.2.1.2 Improvement of Educational and Research Activities

No data allowing analysis of the effectiveness of the Project was obtained for such indicators put forward by the Basic Design Study as the number of patient examinations and number of image projections by doctors in training and increase of the number of conferences between professors and medical students. Moreover, no reference values or target values for these indicators were given in the Basic Design Study. The UNA Faculty of Medical Science has been implementing a curriculum reform project¹⁸ since 2011 and the determination of indicators and reference values for evaluation of the educational processes is planned in the course of this Project.

3.2.2 Qualitative Effects¹⁹

3.2.2.1 Qualitative and Quantitative Improvements of the Medical-Care Service

The Obstetrics and Gynecology Department and the Pediatrics Department of the CMI used to rely on the facilities on the old campus for part of their imaging tests, causing an additional burden for patients who had to travel between the new campus and the old campus. With the relocation of the Diagnostic Imaging Unit to the new campus under the Project, this burden has been eliminated. As the Testing Department which has been improved under the Project has become available for tests required by these departments, quick testing is now possible. Moreover, the introduction of the ICU has enabled a quick response to emergency patients (especially those in the Obstetrics and Gynecology Department).

The following positive effects have been reported since the full-scale relocation of the hospital functions to the new campus in December, 2012.

- The old hospital was congested and chaotic like a market due to crisscrossing lines of flow and narrow passages. The realization of the separation and integration of various hospital functions such as outpatient examination, testing and operation under the Project has led to the improved efficiency of medical care and easier management of hospital hygiene.²⁰
- The improvement of the emergency facilities and ICU, including their expansion after the completion of the Facilities by Japan, has led to a qualitative as well as quantitative improvement of the medical service for emergency patients and others.
- The centralization of the operating theaters (i.e. integration of the operating theaters which used to be located in each department into one place) has enabled an increase of the number of operations due to the improved efficiency of operations and better hygiene in the operating theaters.
- The replacement of large wards with 20 or more patients each to smaller rooms with 3 – 4 patients each has improved the privacy for patients as well as the general conditions for inpatients.
- As all departments have been relocated to the new hospital, communication between departments has become much easier, resulting in the improved efficiency of comprehensive diagnosis and treatment.

¹⁸ This project aims at improving the educational curriculum, management method for education and teacher training method for the purpose of producing excellent doctors to meet the international standards for medical care and medical education.

¹⁹ The analysis results of the qualitative effects here are mainly based on the results of interviews and the questionnaire survey with those linked to the UNA Hospital and Faculty of Medical Science.

²⁰ At the time of the ex-post evaluation, the Outpatient Department operates in both the Facilities by Japan and the Emergency Building for the Pediatrics Department. Once the construction of the Outpatient Building has been completed, it will be feasible to integrate all of the outpatient examination rooms in one building.

Meanwhile, the following problems have been found at the time of the ex-post evaluation.

- The area of the Laboratory is small with no extra space to install additional testing equipment. A long time is required to produce test results because of the high demand. The storage of consumables and washing of tools and equipment have to be conducted elsewhere.
- Because of the large number of operations, the sterilization equipment is used beyond its design capacity.
- As corridors of the Facilities by Japan are open, patients and accompanying family members who wait in the corridors for a long time are exposed to occasional harsh weather such as strong winds and low temperature.
- The absence of a well-organized car park means disorderly parking on the hospital premises.
- The complicated layout of the hospital facilities is confusing for visitors and there is not sufficient guidance (information signs, etc.) on the facility layout.
- Because of the absence of an extension telephone system, doctors and nurses communicate with each other using their own mobile phones. The number of external telephone lines is small.
- Because of the absence of a LAN system, Internet connection is unavailable in most places in the hospital.²¹ The management of such data as treatment records, etc. is conducted manually.
- There is a long queue for payment. There is a lack of appropriate operational management in response to the rapid increase of the number of patients. One example is a patient spending three weeks in an A & E bed. There is neither a reception desk nor a pharmacy of which the functions are worthy of a general hospital.
- Half of the patients are unhappy about the long waiting time for outpatient examinations and the limited opening hours for outpatients.²²

The general outpatient, emergency, operation and ICU areas have undergone a series of building extension and alteration work which is not part of the original plan. The result is that some spaces are now used for purposes which were not originally planned, including the introduction of beds in rooms which are not designed to house inpatients and the use of available space as storage space regardless of its distance from the relevant department. Accordingly, the original concepts of the separation and concentration of functions and of the separation and rationalization of lines of flow at the time of the Basic Design Study have been forcibly revised. This situation suggests that some effects relating to improvement of the efficiency of medical care and improved management of hygiene have been eroded.

3.2.2.2 Improvement of Educational and Research Activities

The results of interviews and questionnaire survey with professors (doctors), doctors in training and medical students indicate that the general improvement of the buildings, building services and medical equipment has improved not only the quality of medical services but also the quality of research and education as it is now possible to learn advanced medical treatment techniques, etc. using the latest

²¹ The UNA Faculty of Medical Science has begun the work to *install* a LAN system and is also preparing to establish an integrated hospital management system (*Systema Integrado de Gestión Hospitalaria*) over a period of several years to manage the pharmacy, electronic patient records, testing records, imaging results and other patient treatment information.

²² Outpatient treatment is available in both the morning and afternoon or only in the morning depending on the department.

equipment in an adequate learning environment. However, many have also expressed the opinion that the training and educational environment for medical students and doctors in training is not fully adequate because of the following reasons.

- There are no meeting rooms where doctors and medical students can discuss the treatment policy away from a patient or his/her family members.
- The outpatient examination rooms are too small for several medical students to be present at the same time.
- There are not enough places for night-shift personnel to rest.
- There are no spaces for medical students to spend their spare time. The absence of a restaurant or cafeteria on the hospital premises is inconvenient.
- The library is short of equipment, including PCs with Internet connection and copiers.
- The classrooms are too small to accommodate all of the students in a class. There are no shelves which the students can use.

It has been reported that the massive increase of the number of patients since the full-scale relocation has had both positive and negative impacts on the quality of education. The positive impacts include practical group training with a smaller number of students and the existence of a wide variety of diseases for practical training. The negative impacts include decreased opportunity for education as a result of (i) less communication between experienced doctors and doctors in training as well as students due to the difficulty of spending sufficient time for medical examination and practical training involving each patient as a result of reduced time available for doctors to attend each patient due to the increase of patients, and (ii) the necessity for doctors in training to examine patients without supervision of specialized doctors.

It is still inconvenient for professors and students to travel between the two campuses as the planned relocation of the Faculty of Medical Science has not yet materialized.

In summary, although the relocation (better accessibility) and improvement of hospital facilities have achieved qualitative and quantitative improvement of the health and medical services, the efficiency of diagnosis and treatment has been partially reduced due to the rapid increase of the number of patients. There is also room for improvement of the hospital facilities and hospital management. In regard to improvement of the research and educational activities, while the qualitative improvement of diagnosis and treatment has led to a qualitative improvement of education, improvement of the facilities is still insufficient. Therefore, the rapid increase of the number of patients has had both positive and negative impacts on the quality of education at the UNA Hospital.

3.3 Impacts

3.3.1 Intended Impacts

How the Project has contributed to the health and medical care sector in Paraguay is analyzed here in reference to the two objectives of a university hospital, i.e. provision of advanced health and medical services and training of doctors.

(1) Contribution to Improvement of Medical Services in Paraguay.

The UNA Hospital has 510 beds at the time of the ex-post evaluation in August, 2013. The total number of beds at hospitals run by the Ministry of Public Health and Social Welfare of which the

diagnosis and treatment standards are comparable to those of the UNA Hospital (meaning a fourth tier special hospital or general hospital) is 1,595. All of these hospitals provide advanced medical services without requiring the payment of a large amount of money by patients and the UNA Hospital accounts for approximately one-quarter of such services with totally 2,105 beds. The fully relocated UNA Hospital is situated at the heart of Asunción Metropolitan Area and the site is appropriately located to accept patients from all over the country as it is directly linked to a trunk road which links Asunción to many parts of the country. While the number of patients has rapidly increased since the full-scale relocation, some 30% of these patients come from local areas (other than the Capital City and Central Department).²³

As the various figures mentioned above indicate, the UNA Hospital plays an important role in Paraguay as a hospital which provides advanced and specialized treatment with a low payment burden for the patients. The benefit of the Project in the form of improved medical services at the UNA Hospital is considered to be felt nationwide.

On the other hand, according to people working at the UNA Hospital, the referral system at hospitals run by the Ministry of Public Health and Social Welfare is not properly functioning and the number of referrals and counter-referrals between the UNA Hospital and other hospitals is small. The questionnaire survey with patients at the UNA Hospital found that approximately one-third of patients “were sent” by other medical institutions. Half of those who were sent involved an unofficial referral without having undergone the official referral and transfer procedure. This means that the UNA Hospital receives many patients who do not require advanced diagnosis and treatment. It is reasonable to say that the advanced diagnosis and treatment capacity of the UNA Hospital has not been fully exploited because of the insufficient functioning of the referral system. Another problem is that the diagnosis and treatment capacity has not sufficiently kept pace with the increase of the number of patients (see 3.2 Effectiveness and Impacts). These drawbacks have limited the positive effects of the Project on medical services.

(2) Contribution to Training of Specialized Doctors

As of 2013, Paraguay has some 10,000 registered doctors and the ratio to the population of some 16 doctors per 10,000 people is fairly adequate.²⁴ This means that there is no significant shortage of doctors in Paraguay. However, the UNA Hospital is expected to train highly capable doctors equipped with superior specialized knowledge and familiar with the latest medical technologies and techniques.

In Paraguay, 15 universities have a faculty of medicine and three organizations, i.e. UNA Hospital, Social Insurance Hospital and Ministry of Public Health and Social Welfare accept doctors in training. In 2012, the UNA Hospital was responsible for some 40% (306 persons) of the nationwide places for doctors in training (approximately 760 persons). Some 140 doctors become specialized doctors from doctors in training each year after completing the training period at the UNA Hospital. The UNA Faculty of Medical Science admits 150 students a year but is the most difficult faculty to enroll because of its extreme popularity based on high level of education and existence of an affiliated hospital.

In summary, although the UNA Hospital has been playing an important role in the training of doctors in Paraguay, analysis of the impacts of the Project is judged to be premature given the fact that the full-scale relocation of the hospital took place only a short time ago.

3.3.2 Other Impacts

²³ Results of the questionnaire survey with patients.

²⁴ The guidelines of the Pan American Health Organization (TAHO) sets the adequate level of doctors to be aimed at by a doctor training program at 8–10 per population of 100,000. For reference, OECD data for 2008 puts the number of doctors per population of 10,000 at 22 in Japan, 20 in Mexico and 19 in South Korea.

(1) Environmental and Social Impacts

An environmental impact survey was conducted in preparation for the relocation of the UNA Hospital and no environmental problems affecting the implementation of the Project were found. Medical waste discharged by the UNA Hospital is not thought to have any negative impact on the environment as it is handed over to a specialized company after its re-separation at the hospital site from ordinary waste, as they are not well separated at sources. Further, wastewater treatment is adequately carried out.

As the site of the UNA Hospital is actually owned by the UNA, land acquisition or the resettlement of local residents was not observed.

(2) Other Positive and Negative Impacts: None

Based on above, the Project has somewhat achieved its objective, therefore its effectiveness is fair.

3.4 Efficiency (Rating: ②)

3.4.1 Project Outputs

The planned and actual outputs of the Project are listed in Table 1 below.

Planned	Actual (as of August, 2013)
<p>< Work by the Japanese Side ></p> <ul style="list-style-type: none"> • Outpatient Department (28 examination rooms) • Surgical Center (8 operating theaters) • ICU (12 beds) • Laboratory • Diagnostic Imaging Unit • Emergency Department • Part of Administration Department 	<p>< Work by the Japanese Side ></p> <p>(Mostly as planned)</p>
<p>< Work by the Paraguayan Side ></p> <ul style="list-style-type: none"> • Wards (400 beds) • Faculty of Medical Science Building • Administration Department • Service Department • Rehabilitation Department • Dialysis Treatment Department • Mortuary 	<p>< Work by the Paraguayan Side ></p> <ul style="list-style-type: none"> • Auxiliary facilities for the work by the Japanese side: sewerage, landscaping and others • Ward Building <ul style="list-style-type: none"> - 510 beds for inpatients (additional 200 planned) - Educational facilities, including 4 large classrooms - Administration Department - Service Department: Canteen, Laundry and others) - Rehabilitation Department - Dialysis Treatment Department - Mortuary • Intermediate Building: 40 inpatient beds (not included in the original plan) • Corridor to CMI • Expansion of Emergency Department (not included in the original plan) • Construction of Outpatient Building (65 examination rooms; not included in the original plan; currently in progress) • Second Surgical Center (9 operating theaters; not included in

	<p>the original plan; currently in progress)</p> <ul style="list-style-type: none"> • Expansion of Diagnostic Imaging Unit (not included in the original plan; currently in progress) • Expansion of ICU (10 extra beds; not included in the original plan; planned) • Faculty of Medical Science Building (source of funding undecided)
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The work of the Japanese side was completed mostly as planned except for some minor building design modifications. According to the UNA Hospital, the layout plan and floor plan were generally appropriate and the quality of the construction work was very high. However, a shortage of space was pointed out in regard to the provision of resting places for doctors on the night shift, changing areas for doctors and nurses and administrative work. While the selection and specifications of the medical equipment were generally appropriate, some X-ray equipment has specifications which are unsuitable for children, making the use of external facilities necessary. The monitor for an endoscope is installed outside the room and it is impossible for a doctor to manipulate the endoscope while looking at the monitor.

Because it was forecast that the completion of the Ward Building would be delayed, the UNA commenced with the construction of the Intermediate Building to accommodate inpatients of the Ophthalmology and Otorhinolaryngology Departments scheduled to be relocated to the new campus before other departments. The completion of the Intermediate Building was followed by the Ward Building housing large classrooms and an underground car park in addition to facilities for inpatients. This Ward Building has a floor area of some 50,000 m² which is almost double the floor area assumed by the Master Plan for the UNA Faculty of Medical Science which was referred to in the Basic Design Study. The UNA side also conducted the work to almost double the Emergency Department and began the construction of the Outpatient Building with 65 examination rooms. Furthermore, the UNA side conducted the introduction of the Second Surgical Center (with 9 operating theaters), expansion of the Diagnostic Imaging Unit and expansion of the ICU (10 additional beds). As far as medical equipment is concerned, the UNA Hospital has office equipment and medical equipment which it has procured with its own funding in addition to that procured under the Project and that relocated from the old hospital.

While the construction of a six story Faculty of Medical Science Building with a floor area of 24,000 m² is planned, no concrete funding source has been secured at the time of the ex-post evaluation.

Table 2 Planned and Actual Project Costs

(Unit: ¥ million)

	Planned	Actual
Work by the Japanese side (including auxiliary facilities)	1,790	1,705
Work by the Paraguayan side (excluding the Faculty of Medical Science Building)	1,879	2,158
Total	3,669	3,863

Source: Basic Design Study Report; data of the Faculty of Medical Science

Notes: The planned cost of the work by the Paraguayan side is based on the Master Plan for the Faculty of Medical Science (2006) due to incomplete data in the Basic Design Study Report.

Exchange rates: Planned: ¥1 = 41.5Gr.; US\$ 1 = ¥116

Actual: ¥1 = 49.2Gr. (average rate during the project implementation period)

3.4.2 Project Inputs

3.4.2.1 Project Cost

While the total cost of the Project, excluding the Faculty of Medical Science Building, was planned to be ¥3,669 million, the actual cost of ¥3,863 million was equivalent to 105% of the original budget. This slight increase of the total project cost was due to the increased volume of work by the Paraguayan side. Given the facts that the outpatient, emergency and operation facilities have been expanded and that the floor area of the Ward Building is double the planned floor area, substantially increasing the number of beds, the efficiency in terms of the project cost is high.²⁵

3.4.2.2 Project Period

The planned construction period for the work by the Japanese side was a maximum of 31 months, including the design period, in preparation for the completion of the full-scale relocation of the hospital by August, 2009. In reality, however, although the work by the Japanese side was completed in 26 months from the signing of the construction contract in January, 2007 to February, 2012, the work by the Paraguayan side was delayed. As a result, full-scale relocation only took place in December, 2012. The length of the period to full-scale relocation was more than double the planned period.²⁶ Taking into account that the construction of the Faculty of Medical Science Building has not materialized, the efficiency in terms of project period is judged to be below.

The Ward Building was completed based on six separate contracts (foundations, structure 1, structure 2, walls and building services, finishing and building services, and additional work). The work based on the last contract only started in April, 2011. The main reason for the lengthy construction period involving multiple contracts was insufficient budgetary appropriation by the Paraguayan side.²⁷ For the planned three year project period from 2007 to 2009, the funding amount by the Paraguayan side for the construction of the new Ward Building was as small as 40% of the planned cost. Moreover, the change of the faculty dean in 2010 necessitated an internal audit and checking of the accounts, temporarily suspending the construction work. This suspension was also caused by a budget shortfall and other reasons.

Although the project cost was roughly within the planned cost when the actual outputs are taken into consideration, the project period was significantly longer than planned and, therefore, the efficiency of the Project is fair.

3.5 Sustainability (Rating:②)

3.5.1 Institutional Aspect of Operation and Maintenance

According to the Basic Design Study Report, the total number of staff members at the Faculty of Medical Science prior to the Project was 2,762. The faculty has continually expanded its staff strength in subsequent years and further recruitment since the full-scale relocation of the hospital has led to a much increased total number of staff members of 5,117 (Table 3) as of May, 2013 (including 1,118 employees on contract). This number is 1.9 times of the staff strength in 2005.

²⁵ The number of beds in the Ward Building is planned to increase to 710 which is 178% of the originally planned 400 beds.

²⁶ While the planned period from building planning to full-scale relocation was 32 months from January, 2007 to August, 2009, the actual period was 72 months from January, 2007 to December, 2012.

²⁷ The Ministry of Finance in Paraguay sets the upper limit for the budget allocation in the face of a budget request by each ministry and the actual disbursement may be much lower than the upper limit depending on the revenue situation of the government.

Table 3 Staff Strength of the UNA Hospital (May, 2013)

(Unit: persons)

	Staff Members	Staff on Contract	Total
Administration	571	255	826
Doctors	1,550	78	1,628
Instructors (other than doctors)	69	12	81
Nurses	989	269	1,258
Assistant Nurses	175	131	306
Maintenance Engineers	24	8	32
Maintenance Assistants	19	7	26
Medical Assistants	412	154	566
Others (Security Guards, Laundry Assistants and Cleaners, etc.)	190	204	394
Total	3,999	1,118	5,117

Source: UNA Faculty of Medical Science



Medical equipment awaiting repair
(Electro-Medical Department)



Long queue for payment
(the Facilities by Japan)

At the time of the full-scale relocation of the hospital, the Electro-Medical Department was established for the maintenance of electro-medical equipment. Up to four engineers with a department head work in each shift in this department. According to the department head, the shortage of engineers in the face of a large number of electro-medical equipment means that the department cannot respond quickly enough to requests for repair. The department is located in the CMI but the space is extremely small and there is a shortage of maintenance tools.

The maintenance of the buildings, etc. is the responsibility of the Maintenance Department which has some 40 engineers to conduct maintenance inspection and repair under the guidance of seven coordinators. According to the head of this department, the manpower is insufficient. Because of insufficient manpower, the department is too busy with pressing repair work to implement the existing preventive maintenance program.

The Basic Design Study made a series of recommendations for hospital operation and management to enhance the effects of the Project. These were (i) extension of the opening hours of outpatient clinics to all day, (ii) introduction of a centralized laboratory, (iii) review of the surgical operation management method and (iv) integrated operation and management with the CMI. Of these, extension of the opening hours of outpatient clinics has been introduced for some departments. According to professors of the Faculty of Medical Science and others, many doctors working at the UNA Hospital are also involved in private medical activities. Many doctors conduct these activities in the afternoon, leaving the morning for work at the UNA Hospital. Therefore, it is generally difficult to secure doctors

who are willing to work at the UNA Hospital in the afternoon. The other recommendations (ii, iii and iv above) are judged to have been realized.

In summary, while the staff strength at the UNA Hospital has increased since full-scale relocation, the existing manpower level for facility and equipment maintenance is insufficient.

3.5.2 Technical Aspect of Operation and Maintenance

The Maintenance Department of the UNA Hospital is responsible for the general maintenance of facilities and equipment, including air-conditioning units. According to the head of the Department, there are no specific technical problems in regard to maintenance work.

According to the Electro-Medical Department responsible for the maintenance of electro-medical equipment, the technical manuals provided by Japan have gone missing, causing some problems with the maintenance and repair work for this type of equipment. For some of the equipment made in Japan, it is difficult to obtain technical services because the agents stopped providing services for them in Paraguay. All personnel who were trained at the time of the handing-over of the equipment have since left the hospital and the head of Department believes that it is necessary for his engineers to undergo proper training.

Similarly, the user manuals for the electro-medical equipment have gone missing. Some equipment (including cleaning equipment and the instrumentation panel for the ventilator device in the Surgical Center) are not fully utilized on the front line because of the lack of manuals even though the number of such equipment is small. The manuals have been properly handed over but lost due to inadequate handing over when the dean of the Faculty of Medical Science was replaced.

In summary, the UNA has the technical capability to conduct the general maintenance of the facilities and equipment but the operation and maintenance of the hospital is hampered by the inability to fully utilize electro-medical equipment because of the missing manuals.

3.5.3 Financial Aspect of Operation and Maintenance

Apart from government funding by the Ministry of Education via the UNA and Faculty of Medical Science, the UNA Hospital has its own income source. As shown below, the government budgetary allocation almost doubled between 2005 and 2012. Meanwhile, government funding for the maintenance increased by some 70% between 2005 and 2012.

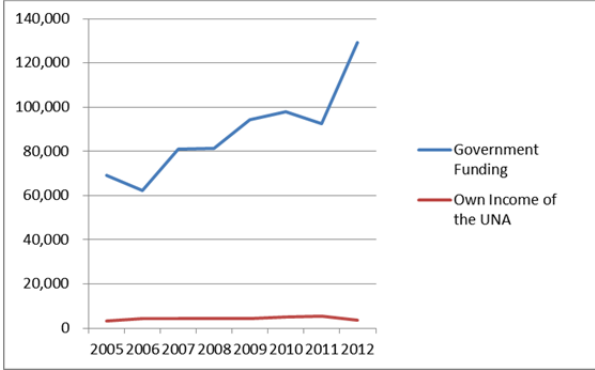


Fig. 9 Government Funding and Own Income of the UNA Hospital (2005 – 2012; Unit: million Gr.)
Source: UNA Faculty of Medical Science

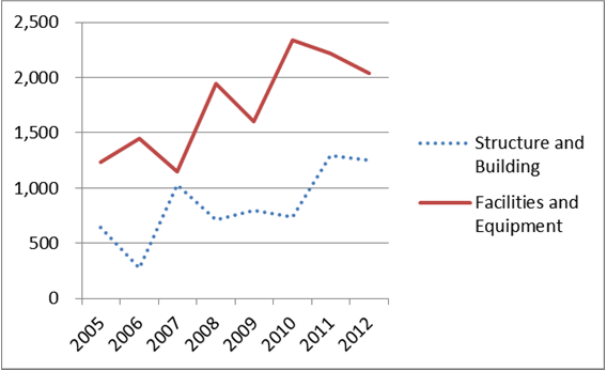


Fig. 10 Government Funding for Maintenance of the UNA Hospital (2005 – 2012; Unit: million Gr.)
Source: UNA Faculty of Medical Science

It must be noted that the amounts shown in the above figures represent the upper limits and that the entire amounts are not necessarily disbursed for spending because of constraints reflecting the actual level of revenue of the government. In the case of 2012 for example, only 78% of the budget allocated to the hospital was actually disbursed. When the actual disbursement is below the budgetary allocation, priority is given to covering the personnel cost, reducing the disbursement amount for facility maintenance and supplies, including drugs.²⁸ The actual disbursement in 2012 was 69% of the allocated budget for the maintenance and 62% for supplies. Income from the hospital's medical services was approximately one-twentieth of the allocated government budget and was mainly used to cover the personnel cost and facility maintenance cost.

As the UNA Hospital offers a means-tested subsidy up to 100% for patients who are unable to pay the medical cost in full, it has to bear the cost of supplies and drugs. Because of the massive increase of the number of patients since full-scale relocation, the current level of disbursement is insufficient to cover these costs. The new Ward Building is quite large and all of the bedrooms have an air-conditioning system, increasing the hospital's electricity cost. Moreover, the large number of toilets means an additional personnel cost to keep them clean. The present budgetary allocation for 2013 falls short of the required level and the hospital management has made a request to the government for increased budgetary allocation.

In short, the current amount of budget disbursement is insufficient for the UNA Hospital to cope with the much expanded facilities and increased number of patients. Although an application for an increase of actual amount of disbursement has been made, its prospect of success is uncertain. If a sufficient budgetary disbursement is not approved, there is a chance that there will be a budget shortfall for facility maintenance and also for supplies, including drugs.

3.5.4 Current State of Operation and Maintenance

According to the results of interviews with staff members of the Maintenance Department during the field survey as part of the ex-post evaluation, the buildings constructed under the Project have generally been maintained to an adequate level. No problems have emerged in regard to such building service systems as water, electricity and gas supply and the air-conditioning system. However, in response to the questionnaire survey, some staff members of the hospital expressed the opinion that the cleaning of toilets, waiting rooms and courtyard could be improved.

According to information provided by the Electro-Medical Department, of the 75 pieces of principal medical equipment provided under the Project, 12 are not fully functioning due to partial breakdown or lack of replacement parts, 2 are out of use due to breakdown and one is missing. Almost all of the functioning medical equipment is fully utilized. As mentioned earlier, some of the Japanese medical equipment provided under the Project are being used without repair despite their partial breakdown or are seldom used because of the lengthy time and high cost of obtaining replacement parts, in turn caused by the discontinuation of services for certain Japanese manufacturers by the local agents.

As explained above, while the maintenance of the buildings, building services and general equipment is adequate, some of the principal medical equipment is not fully functioning.

In summary, the operation and maintenance of the buildings, building services and general equipment is adequate. However, there is concern regarding secured funding for operation and maintenance. Moreover, the operation and maintenance of the electro-medical equipment provided under the Project faces some institutional and technical problems. Therefore, the sustainability of the Project is fair.

²⁸ When there is a shortfall of the budget for drugs at the UNA Hospital, a prescription is issued to each patient for the patient's own purchase of the necessary drug(s). In the case of a budget shortfall for the maintenance of medical equipment, the priority of the in-house allocation of the maintenance budget is given to the Surgical Center and ICU of which the *level* of importance and urgency is higher than other departments.

4. Conclusion, Recommendations and Lessons Learned

4.1 Conclusion

The Project was implemented to achieve (i) qualitative and quantitative improvement of the health and medical services at the UNA Hospital and (ii) expansion of the research and educational activities of the Faculty of Medical Science of the UNA by means of realizing the relocation of the UNA Hospital through the construction of hospital facilities and procurement of medical equipment. While the size of facilities was relatively smaller compared to the demand for medical services at the relocation site, the necessity and urgency of the Project were both high. The Project was relevant to the development policy of Paraguay and the ODA policy of Japan, therefore its overall relevance is high. Meanwhile, the number of patients using the UNA Hospital has rapidly increased since the full-scale relocation and the capacity of the hospital to diagnose and treat patients has already reached its limit, reducing the efficiency of the medical services. Moreover, the efficiency of the medical services has been partially decreased by unplanned building extension / alteration works and the rational layout of facilities in the original plan was altered. There is room for improvement in regard to the hospital facilities and hospital management. Improvement of the research and educational facilities has not been fully sufficient. The massive increase of the number of patients has had both positive and negative impacts on the quality of medical education at the UNA Hospital. The UNA Hospital provides advanced and specialized treatment with a low payment burden for patients and its benefits reach all corners of the country. However, because of the inadequate functioning of the referral system, the medical diagnosis and treatment capacity of the hospital is not effectively utilized. Although the project cost was roughly within the planned cost, the period of implementation was significantly exceeded the planned, therefore, the efficiency of the project is fair. The operation and maintenance of the buildings, building services and general equipment have been adequate. However, there is concern in regard to secured funding for operation and maintenance. Moreover, the operation and maintenance of the electronic medical equipment provided under the project are facing some institutional and technical problems. Therefore, the sustainability of the Project is fair. In the light of the above, this project is evaluated to be partially satisfactory.

4.2 Recommendations

4.2.1 Recommendations to the Relevant Organizations in Paraguay

(1) Recommendations to the National University of Asunción

The UNA should tackle the following issues in view of the more effective utilization of the newly relocated UNA Hospital.

- Continual improvement and upgrading of facilities: installation of an extension telephone system and increase of the number of external lines; improvement of the Outpatient Building, Second Surgical Center, Laboratory, Diagnostic Imaging Unit, Hospital Reception, Pharmacy, Car Park and Guiding Signs.
- Appropriate deployment of personnel and securing and execution of the necessary budget for operation and maintenance.
- Improvement of facilities and equipment at the Electro-Medical Department and training of Department engineers.
- Improvement of the medical services through improved hospital management
- Improvement of education based on the achievements of the curriculum reform project

- Steady achievement of the integrated hospital management system (*Systema Integrado de Gestión Hospitalaria*)
- Securing of a funding source for the construction of the Faculty of Medical Science Building and early realization of the relocation of the faculty.

(2) Recommendations to the Ministry of Public Health and Social Welfare

Although the UNA Hospital is the supreme referral hospital, it is congested with patients who do not necessarily require advanced treatment. As a result, the capacity of the hospital as a highest level medical institution is not fully utilized and the undesirable effects of this situation are felt on medical education at the hospital. To improve the situation, the Ministry of Public Health and Social Welfare should make the referral system involving the UNA Hospital function properly and should continue its efforts to improve the diagnosis and treatment capacity of lower tier medical institutions run by the Ministry.

4.2.2 Recommendations to the JICA

None

4.3 Lessons Learned

- When planning a relocation of a facility which provides a service for the public in general, it is essential to forecast the future demand for the facility in question as accurately as possible, taking any change of accessibility and the trends of users of the service into consideration. When the government of a recipient country does not conduct a sufficient demand forecast, the donor must conduct a demand forecast in an appropriate manner, including detailed review of the existing demand forecast, prior to the planning of the project details.
- For a university hospital to achieve its two objectives, i.e. (i) provision of appropriate medical services for patients requiring advanced medical care and (ii) implementation of high quality medical research and education, it is important to control the number of patients to accept at an adequate level on the basis of the criterion regarding the severity of the diseases. To achieve such control, it is essential to develop an effective nationwide referral system where lower tier medical institutions have sufficient diagnosis and treatment capacity.

Ex-Post Evaluation of Japanese Technical Cooperation Project

The Mercosur Tourism Promotion Project

External Evaluator: Nobuko Shimomura
Global Group 21 Japan, Inc.

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.

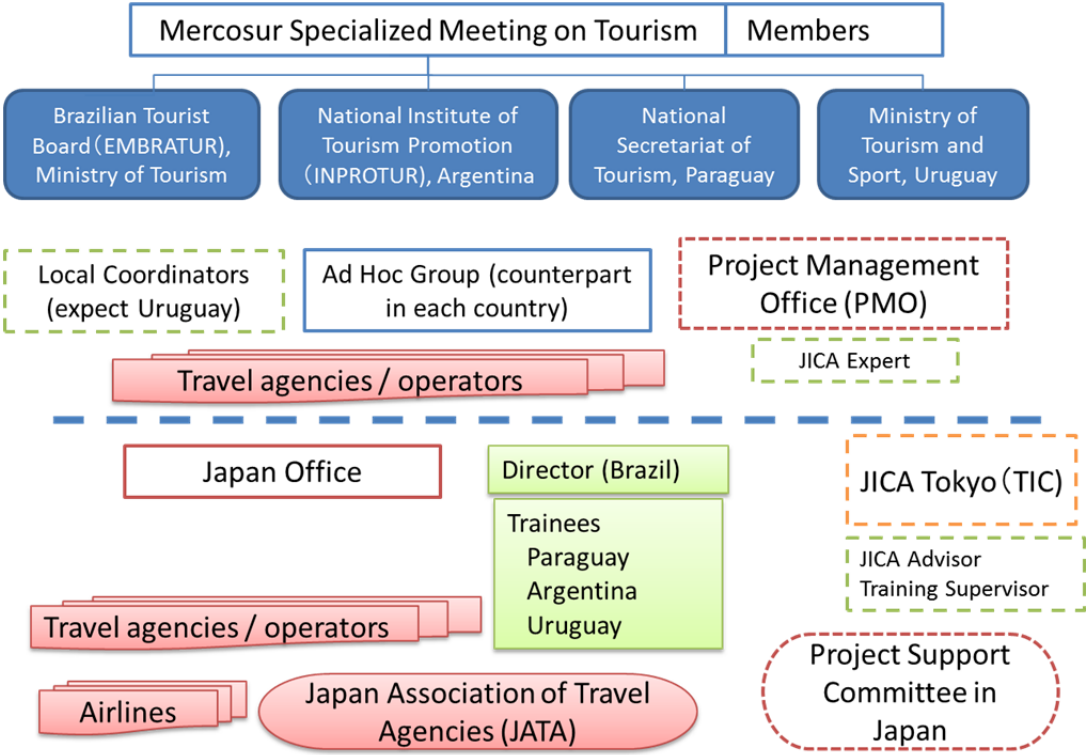


Fig. 1 Project Implementation Structure

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: Ⓜ)

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.