

別 添 資 料

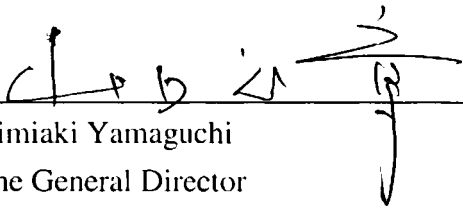
**MINUTES OF MEETING
BETWEEN THE JAPANESE FINAL EVALUATION TEAM
AND THE AUTHORITIES CONCERNED OF THE MERCOSUR STATES PARTIES
ON THE TECHNICAL COOPERATION
FOR THE MERCOSUR TOURISM PROMOTION PROJECT**

The Japan International Cooperation Agency (hereinafter referred to as "JICA") organized the Japanese Final Evaluation Team for the purpose of the final evaluation for the Technical Cooperation for the MERCOSUR Tourism Promotion Project (hereinafter referred to as "the Project").

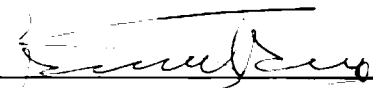
The Joint Evaluation Team (hereinafter referred to as "the Team"), which consists of six members from JICA and eight members from MERCOSUR state countries; Argentina, Brazil, Paraguay and Uruguay, was jointly organized for the purpose of conducting the final evaluation and preparation of necessary recommendations to the respective governments from September 11th, 2007 to September 23rd, 2007.

After intensive study and analysis of the activities and achievements of the Project, both parties agreed upon the matters referred to in the document attached hereto.

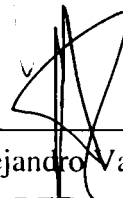
Tokyo, September 21st, 2007



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ATTACHED DOCUMENTS

1. Recognition of the Joint Final Evaluation Report

The both sides recognized the Joint Evaluation Report submitted as the result of the joint work by both of the Evaluation Team.

2. Recommendations

2-1 Issues to be Completed by the End of the Project (January 13, 2008)

The following issues need to be completed by the end of the Project.

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

2-2 Project Framework of the Phase II of the Project

2-2-1 Modification of the PDM

In the Final Evaluation, the MERCOSUR and Japanese sides discussed the Project Purposes for Phase II, and clarified the expressions for the Project Purposes and the indicators. As mentioned in 3-3 (Project Purpose) and 4-2 (Effectiveness) in the Joint Evaluation Report, it seems difficult that the first Project Purpose will be achieved by the end of the Project. Therefore, the MERCOSUR side has requested the Japanese side to provide assistance for Phase II of the Project with a period of two years. The details of the modified PDM will be further discussed among RET Adhoc Group.

2-2-2 Assistance from JICA

With regard to the implementation of Phase II, JICA has offered to provide the following assistance: 1) to accept one trainee from the MERCOSUR side for two years; 2) to provide some follow-up assistance for Japanese language training in MERCOSUR; 3) to provide assistance for the participation of the JATA Fair on the cost-share basis; and 4) to assign one Japanese coordinator to JPMO for two years.

As for 1) and 2), both MERCOSUR and Japanese sides have agreed on the conditions. As for 3), JICA will consider the possibility to compensate the necessary cost for some MERCOSUR countries to participate in the JATA Fair referring to the list of ODA Recipients of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD).

As for 4), the operation of JPMO has been controversy between the MERCOSUR and Japanese sides. In the meeting of the Final Evaluation, the MERCOSUR side requested the Japanese side to assign two Japanese coordinators to JPMO. The Japanese side reiterated that they could not cover the cost for two Japanese coordinators in Phase II of the Project. According to the Japanese side, they can assign one Japanese coordinator for two years.

The Japanese side suggested that they could assign two Japanese coordinators for the first year of Phase II, and that the MERCOSUR side should cover the cost for the two Japanese staff for the second year. However, in the meeting of the Final Evaluation, both sides did not reach a consensus about the operation of JPMO. This matter needs to be further discussed between both sides.

The MERCOSUR side requested the Japanese side to provide assistance when the issue arises upon the application of the working VISA of the director of JPMO for Phase II. The Japanese side responded that they would consider necessary measures in order not to interrupt the project activities.

6-3 Measures to be taken for the commencement of the Phase II

The both sides agreed to examine necessary measures to finalize the agreement for the commencement of the Phase II so as not to interrupt the project activities.

JOINT EVALUATION REPORT
ON
THE JAPANESE TECHNICAL COOPERATION
FOR
THE PROJECT ON MERCOSUR TOURISM PROMOTION PROJECT

September 21st, 2007
Tokyo, Japan

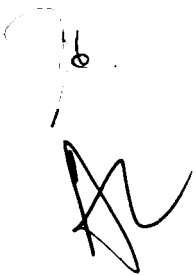
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List of Annexes

1. Background of the Project

MERCOSUR is a common market that Argentina, Brazil, Uruguay, and Paraguay established in 1991 to be competitive in the international market. The four MERCOSUR countries regarded tourism promotion as an important strategy for the purposes of earning foreign currencies, creating employment opportunities, and reducing income disparities within the region, and were interested in exploring a new market for tourism promotion in Asia. However, the number of tourists from Asian countries was small due to a long distance between Asian countries and MERCOSUR or the lack of insufficient information about tourism spots of MERCOSUR available in Asian countries.

Under such circumstances, MERCOSUR requested the Japanese government to provide training to examine the possibility of tourism promotion in Japan. Responding to their request, JICA started to provide the MERCOSUR Tourism Promotion Seminar in February 2003. After the seminar, the participants formulate the draft of a tourism promotion project with an objective to attract Japanese tourists to the MERCOSUR countries. After having dispatched a project formation mission in March 2003, an ex-ante evaluation mission in February 2004, and an implementation study team from October to November 2004, JICA started the MERCOSUR Tourism Promotion Project (hereinafter referred to as "the Project") on January 14, 2005.

In the Project, a lot of activities for tourism promotion have been conducted for the past two years and eight months. Since the Project is scheduled to be finished on January 13, 2008, the Final Evaluation was conducted from September 11-23, 2007 between the MERCOSUR and Japanese sides.

2. Methodology of Evaluation

2-1 Objective of Final Evaluation

The following are the objectives of the final evaluation.

- 1) to review the degree of achievement of the planned Inputs, Outputs, Project Purpose, and Overall Goal based on the Project Design Matrix (hereinafter referred to as "PDM") (See Annex 2)
- 2) to evaluate the Project based on the five evaluation criteria (relevance,

effectiveness, efficiency, impact, and sustainability)

- 3) to make recommendations for the remaining period of the Project, clarifying the activities that have to be conducted and the measures that have to be taken
- 4) to draw lessons which will be useful for the planning of other JICA Technical Cooperation Projects in the similar field

2-2 Evaluation Methods and Procedures

- 1) Project reports and documents were reviewed to collect information about what the Project had achieved and how the Project had been implemented.
- 2) Based on the PDM and the five evaluation criteria, an evaluation grid was prepared (See Annex 3).
- 3) Based on the evaluation grid, necessary information was collected from the project reports and documents.
- 4) Questionnaires were distributed to some selected stakeholders of the Project, and interviews were also conducted with some of the stakeholders. The questions derived from the evaluation grid.
- 5) The evaluation conclusion and recommendations for the Project were drawn based on the findings obtained through the steps above. Some lessons useful for other similar projects were also drawn from the results of the final evaluation.

2-3 Range of Activities to be evaluated in the Final Evaluation

Before the Project was started in January 2005, JICA had provided the MERCOSUR Tourism Promotion Seminar since February 2003. Between the pre-period of the Project from February 2003 to January 2005, some activities related to the Project had been conducted. However, following the evaluation principle of JICA, the activities which had been conducted during the Project period were targeted for the Final Evaluation.

3. Achievement and Implementation Process¹

3-1 Inputs

3-1-1 Inputs by the Japanese Side

The Inputs which have been provided by the Japanese side are shown in Annex 4.

3-1-2 Inputs by the MERCOSUR Side

The Inputs which have been provided by the MERCOSUR side are shown in Annex 5.

3-2 Outputs and Activities²

At the planning stage, the following five Outputs were expected to be produced in the Project. How each Output has been produced is discussed below.

3-2-1 Output 1: Framework of Regional Collaboration

Output 1	Indicator	
Strengthened framework of regional collaboration in the tourism sector	1)	Plan of MERCOSUR Tourism Promotion Office both in MERCOSUR and in Japan
	2)	The number of meetings of the Support Committees

The following activities have been conducted to produce Output 1.

<Activity 1>

(1) Establishment of MERCOSUR Tourism Promotion Office on a Pilot Basis

¹ The expressions regarding PDM used in Section 3 (Achievement and Implementation Process) are verbatim with the PDM, which was modified and agreed upon between the Japanese and MERCOSUR sides on March 1, 2007.

² As for the Activities of JPMO, refer to Annex 6. All the Activities of the Project has been conducted based on the Plan of Operations (PO). Regarding PO, refer to Annex 7.

a. Set up and operate the Offices under the RET Ad hoc Group

At the beginning of the Project, 2 offices were established specifically for the Project. One is the Project Management Office (PMO) in Montevideo, Uruguay; the other one is the Japanese Project Management Office (JPMO) in Tokyo, Japan. The guidelines for the operation of PMO and JPMO were prepared by the RET Ad hoc Group. In the RET Ad hoc Group Meeting which was held on January 13 – 14, 2005, the guidelines were approved by the representatives of the MERCOSUR and Japanese sides.

PMO was opened on February 15, 2005 and has been working as a coordinating organization among the four MERCOSUR countries and between the MERCOSUR and Japanese sides.

JPMO was established in Tokyo on April 18, 2005. The office of JPMO is located very close to Higashi Ginza Station. The location is in favor of the Project since it provides JPMO with easy access to the Embassies of the four MERCOSUR countries, the government organizations and private companies related to tourism.

At the beginning of the Project, PMO and JPMO were established on the pilot basis and have been functioning up to September 2007. The plan of the operation of PMO and JPMO after the Project has already been discussed. As of September 2007, with regard to the operation of JPMO, the following responsibilities were shared and agreed upon among the four countries in the Ad hoc Group Meeting which was held in June 2007.

- Brazil: necessary cost for the dispatch of the director of JPMO
- Argentina: necessary cost for the rent and operation of JPMO
- Paraguay and Uruguay: necessary cost for tourism promotion (e.g., participation for the JATA Fair, printing of promotion materials, etc.)

The details of the operation of PMO and JPMO further need to be clarified during the remaining period of the Project.

b. Facilitate private sectors in each country to set up committees for the Project

At the planning stage of the Project, each country was expected to facilitate the relationships between the public and private sectors by establishing a

“supporting committee.” With regard to Argentina and Brazil, since they already had an arena to discuss tourism-related issues between the public and private sectors, it was not necessary for the two countries to establish a new committee. In Argentina, the Federal Tourism Council, which is equivalent to a “supporting committee,” is held every two months; in Brazil, the National Tourism Council is held every three months.

As for Paraguay, with an initiative of the ex-participants in the JICA training courses, a kind of “supporting committee” was organized to perform the Activities of the Project. Meetings have been held when they receive FAM tours or have something important to discuss.

With regard to Uruguay, the National Tourism Council, which is an organization to promote public-private partnerships, has not been functioning as a “supporting committee” for the Project. However, the public and private sectors have been cooperated with each other throughout the Project period. In other words, they did not have to organize a committee because in Uruguay there are not as many tour operators as in other countries with a larger population. Without such an organized entity called “supporting committee,” tourism-related stakeholders have been cooperating for the Project.

In Japan, the public-private supporting committee was organized in 2005 for the purpose of promoting public-private partnerships in the tourism sector in Japan. The members were called for on the website of JATA, and some travel agencies specializing in South America and airlines were selected as the members.

As of September 2007, the public-private supporting committee has been held twice in Tokyo. One was held in December 2005 as an inauguration ceremony of the committee; the other one in February 2007 to introduce a new director of JPMO. The third committee meeting is scheduled to be held on October 11, 2007.

c. Facilitate dialogue among private sectors in MERCOSUR and Japan

(Refer to Activity 1·(1)·b)

(2) Enhancement of Policy Coordination among State Parties of MERCOSUR

a. Conduct RET Ad hoc meeting based on a regulation

The RET Ad hoc Group Meeting has been conducted based on the regulations. Since the beginning of the Project, up to September 2007, the RET Ad hoc Group Meeting has been held 19 times as Table 1 shows. In each meeting, the discussion on the meeting was documented in the form of the Minutes of the Meeting.

Table 1: List of the RET Ad hoc Group Meetings

	Place	Date	Minutes of the Meeting
1	Asuncion	January 13-14, 2005	○
2	Montevideo	February 15, 2005	○
3	Asuncion	May 2-3, 2005	○
4	Asuncion	June 15-17, 2005	○
5	Montevideo	July 18, 2005	○
6	Brasilia	July 21, 2005	○
7	Montevideo	January 12, 2006	○
8	Calafate	April 4-6, 2006	○
9	Buenos Aires	June 14-16, 2006	○
10	Montevideo	July 19-20, 2006	×
11	Buenos Aires	September 7-8, 2006	○
12	Angra dos Reis	October 26, 2006	○
13	Buenos Aires	November 29-30, 2006	○
14	Montevideo	February 7-8, 2007	○
15	Brasilia	February 28-March 1, 2007	○
16	Asuncion	May 2-5, 2007	○
17	Asuncion	June 6-7, 2007	○
18	Montevideo	July 24-26, 2007	○
19	Buenos Aires	August 16-17	○

3-2-2 Output 2: Tourism Planning

Output-2	Indicator
Enhanced capacity of MERCOSUR in tourism planning	Master-Plan of tourism promotion

The following Activities have been conducted to produce Output 2.

<Activity 2>

(1) Survey and Analysis on the Japanese Market

As for Activity 2-(1), two sub-activities (a. and b.) have been conducted. Since both sub-activities are correlated with each other, both will be explained

together below b.

a. Conduct data analysis on the demand side elements of the Japanese market, such as opinions of consumers about MERCOSUR and their special interests.

b. Conduct surveys on the supply side elements of the Japanese market, such as current products, profiles of agents and potential competing destinations.

JPMO commissioned the Japan Tourism Marketing Corporation to conduct research on the tourism market of Japan. Based on the findings, JPMO completed a report on the tourism marketing strategy in Japan, referring to *Travel Journals* and the report which had been compiled by the Japan Travel Bureau Foundation (JTBF).

In addition, JPMO has collected information about tourism in the Japanese market by contacting tourism-related organizations including 7 airlines, 5 hotels, 16 media, 34 travel agents and tour operators, 6 foreign Embassies in Japan, and several associations which play an important role in tourism promotion in Japan.

(2) Formulation of a Master-Plan of Tourism Promotion for the Japanese Market

a. Formulate a master-plan of tourism promotion for the Japanese market based on findings gained from the Project.

JPMO has been preparing the master plan of tourism promotion for the Japanese market by using the findings of the survey and analysis that a Japanese consulting firm conducted on the Japanese market, which is one of the outputs of Activity 2-(1). Including ideas from the MERCOSUR side, the director of JPMO is supposed to be responsible to finalize the master plan by the end of the Project.

b. Formulation of a proposal for the second phase of the Project to consolidate the outcomes of the Project.

The MERCOSUR side is planning to expand tourism promotion activities by extending the duration of the Project. A proposal for the second phase of the Project is supposed to be submitted to JICA by the end of the Project.

3-2-3 Output 3: Tourism Marketing

Output 3	Indicator	
Enhanced capacity of MERCOSUR in tourism marketing	1)	Increase in the number of persons reached
	2)	A guideline/manuals for marketing

The following Activities have been conducted to produce Output 3.

<Activity 3>

(1) Implementation of Marketing and Product Development Activities on a Pilot Basis

a. Participate in JATA Travel Fair (hereinafter referred to as "JATA Fair")

MERCOSUR has participated in the JATA Fair since 2003 before the Project was started in the follow-up scheme of the JICA Training on Tourism Promotion.³ The JATA Fair is held every September, and MERCOSUR sets up a booth to advertise tourism spots of each member state of MERCOSUR.

Participating in the JATA Fair has been advantageous for the MERCOSUR countries in terms of the following points.

- More Japanese people (both consumers and suppliers) are exposed to MERCOSUR.
- The stakeholders of the MERCOSUR side can learn about the Japanese tourism market.
- The stakeholders of the MERCOSUR side can learn about promotion methods from other countries which set up booths in the venue.

Compared with the first participation in the JATA Fair in 2003, promotion methods have improved according to the interviews with the Ad hoc members

³ The first training on tourism promotion was conducted in February 2003 at the JICA Tokyo International Center (TIC).

who participated in the 2003 fair. For instance, in 2003, the four countries set up a booth separately; however, since 2004, the four countries have set up a joint booth as MERCOSUR. In 2004 an information desk of each country was placed inside the booth, and it seemed difficult for Japanese visitors to enter the booth. Moreover, posters and photos were also put the walls inside the booth. Since 2005, however, the four country-specific information desks have been placed outside the booth to ensure easier access for the visitors, and posters and photos of MERCOSUR countries have also been put outside and high enough so that the visitors can recognize the MERCOSUR booth from a distance.

In the JATA Fair, each country provides performance unique to their own culture, such as Tango dance (Argentina), Samba dance, Capoeira, which is a kind of martial art (Brazil), and traditional music with Arpa (Paraguay). In addition, wine-tasting (Argentina and Uruguay) was also provided. The JATA Fair is a good opportunity to advertise the MERCOSUR countries in Japan.

b. Hold promotional events and seminars targeting at various segments such as business entities, local governments, educational institutions and consumers

As for the MERCOSUR side, the member states held events and seminars on tourism promotion in each country as Table 2 shows.

Table 2: Events and Seminars on Tourism Promotion in MERCOSUR

Country	City	Event / Seminar	Month / Year	Participants
Argentina	Buenos Aires	Tourism Reception in East Asian Market	July 2005	100
Brazil	San Paulo	Seminar on the JICA MERCOSUR Tourism Promotion Project	March 2005	19 (tour operators)
	Brasilia	Centennial Event toward 2008 for Japanese Immigrants to Brazil	July 2007	22 (tour operators & secretaries of tourism from some states)
Paraguay	Asuncion	Training on Japanese Tourism Market	August 2005	60
Uruguay	Montevideo	Seminar on JICA MERCOSUR Tourism Promotion Project + Opening Ceremony of PMO	February 2005	34
	Montevideo	Seminar on New	July 2006	30

		Business Opportunities		
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As for the Japanese side, JPMO sponsored four kinds of seminars and cooperated for 10 kinds of seminars for the purpose of tourism promotion of MERCOSUR. Approximately 500 people participated in the 14 seminars. In addition, JPMO participated in 7 kinds of tourism promotion events like Latin America Festa.

9 high officials including the Ministers of Tourism of each MERCOSUR country visited Japan. They participated in seminars or exhibitions about tourism promotion (See Annex 8).

c. Conduct publicity activities targeting at the media

JPMO has cooperated for 61 kinds of publicity activities by mass media, travel agencies, and tourism-related organizations by providing photos of some tourist spots of the MERCOSUR countries. Furthermore, 17 articles have been carried on various kinds of journals, newspapers, and magazines (See Annex 9).

d. Conduct FAM/Press tours targeting at business entities and the media

JPMO has provided 8 FAM/Press tours with an objective to explore new destinations for Japanese tourists and to continue to have existing support from the private sector. The private sectors in both MERCOSUR and Japanese sides were very cooperative for the implementation of the FAM/Press tours.

The FAM/Press tours were provided in combination of two countries: Brazil and Paraguay; Argentina and Uruguay. In the FAM/Press tours, some new destinations which had never been dealt with in the Japanese market were included. Bonito and Lencois (Brazil) were included as new destinations in the FAM/Press tours combined with Paraguay; Jujuy and Salta (Argentina) were included in the FAM/Press tours combined with Uruguay.

By exposing tourism-related stakeholders (travel agents, mass media, etc.) to potential tourism spots of the MERCOSUR countries, it was expected that they would recognize the attractiveness of those would-be tourism spots and include one or a few of them in their packaged tours. After a FAM tour, Lencois was included in a packaged tour as a new destination by one of the participants of a

FAM tour. Besides this new product, 10 participants of the FAM/Press tours developed their existing tourism products after having participated in the FAM/Press tours (See Annex 10). In November 2007, a new tourism product called "Cruise Paraguay" is going to be provided.

As of September 2007, it has not been reported to the Project that other destinations which had been introduced in the FAM/Press tours were included in packaged tours as a new destination. However, a lot of participants of the FAM/Press tours obtained hints to explore a new product targeting MERCOSUR or ideas that would be useful for their daily work. According to the questionnaires about the FAM/Press tours, a participant from a TV station came up with an idea to introduce MERCOSUR in a TV program entitled "World Heritages." Another participant from a newspaper company was stirred to broach a subject of MERCOSUR in the newspaper column entitled "World Smiles."

Some of the participants from travel agencies and tour operators appreciated the FAM/Press tours because they gained a lot of information about MERCOSUR that they could use when they received inquiries from their customers. Some of the participants, who are working for publishing companies or advertising agencies, updated the contents of articles in some of the journals or magazines by utilizing information that they had obtained in the FAM/Press tours.

e. Prepare a guideline and a manual for tourism marketing in Japan

JPMO has completed the draft of the guidelines and the manual for major tourism promotion activities in Japan. The guidelines and the manual elaborate on how to plan and implement a FAM tour, how to organize a seminar, how to participate in the JATA Fair, and how to operate the website, and so forth.

(2) Development of Media and Materials for Tourism Marketing on a Pilot Basis

a. Create the visual identity for the Project

MERCOSUR already has a logo for the general purpose. In the beginning, the Project planned to create a visual identity like a logo specifically for tourism promotion in MERCOSUR. However, it has not been created as of September 2007. In the Project, there are different kinds of opinions about the creation of

the visual identity. The matter needs to be discussed during the remaining period of the Project.

b. Operate MERCOSUR Tourism Website

On May 25, 2005, the MERCOSUR website was established. The website has been renewed twice, in June and November 2006. The number of access to the MERCOSUR website was 130,970 for 19 months from January 2006 to July 2007 as shown in Table 3. In December 2006, the number dramatically increased. This is because JPMO placed news 4 times in December 2006 in the bulletin of the JATA News Letter for Tourism Promotion by the Government.

Another reason is that the website became more attractive for users since the renewal of the website in November 2006. For instance, upon the renewal of the website, a new service called "Image Bank" was introduced, which allows the registered customers to download photos of tourism spots of MERCOSUR. Since November 2006 up to July 2007, the number of registered customers who have utilized the Image Bank is 69 including travel agencies, mass media, and public relations companies, and so forth.

The pamphlet of MERCOSUR tourism that was created by the Project is on the website as an on-line magazine. Those who access the website can get information about tourism spots of the MERCOSUR countries. The following section (c.) will explain about the pamphlet.

The improved website has enabled more consumers to be exposed to MERCOSUR, which is a significant output of the Project.

Table 3: The Number of Access to the MERCOSUR Website

Year	Month	Average Number of Access per Day	Total Number of Access per Month
2006	January	39	1,220
	February	66	1,857
	March	57	1,767
	April	57	1,703
	May	63	1,953
	June	105	3,148
	July	112	3,466
	August	120	3,730
	September	140	4,199
	October	150	4,667

	November	149	4,473
	December	298	9,241
2007	January	399	11,788
	February	457	12,801
	March	326	9,464
	April	343	10,304
	May	403	12,501
	June	565	16,958
	July	507	15,730
Daily Average / Monthly Total		429 (Jan.- July 2007)	130,970

c. Produce various promotional materials

JPMO created a pamphlet in Japanese in the form of *the Travel Journal Special Edition* on September 26, 2006. In the pamphlet, 15 model courses are introduced (4 each for Argentina, Brazil, and Paraguay, and 3 for Uruguay). *The Travel Journal Special Edition* is supposed to be distributed to the subscribers of *the Weekly Travel Journal*, which means that approximately 8,500 copies of the special edition were automatically distributed to tourism-related stakeholders. Besides *the Travel Journal Special Edition*, two other leaflets were created by JPMO (See Annex 8).

Beside the materials above that JPMO created, each country created country-specific pamphlets and DVD to introduce their tourism spots (Annex 11). Those materials are also written in Japanese and were distributed at the country desk in the JATA Fair.

3-2-4 Output 4: Tourism product development

Output 4	Indicator
Enhanced capacity of MERCOSUR in tourism product development	Increase in the number of products developed

The following Activities have been conducted to produce Output 4.

<Activity 4>

(1) Development of MERCOSUR Tourism Products on a Pilot Basis

a. Formulate and implement pilot projects to develop "coordinated bilateral tourism products" in order to either enhance value of existing products or create

new products tailored to the Japanese market.

Pamphlets and brochures for each country of MERCOSUR were created in Japanese to develop bilateral tourism products between each member state and Japan as mentioned in Activity 3-(2)-c. Those materials written in Japanese have made it easier for Japanese people to access information about tourism spots in MERCOSUR.

Furthermore, as mentioned in Activity 3-(2)-c, for the purpose of advertising tourism spots of the MERCOSUR countries, the pamphlet for the four MERCOSUR countries was created originally as *the Travel Journal Special Edition*. As of September 2007, the title of *the Travel Journal Special Edition* has been removed from the cover of the pamphlet, and the pamphlet is used as the official pamphlet for MERCOSUR tourism promotion. The pamphlet carries not only information about potential tourism spots but also 15 model courses for the four countries. Such information will be useful for travel agencies to develop MERCOSUR tourism products in the future. The Project pioneered the new destination which had never been introduced in the Japanese market. In the pamphlet, new destinations are introduced like Jujuy, Salta (Argentina), Bonito, and Lencois (Brazil). Jesuits historical ruins of Trinidad (Paraguay) and a farm-stay (estancia) program (Uruguay) are also introduced in the pamphlet.

b. Compile relevant information about resources and existing products in the member countries.

Before the Project was launched, from June to September in 2004, as part of the follow-up activities of the JICA training which had been held in February 2003, the JICA Argentina Office made a contract with a local consultant, who had lived in Argentina, and asked the consultant to conduct research on potential tourism spots for Japanese tourists. He identified 10 spots in Argentina, 11 in Brazil, 6 in Paraguay, and 8 in Uruguay, and compiled information about each spot in the form of a report. Later in the Project, JPMO utilized the findings of the research in the pamphlets and brochures of MERCOSUR.

Besides the above, the Organization of American States (OAS) conducted research on the tourism resources of the MERCOSUR countries and submitted a report on the findings to the MERCOSUR side.

3-2-5 Output 5: Tourism human resources development

Output 5	Indicator	
Enhanced capacity of MERCOSUR in tourism human resource development	1)	Maintained network of focal persons
	2)	The number of persons attended workshops

The following Activities have been conducted to produce Output 5.

<Activity 5>

(1) Capacity Development of Focal Persons of MERCOSUR Tourism Sector

a. Provide focal persons with opportunities to be trained on the project and Japanese market.

The Project has received trainees from the MERCOSUR side as shown in Table 4. The trainees of the MERCOSUR Tourism Promotion Executive Seminar and the MERCOSUR Tourism Promotion Seminar received training at TIC and participated in the JATA Fair. The director of JPMO was dispatched to JPMO to supervise the Project Activities in Japan, and a trainee has been dispatched to JPMO in the scheme of the OJT⁴ to work as an assistant for the director of JPMO.

Table 4: Number of Trainees (Annex 12)

Name of Training	Date	Number of Trainees
MERCOSUR Tourism Promotion Executive Seminar	Mar.20-27, 2005	8
MERCOSUR Tourism Promotion Seminar	Sep.14-26, 2005	6
	Sep.19-30, 2006	6
	Sep.11-23, 2007	6
MERCOSUR Representative Training (JPMO Director)	Apr.19-Jul.17, 2007, Sep.7-Dec.12, 2007	1
	Jan.19, 2007-Jan.13, 2008	1
MERCOSUR Promotion Training (OJT at JPMO)	Apr.26, 2005 · Apr.25, 2006, May 20, 2006 · Feb.28, 2007	1

⁴ OJT stands for "On the Job Training."

	Feb.14-Oct.13, 2007	1
	Sep.11, 2007 to date	1

The MERCOSUR Tourism Promotion Seminar has been provided since 2003. Participation in the JATA Fair is included in the seminar. The whole seminar consists of some lectures at TIC and an on-site training, which is participation in the JATA Fair. For the first seminar in 2003, the content of the lectures was useful because it was the first opportunity for the participants to learn about the Japanese market. In the first year, it was necessary for them to obtain information about the peculiarity of the Japanese market. However, in the following years, almost the same content of the training was provided, which was not appropriate for the participants who had participated in the training since the previous year. In the future, the curriculum needs to be re-considered, taking their needs into account and assessing the effectiveness of lectures and on-site training.

The components of the seminar were not lectures at TIC and the JATA Fair. Another important component of the seminar was to have a discussion between the Japanese and MERCOSUR sides about the progress of the Activities and the direction of the Project. The MERCOSUR Tourism Promotion Seminar was a good opportunity to discuss the Project between both sides in person.

b. Implement seminars to disseminate the knowledge acquired by the focal persons.

(Refer to Activity 3·(1)·b)

3·3 Project Purpose

Project Purpose (1)	Indicator
To institutionalize regional collaboration among MERCOSUR state parties in the tourism sector and enhance collective capacity for tourism promotion	Approval of MERCOSUR Tourism Promotion Office as an official institution and necessary budgetary arrangements for operation of the office

Project Purpose (2)	Indicator
To establish a bridge-head of MERCOSUR in the Japanese	Approval of Master-Plan of tourism promotion

tourism market and develop a model of tourism promotion in new market	
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As for the first Project Purpose, the MERCOSUR side has been working toward the institutionalization of JPMO. Since the terms “an official institution” and “necessary budgetary arrangements” were not defined at the planning stage of the Project, the MERCOSUR and Japanese sides needed to have the common interpretations about those terms. In the Final Evaluation, both sides defined the first indicator as the situation that the MERCOSUR side would create financial and organizational tools to operate JPMO without any assistance from JICA. Based on this definition, it is judged that the first Project Purpose has not been fully achieved yet at the Final Evaluation stage.

However, the MERCOSUR side has been discussing several possible methods to operate JPMO by themselves. For instance, they are planning to establish a fund for tourism promotion of MERCOSUR to operate JPMO after the Project. In the Ministers’ Meeting which was held in October 2006, they agreed that the four countries would allocate a total amount of 500,000 dollars annually when the fund is established in the near future. The allocation rate is proportionate to the number of Japanese visitors who have visited each country.

However, it is predicted that it will take some time until the fund is officially established. The MERCOSUR side regards the period from the end of the Project to January 2010 as a transitional period for the Project-related functions to become independent in terms of financial resources and its organizational structure. As an instant measure in the transitional period, the MERCOSUR side discussed how to finance the necessary cost after the Project. In May 2007, the four countries agreed that Argentina would be responsible for the operation cost of JPMO; Brazil for the expenses needed for the dispatch of the director of JPMO; and Uruguay and Paraguay for tourism promotion activities, such as cost for the JATA Fair and promotion materials.

As for the second Project Purpose, the MERCOSUR side has been working in the Japanese tourism market in collaboration with both public and private sectors in the MERCOSUR countries and Japan. For the MERCOSUR side, the Project is the first opportunity for the four countries to promote tourism together. The four countries are aiming at creating a “joint tourism promotion model” by

implementing the Project together and have been working to make the master plan of joint tourism promotion in Japan. By using the findings of the research which was conducted by a consulting firm, the MERCOSUR side is determined to finalize the master plan based on the experiences that they have undergone throughout the Project. The director of JPMO has already some specific marketing strategies for the master plan, such as expansion of the network with the Japanese media, further improvement of the website, and so forth. By integrating all the ideas from the four countries and some information available from the report submitted by the consulting firm, the director of JPMO is supposed to finalize the master plan, which will be approved in the Ad hoc Group Meeting in a couple of months. Thus, it can be expected that the second Project Purpose will be achieved by the end of the Project.

3-4 Overall Goals

There are two Overall Goals for the Project. It can be predicted that both Overall Goals will be achieved in the future, which will be discussed below.

(1) Regional collaboration to explore a new market other than Japan

Overall Goal (1)	Indicator
Enhanced regional collaboration among member countries of MERCOSUR in the tourism sector	Implementation of joint tourism promotion activities for other countries

There are three major factors which can prove that MERCOSUR is going to explore a new market for tourism promotion other than Japan in the near future. Firstly, MERCOSUR is interested in other Asian countries. In June 2007, the director of JPMO participated in the Tourism Fair which was held in China and sensed that China had large potentials for tourism promotion. Argentina, Brazil, and Uruguay are interested in China as another Asian market. Promotion methods which have been obtained through the Project will also be useful when MERCOSUR targets other Asian countries. JPMO will be a base to make an inroad into Asia.

Secondly, other than the Asian market, MERCOSUR is planning to promote tourism in the United States, too. At the Ministers' Meeting in June 2007, the

Brazilian Minister suggested that MERCOSUR promote tourism in the U.S., targeting Spanish-speaking Americans the same way as they have done in the Project. In the meeting, the four countries exchanged opinions about the possibilities of the joint cooperation for tourism promotion in other countries.

Thirdly, in the Project, the website for MERCOSUR was completed not only in Japanese but also in English. The English website has enabled potential tourists to MERCOSUR to access information about tourism in the MERCOSUR countries. Although MERCOSUR has not taken specific action yet to promote tourism in a new market other than Japan, their willingness and enthusiasm to explore a new market and the creation of the English website will be regarded as promising factors that the first Overall Goal will be achieved in the future.

(2) Increase of the number of Japanese tourists to MERCOSUR

Overall Goal (2)	Indicator
Enhanced bilateral collaboration between member countries of MERCOSUR and Japan in the tourism sector	Increase of the number of Japanese tourists to MERCOSUR

As Table 5 shows, the number of Japanese visitors to the MERCOSUR countries has been increasing recently. In 2003 prior to the commencement of the Project, the number of Japanese visitors to Paraguay and Uruguay decreased. In 2005, however, when the Project was started, the number of Japanese visitors increased in the four countries. The increase rate of Japanese visitors to MERCOSUR for the past five years exceeds 70%.

The increase of the number of Japanese visitors to MERCOSUR can be attributed to some of the Activities of the Project, for instance, 1) creation of pamphlets and the website in Japanese; 2) participation in the JATA Fair to introduce tourism spots in each country of MERCOSUR; and 3) implementation of FAM/Press tours for travel agencies and mass media. These Activities have exposed Japanese people, who would be tourists, to untapped attractive resources of MERCOSUR.

In the PDM, the indicator for the second Overall Goal is "increase of the number of Japanese *tourists* to MERCOSUR." As of September 2007, the separate data

solely about tourists have not been available. Instead, the number of Japanese *visitors* to MERCOSUR was available at the Final Evaluation. For the Final Evaluation, the data about the number of visitors were used, interpreting that the term *visitor* includes *tourists*. The recent tendency that the number of Japanese visitors to MERCOSUR has been increasing is an incentive for the MERCOSUR side to continue the Activities for tourism promotion targeting Japan. As shown in the recent drastic increase of the number of Japanese visitors to MERCOSUR, the Project is on the way toward the achievement of the second Overall Goal. With their willingness to further promote tourism in Japan, it can be predicted that the number of Japanese tourists to the MERCOSUR countries will continue to increase in the future.

Table 5: Increase of Japanese Visitors to MERCOSUR

	2002	2003	2004	2005	2006	The Increase Rate for 5 Years
Argentina	10,937	13,621	15,624	16,678	19,273	76.2%
Brazil	42,829	51,387	60,806	68,066	74,638	74.3%
Paraguay	2,038	1,946	2,287	2,836	3,364	65.1%
Uruguay	1,871	1,847	2,385	2,547	2,833	51.4%
Total	57,675	68,801	81,102	90,127	100,108	73.6%

(3) Present Status of Important Assumptions

There are two Important Assumptions in the PDM. One is "Economic situations shall not be significantly changed." The other one is "Major accidents or incidents shall not happen which affect Japanese tourists." As for the first one, no significant changes in economy of each MERCOSUR country have not been observed. Regarding the second one, an unexpected incident, a bankruptcy of the Varig Brazilian Airlines, occurred in June 2005. Due to financial reasons, the Varig Brazilian Airlines ceased to provide services between Brazil and Japan in January 2006. Since then, flights bound for Brazil have not been available. This was an unexpected incident that might have decreased the number of Japanese visitors to MERCOSUR. In reality, however, the number of Japanese visitors to Brazil has been increasing. This fact seems to show that the bankruptcy of the Varig Brazilian Airlines did not decrease the number of Japanese visitors to MERCOSUR. It can be surmised that the number would have more increased without the bankruptcy of the Varig Brazilian Airlines, and that the discontinuation of flights between Brazil and

Japan by the Varig Brazilian Airlines has influenced the number of Japanese visitors to MERCOSUR to some extent.

Besides the second Overall Goal, the bankruptcy of the Varig Brazilian Airlines has influenced some of the Activities of the Project. For instance, since the Varig Brazilian Airlines used to start reserving seats earlier than other airlines, it was convenient for the Project to prepare for a FAM/Press tour. After the bankruptcy of Varig Brazilian Airlines, other airlines, such as American Airlines, Air Canada, and Continental Airlines, were cooperative for FAM/Press tours.

3-5 Implementation Process

3-5-1 Process of the Project Planning

In February 2003, JICA started to provide a training course entitled MERCOSUR Tourism Promotion Seminar based on the ODA (Official Development Assistance) policy of the Japanese government.⁵ The representatives of the four MERCOSUR countries participated in the training and formulated a draft of a PDM. From September 27 to October 13, 2003, the second MERCOSUR Tourism Promotion Seminar was provided. As part of the curriculum, the MERCOSUR countries participated in the JATA Fair and exhibited posters, panels, and so forth to advertise their countries. During the training course, the MERCOSUR and JICA discussed how to plan and start the Project.

In 2004, ex-ante evaluation was conducted twice (in February and June), and in November of the same year, the Record of Discussion was signed between the MERCOSUR countries and Japan. On January 14, 2005, the Project was started.

3-5-2 Operation of the Project

The Project has been operated by PMO, the RET Ad hoc Group, and JPMO. PMO is located in Uruguay and consists of 3 members: RET Ad hoc General

⁵ Previously, Argentina had requested JICA to provide a training course on tourism promotion. To respond to the request, JICA decided to provide the MERCOSUR Tourism Promotion Seminar targeting the four countries of MERCOSUR, considering the ODA policy of the Japanese government which emphasized the significance of assistance for a region consisting of several countries, not a single country.

Coordinator; PMO Advisor (= JICA Long-term Expert); and PMO Assistant. The RET Ad hoc Group consists of representatives of the four MERCOSUR countries. Local coordinators were posted in each country to work with the Ad hoc member of the country. Each country was supposed to hire one local coordinator. However, Uruguay has not been able to hire a local coordinator. As for Uruguay, without a local coordinator, a JICA senior volunteer and an ex-secretary of the JICA Long-term Expert cooperated for the PMO activities in place of a local coordinator.

JICA contracts with the Japan International Cooperation Center (JICE), and the administration of JPMO is commissioned to JICE. JPMO has been operated by the director, the assistant, both of whom are from the MERCOSUR side, and one Japanese staff who can speak Spanish. In February 2007, to facilitate the Activities of the Project, one more Japanese staff joined the Project, who is well experienced in tourism promotion in MERCOSUR and can speak Spanish. JICE dispatched those two Japanese staff to JPMO, and they have been working with the director of JPMO and his assistant.

3-5-3 Communications among the Project Stakeholders

JPMO was supposed to communicate with each Ad hoc member by way of PMO. However, this communication channel had not been functioning for 1 year from January to December 2006 due to the absence of the director of JPMO. However, since the new director was posted to JPMO, communications between JPMO and the MERCOSUR side (each Ad hoc member and PMO) have been going well. More details about communications between the Japanese and MERCOSUR sides will be discussed in 4-3-1.

3-5-4 Project Management based on the PDM and PO

All the Activities have been conducted based on the PDM and PO (Plan of Operations), and the achievements have been recorded precisely by both MERCOSUR side (PMO and the Ad hoc Group) and Japanese side (JPMO and JICE). The project management based on the PDM and PO has helped both sides to know what has been done and what needs to be done during the remaining period of the Project.

Some Activities were deleted from the PDM at the Mid-term Evaluation stage and the PDM was modified, considering the delay of some of the Activities.

Since the Mid-term Evaluation in September 2006, the Project has been conducting based on the PDM modified at the Mid-term Evaluation.

4. Evaluation Results based on the Five Evaluation Criteria

4-1 Relevance

Relevance is a criterion to assess validity of the Project Purpose and the Overall Goal. As a result of assessing the Project from the following perspectives, the relevance of the Project is evaluated high.

4-1-1 Consistency with the Development Policy of MERCOSUR

The four member states of MERCOSUR (Argentina, Brazil, Paraguay, and Uruguay) regard tourism development as an effective approach for economic development, through which they expect that they will earn foreign currencies. Since the Asuncion Treaty was signed in 1991, they have worked together to establish a common market for the region.

The objective of launching MERCOSUR is to expand the economic market of each member state through efficient utilization available resources, coordination of macro-economic policies, improvement of physical interconnections, etc.

Thus, the four MERCOSUR countries regard tourism as an effective strategy for economic development and try to cooperate with each other within the framework of MERCOSUR. Therefore, it can be judged that the Project strategy is consistent with the development policy of MERCOSUR.

4-1-2 Consistency with the Aid Policy of the Japanese Government

According to the Official Development Assistance (ODA) policy of the Japanese government, with regard to assistance to Central and South America, the government prioritizes democratization and economic reforms. They emphasize the promotion of regional cooperation for the purpose of human resources development. In this sense, the direction that the Project pursues is relevant since it targets the four countries as a region for the common purpose, namely tourism development, through fostering people who are in the focal

positions of the tourism sector of MERCOSUR.

4-1-3 Appropriateness of the Selection of the Target Market

The MERCOSUR countries had already explored the European and North American markets before the Project was started. At the planning stage of the Project, Japan was regarded as an emerging market for tourism promotion, considering the scale of its economy and population. Despite the potentiality of the Japanese market, tourism-related information about the MERCOSUR countries had not been prevalent in Japan. Therefore, it was necessary for the MERCOSUR countries to disseminate the information in Japan to attract Japanese tourists to the countries.

Furthermore, MERCOSUR has a vision that they would like to expand their tourism market into other Asian countries in the future. Before the Project was started, MERCOSUR had been interested in Japan as a new market for tourism promotion. By selecting Japan as the first target in the Asian market, the MERCOSUR side can obtain a lot of knowledge and skills useful for tourism promotion and marketing for other Asian countries. In this sense, it was appropriate to select Japan as a target market for the Project, which met the needs of the MERCOSUR side.

4-1-4 Appropriateness of the Joint Tourism Promotion Approach

The Project is characterized by a joint approach by four countries. The MERCOSUR side adopted a joint approach to promote tourism in Japan with an objective to attract more Japanese tourists to the MERCOSUR countries. The joint tourism promotion approach has both advantages and disadvantages.

<Advantages>

- The four countries can share and complement resources.
- The four countries can create a packaged tour including destinations to more than one country. MERCOSUR can promote regional tourism by combining tourism spots of two or three countries in one packaged tour.

<Disadvantages>

- It is sometimes difficult to coordinate among the four countries when they

have different opinions for one issue.

- Since the Ad hoc members are working in the four different countries, it takes time for PMO or JPMO to reach the Ad hoc member of each country.

As Table 5 showed in 3-4 (Overall Goal), the numbers of Japanese visitors to Paraguay and Uruguay are smaller than those to Argentina and Brazil. According to the interviews with the Ad hoc members of Paraguay and Uruguay, very few Japanese tourists visit Paraguay or Uruguay alone. However, by promoting MERCOSUR as a region, Paraguay and Uruguay can attract Japanese tourists by way of Argentina or Brazil. Due to a long distance, Japanese tourists prefer to visit more than one country once they go to South America. They would like to visit as many places as possible in one trip. In the joint tourism promotion approach, more than one country can work together to conduct promotion activities and create a tourism product. The joint approach is advantageous for all the four countries even though it sometimes takes time to coordinate among the countries.

4-2 Effectiveness

Effectiveness is a criterion to examine to what extent the Project Purpose has been achieved and to identify both promoting and impeding factors for the achievement of the Project Purpose. The effectiveness of the Project is evaluated relatively high because of the following reasons mentioned below.

4-2-1 Achievement of the Outputs and the Project Purpose

As mentioned in 3-2, almost all the Outputs have been produced since the Activities have been conducted as planned except Activity 3-(2)-a (creation of the visual identity for tourism promotion of MERCOSUR). The creation of the visual identity is supposed to be discussed among the Ad hoc members during the remaining period of the Project.

With regard to the achievement of the Project Purposes, as mentioned in 3-3, the second Project Purpose can be expected to be achieved by the end of the Project. As for the first Project Purpose, however, it seems difficult to be fully achieved by the end of the Project since it takes time for the MERCOSUR side to institutionalize JPMO.

Overall, the Project has consolidated the solidarity among the four member

states of MERCOSUR. Throughout the Project, the MERCOSUR side has conducted a lot of tourism promotion activities in Japan and has been working on the master plan of tourism promotion in Japan. Although it seems difficult that by the end of the Project the MERCOSUR side will have established a mechanism in which they can operate JPMO independently in terms of its financial and organizational systems. However, the MERCOSUR side is determined to continue to address the establishment of the sustainable system to operate JPMO, and has requested the Japanese side to provide assistance for Phase II of the Project, especially for human resources of JPMO.

The more details about the production of the Outputs and the possibility of the achievement of the Project Purposes are mentioned in the sections of 3-2 and 3-3. Positive impacts of the Project will be discussed in 4-4.

4-2-2 Impeding Factors to the Project

The Project has increased the number of Japanese tourists to MERCOSUR as mentioned in 3-4 (Overall Goals). According to interviews and questionnaires to the Project stakeholders including Ad hoc members, PMO and JPMO staff, local coordinators, tour operators, etc., the following factors might be obstacles to attracting more Japanese tourists to MERCOSUR. The Project should continue the Activities, considering the following could-be impeding factors to the expansion of the Project effect.

- perception that Japanese tourists have: MERCOSUR countries are not safe
- long distance from Japan to MERCOSUR
- lack of tour guides in MERCOSUR who can speak Japanese
- lack of infrastructure (both soft and hard) which fits Japanese tourists
- lack of materials in Japanese
- high cost of travel from Japan to MERCOSUR
- no direct flight between Japan and MERCOSUR
- inconvenient connections of flights between Japan and MERCOSUR
- cultural differences between Japan and MERCOSUR

4-3 Efficiency

Efficiency is a criterion to assess how the Inputs have been utilized properly to produce the Outputs. The efficiency of the Project is evaluated middle because a few of the staff were not allocated as planned. However, as of September

2007, the Project has been operated efficiently by both Japanese and MERCOSUR sides since the problem of the staff allocation was solved in the beginning of 2007.

4-3-1 Communication among the Stakeholders

It seems difficult to communicate between the MERCOSUR and Japanese sides because of the following reasons. First is that it takes time to communicate between PMO and the Ad hoc members because they are working in different countries or have daily work other than the Project.

Second is that the dispatch of the JICA Long-term Expert was delayed for some internal procedural reasons. During the first year (from January 14 to December 11, 2005), the JICA Long-term Expert had not been dispatched to PMO.

Third is that for one year from January to December 2006, the successor to the first director of JPMO had not been posted to JPMO. Due to the absence of the director of JPMO, there were no official channels to convey information from JPMO to PMO. During the period, JICE instead of JPMO used to contact PMO. JICE first contacted the JICA Long-term Expert, and then the JICA Long-term Expert explained to the general coordinator of PMO. Then, the general coordinator conveyed the information to each Ad hoc member. Thus, during the absence of the director of JPMO, communication channels were complicated. During the absence of the director of JPMO, it took time for both MERCOSUR and Japanese sides to confirm important issues.

Since the second director was posted to JPMO in January 2007, communications between the MERCOSUR and Japanese sides have improved, and the Activities of the Project have been conducted smoothly. For the effective and efficient implementation of the Project, the director of JPMO needs to be on duty without interruption.

4-3-2 Two Project Offices in the Project

Unlike other JICA Technical Cooperation Projects, the Project has been implemented with two bases, PMO and JPMO. Establishing a project office in Japan is an unprecedented case for a JICA Technical Cooperation Project. However, considering the approach that the Project targets the Japanese market

with a view to attract Japanese tourists to the MERCOSUR countries, it has been efficient for the Project to conduct promotion activities with its base in Tokyo.

4-3-3 Training in Japan

In the Project, technical transfer has mainly been conducted in Japan in the form of training. The training includes not only lectures at TIC but also on-site experience, which is the on-the-job training (OJT) at JPMO and the participation in the JATA Fair, promotion events, and seminars on tourism promotion.

The MERCOSUR Tourism Promotion Seminar has been provided since 2003. As mentioned in Activity 5, lectures in the first year were useful for the participants because they needed to know the characteristics of the Japanese market. However, the same kinds of lectures were provided in the following years. To avoid the repetition of the same contents of lectures, the curriculum needed to be developed in the whole cycle of training, which is three years or five years. Since the seminar includes participation in the JATA Fair, the balance between lectures at TIC and hands-on training like the JATA Fair should have been reconsidered in the curriculum development.

Overall, the seminar was a good opportunity to discuss the Project between the MERCOSUR and Japanese sides. In November 2004, in the Record of Discussion (R/D) both sides agreed that the Project Steering Committee would be organized. Having a discussion between the MERCOSUR and Japanese sides during the seminars has worked as the Project Steering Committee.

4-4 Impact

4-4-1 Positive Impact

The Project has produced the following positive impacts.

(1) Increase of Japanese Visitors to MERCOSUR

As shown in Table 5, the number of Japanese visitors to MERCOSUR countries has been increasing recently. It can be surmised that the Project has exposed more Japanese people to information about MERCOSUR countries by creating

pamphlets, establishing the website of MERCOSUR, participating in the JATA Fair, organizing seminars and events on tourism promotion etc.

(2) Strengthening of Partnerships among the MERCOSUR Countries

MERCOSUR is an alliance which provides a common market for the member states. The Project is the first opportunity for the four countries to promote tourism together. Through the implementation of the Project, the framework of MERCOSUR has been strengthened and the member countries have begun to be united toward the same objective, which is tourism promotion. Frequently-held Ad hoc Group Meetings have strengthened the framework of MERCOSUR.

(3) Establishment of Favorable Relationships between the Public and Private Sectors

As mentioned in Activity 3, through the JATA Fair, FAM/Press tours, seminars on tourism promotion, and a lot of publicity activities, JPMO has established good relationships with the private sectors, such as travel agencies, mass media, and airlines companies. JPMO has maintained the good relationships with those private companies throughout the Project period.

The MERCOSUR side has also established good relationships with the private sectors including tour operators, hotels, and so forth, by receiving FAM/Press tours from Japan.

(4) Establishment of Better Relationships between the JPMO and the Embassies of Each MERCOSUR Country

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

(5) Stronger Interest in Japan and Asian Countries

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

language.

4-4-2 Negative Impact

No negative impacts have been observed due to the implementation of the Project.

4-5 Sustainability

Sustainability is a criterion to assess whether the positive effects produced by the Project will continue or not after the Project is completed. As a result of evaluating the Project in terms of technical, organizational, and financial perspectives, the sustainability of the Project is evaluated middle because of the following reasons. The reasons are explained below from technical, organizational, and financial perspectives.

4-5-1 Technical Sustainability

To conduct the Activities of the Project, each country of MERCOSUR has established good relationships between the public and private sectors. As mentioned in 3-2, the private sector was willing to cooperate for the Activities of the Project, such as creating promotion materials and receiving FAM/Press tours.

Throughout the Project period, JPMO has also established favorable relationships with the tourism stakeholders in Japan, such as travel agencies, advertising agencies, mass media, airlines, and so forth. In the Japanese tourism sector, more and more people have recognized JPMO and begun to be interested in MERCOSUR as shown in the tendency of the steady increase of access to the website and the number of inquiries to the JPMO office.

Unlike other goods and services, tourism is an intangible product which consumers can not see or touch until they reach the destination. Tourism is a product that consumers decide to buy before they see and touch real things. Therefore, promotion activities are very important. A lot of promotion activities have been conducted in the Project, such as participation in the JATA Fair and organizing FAM/Press tours. Through those activities, the MERCOSUR side has accumulated a lot of knowledge and skills necessary for tourism promotion in Japan. The continuity of those promotion activities will

lead to raising the name-value of MERCOSUR in Japan and to further increasing the number of Japanese tourists to MERCOSUR. The MERCOSUR side has improved the exhibition methods of the JATA Fair since 2003 and has expanded the network with the tourism-related stakeholders in both Japan and the MERCOSUR countries. Moreover, the guidelines and manuals on how to implement the JATA Fair and FAM/Press tours have already been implemented. Those factors prove that the MERCOSUR side has developed their own approaches for tourism promotion in Japan, which means that the technical sustainability of the Project is evaluated high.

4-5-2 Organizational Sustainability

(1) Operation of JPMO

The MERCOSUR side has decided that Brazil will be responsible for the dispatch of the director of JPMO, Argentina for the rent cost of JPMO, and Paraguay and Uruguay for part of the cost for JPMO activities (participation in the JATA Fair, printing promotion materials, etc.). The Japanese side is supposed to cover the cost for the acceptance of one trainee from the MERCOSUR side for two years. Besides the director and one trainee, the MERCOSUR and Japanese sides believe that they need two Japanese coordinators as they have had since February 2007 to continue the promotion activities in Japan. However, as of September 2007, it is difficult for the MERCOSUR side to employ Japanese staff from January 2008 due to some legal and procedural reasons.

(2) Operation of PMO

In the Project, PMO has been functioning as a coordinating organization between the MERCOSUR and Japanese sides.

However, it takes time to communicate between each Ad hoc member and JPMO if they have to communicate by way of PMO. There are two kinds of opinions: 1) it would be more efficient to communicate between each Ad hoc member and JPMO directly, not by way of PMO; or 2) PMO is necessary to coordinate among the four countries and work as a bridge between the MERCOSUR and Japanese sides.

(3) Roles of Ad hoc Group

The Ad hoc Group consists of the representatives of each country of MERCOSUR. Throughout the Project, the Ad hoc members have been taking initiative in the Activities in the MERCOSUR countries. Since the roles of the Ad hoc Group are very important, the MERCOSUR side is planning to sustain the function of the Ad hoc Group under RET even after the Project.

4-5-3 Financial Sustainability

JPMO is indispensable to continue tourism promotion activities the same way as the Project has been doing. The MERCOSUR side has been discussing how to finance the operation cost of JPMO. In the Ministers' Meeting of MERCOSUR which was held in October 2006, the four Ministers discussed the significance of JPMO and the related-promotional activities, and agreed that the MERCOSUR countries would allocate a total amount of 500,000 dollars annually for the operation of JPMO and promotional activities. The allocation rate of each country is proportionate to the number of Japanese tourists who have visited the country.

Since it takes time to establish the fund, the MERCOSUR side has decided an alternative measure to finance the operation cost for JPMO until the fund is established. In May 2007 the financial responsibility of each country was discussed in the RET Ad hoc Group Meeting, and it was agreed that Argentina would be responsible for the operation cost of JPMO; Brazil for the expenses needed for the dispatch of the director of JPMO; and Uruguay and Paraguay for tourism promotion activities (the JATA Fair, printing materials, etc.). To continue the Activities of the Project without interruption, the first remittance for the rent of JPMO has to be completed by December 7, 2007, which Argentina is responsible for. Thus, the MERCOSUR side has the financial plan for the operation of JPMO; however, during the remaining period of the Project, it needs to be further clarified how the first allocation will be disbursed.

5. Conclusion

The Project has played an important role in strengthening the regional framework of MERCOSUR in the field of tourism and has consolidated the

solidarity of the four state members. The Project Purpose has almost been achieved except that the MERCOSUR side still needs to address some legal and bureaucratic matters to institutionalize the Project-related functions.

The number of Japanese visitors to MERCOSUR has been increasing, and the MERCOSUR side is planning to expand their tourism promotion activities in other Asian countries by using the joint tourism promotion model that they have established throughout the Project. Thus, the Project is on the right track to achieve the Overall Goal, too.

The MERCOSUR side is determined to continue tourism promotion activities in Japan the same way as they have done in the Project. Since the Project involves stakeholders from the four MERCOSUR countries and Japan, it is very important to share information precisely and timely among all of them to conduct the Project Activities effectively and efficiently.

6. Recommendations

6-1 Issues to be Completed by the End of the Project (January 13, 2008)

The following issues need to be completed by the end of the Project.

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

6-2 Project Framework of the Phase II of the Project

6-2-1 Modification of the PDM

In the Final Evaluation, the MERCOSUR and Japanese sides discussed the Project Purposes for Phase II, and clarified the expressions for the Project

Purposes and the indicators. As mentioned in 3-3 (Project Purpose) and 4-2 (Effectiveness), it seems difficult that the first Project Purpose will be achieved by the end of the Project. Therefore, the MERCOSUR side has requested the Japanese side to provide assistance for Phase II of the Project with a period of two years. The following are the new descriptions for the Project Purposes and their indicators for the PDM of Phase II.

Project Purpose	Indicator for Project Purpose
Consolidation of tourism promotion activities in the Japanese market	(1) Creation of a financial and organizational tool to conduct promotional activities in Japan without any assistance from JICA (2) Implementation of the same kinds of activities based on the master plan developed in Phase I, such as the JATA Fair, FAM/Press tours, seminars, materials, etc.

As mentioned previously, the first Project Purpose seems difficult to be achieved by January 13, 2008. Therefore, the establishment of a financial and organizational tool to operate JPMO will be a major issue to be addressed in Phase II.

6-2-2 Assistance from JICA

With regard to the implementation of Phase II, JICA has offered to provide the following assistance: 1) to accept one trainee from the MERCOSUR side for two years; 2) to provide some follow-up assistance for Japanese language training in MERCOSUR; 3) to provide assistance for the participation of the JATA Fair on the cost-share basis; and 4) to assign one Japanese coordinator to JPMO for two years.

As for 1) and 2), both MERCOSUR and Japanese sides have agreed on the conditions. As for 3), JICA will consider the possibility to compensate the necessary cost for some MERCOSUR countries to participate in the JATA Fair referring to the list of ODA Recipients of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and

Development (OECD).

As for 4), the operation of JPMO has been controversy between the MERCOSUR and Japanese sides. In the meeting of the Final Evaluation, the MERCOSUR side requested the Japanese side to assign two Japanese coordinators to JPMO. The Japanese side reiterated that they could not cover the cost for two Japanese coordinators in Phase II of the Project. According to the Japanese side, they can assign one Japanese coordinator for two years.

The Japanese side suggested that they could assign two Japanese coordinators for the first year of Phase II, and that the MERCOSUR side should cover the cost for the two Japanese staff for the second year. However, in the meeting of the Final Evaluation, both sides did not reach a consensus about the operation of JPMO. This matter needs to be further discussed between both sides.

The MERCOSUR side requested the Japanese side to provide assistance when the issue arises upon the application of the working VISA of the director of JPMO for Phase II. The Japanese side responded that they would consider necessary measures in order not to interrupt the project activities.

6-3 Measures to be taken for the commencement of the Phase II

The both sides agreed to examine necessary measures to finalize the agreement for the commencement of the Phase II so as not to interrupt the project activities.

7. Lessons Learned

The following lessons are learned from the Project.

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

concrete sentence, and its indicator should be measurable. In particular, the definition of the Project Purpose should be shared among both sides.

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List of Members of the Evaluation

MERCOSUR side:

Alejandro Varela	RET member, Argentina Multilateral Affaires Coordinator, National Secretary of Tourism, Argentina
Patric Lottici Krahl	RET Ad hoc member, Brazil South America Relations Coordinator, Ministry of Tourism, Brazil
Doris M. Penoni Rojas	RET Ad hoc member, Paraguay Director, Tourism Operative Department, National Secretary, Paraguay
Gloria Campos Xavier	RET Ad hoc Group General Coordinator/RET Ad hoc member, Uruguay Director, Agreement and Resolution Department, Ministry of Tourism and Sports, Uruguay
Antonio Carambula	General Director, Ministry of Tourism and Sports, Uruguay
Georthon Branquinho	Local Coordinator, Brazil
Laercio Branco	JPMO Director
Koji Kawai	Advisor to the PMO in Uruguay

Japanese side:

Japan International Cooperation Agency (JICA)

Juichiro Sasaki	Group Director, Program II, JICA Tokyo
Hironori Kimura	Team Director, Economic Development Team, JICA Tokyo
Kaori Matsushita	Economic Development Team, JICA Tokyo
Yasuko Ose	Evaluation Consultant Consultant Division, Kaihatsu Management Consulting, Inc.

Japan International Cooperation Center (JICE)

Yoshimichi Hirayama	Director, International Exchange Division, International Exchange Department
Miwa Ito	International Exchange Division, International Exchange Department

Project Design Matrix of MERCOSUR Tourism Promotion Project (Revised in March 2007)

Narrative Summary	Objectively Verifiable Indicator	Means of Verification	Important Assumption
<p>Overall Goal</p> <p>(1) Enhanced regional collaboration among member countries of MERCOSUR in the tourism sector.</p> <p>(2) Enhanced bilateral collaboration between member countries of MERCOSUR and Japan in the tourism sector.</p>	<p>(1) Implementation of joint tourism promotion activities for other countries.</p> <p>(2) Increase of the number of Japanese tourists to MERCOSUR.</p>	<p>(2) Statistics of the Japanese tourists to MERCOSUR countries (2002-2007).</p>	
<p>Project Purpose</p> <p>(1) To institutionalize regional collaboration among MERCOSUR state parties in the tourism sector and enhance collective capacity for tourism promotion</p> <p>(2) To establish a bridge-head of MERCOSUR in the Japanese tourism market and develop a model of tourism promotion in new market.</p>	<p>(1) Approval of MERCOSUR Tourism Promotion Office as an official institution and necessary budgetary arrangements for operation of the office.</p> <p>(2) Approval of Master-Plan of tourism promotion</p>	<p>(1) Minutes of the Tourism Ministers' meeting.</p> <p>(2) Minutes of Meeting of the RET Adhoc Group.</p>	<p>(1) Economic situations shall not be significantly changed.</p> <p>(2) Major accidents or incidents shall not happen which affect Japanese tourists.</p>
<p>Outputs</p> <p>1. Strengthened framework of regional collaboration in the tourism sector</p>	<p>(1) Plan of MERCOSUR Tourism Promotion Office both in MERCOSUR and in Japan.</p> <p>(2) The number of meetings of the Support Committees.</p>	<p>(1) Plan and reports prepared by JPMO</p> <p>(2)-1 Minutes of Meeting of the RET Adhoc Group</p> <p>(2)-2 Report of the support committees.</p>	
<p>2. Enhanced capacity of MERCOSUR in tourism planning</p>	<p>(1) Master-Plan of tourism promotion.</p>	<p>(1) Masterplan.</p>	
<p>3. Enhanced capacity of MERCOSUR in tourism marketing</p>	<p>(1) Increase in the number of persons reached.</p> <p>(2) A guideline/manuals for marketing.</p>	<p>(1) Access to HP.</p> <p>(2) Guideline/manual for the marketing in the Masterplan.</p>	
<p>4. Enhanced capacity of MERCOSUR in tourism product development</p>	<p>(1) Increase in the number of products developed.</p>	<p>(1) Tourism products developed.</p>	

<p>5. Enhanced capacity of MERCOSUR in tourism human resource development</p>	<p>(1) Maintained network of focal persons. (2) The number of persons attended workshops.</p>	<p>(1) Questionnaire. (2) Minutes of Meeting of the RET Adhoc Group (2)-2 Report of the workshop.</p>
<p>Activities</p> <ol style="list-style-type: none"> 1. Strengthened framework of regional collaboration in the tourism sector <ol style="list-style-type: none"> (1) Establishment of MERCOSUR Tourism Promotion Office on a pilot basis. (2) Enhancement of policy coordination among state parties of MERCOSUR. 2. Enhanced capacity of MERCOSUR in tourism planning <ol style="list-style-type: none"> (1) Survey and analysis on the Japanese market. (2) Formulation of a master-plan of tourism promotion for the Japanese market. 3. Enhanced capacity of MERCOSUR in tourism marketing <ol style="list-style-type: none"> (1) Implementation of marketing activities on a pilot basis. (2) Development of media and materials for tourism marketing on a pilot basis. 4. Enhanced capacity of MERCOSUR in tourism product development <ol style="list-style-type: none"> (1) Development of MERCOSUR tourism products on a pilot basis. 5. Enhanced capacity of MERCOSUR in tourism human resource development <ol style="list-style-type: none"> (1) Capacity development of focal persons of MERCOSUR tourism sector. 	<p>Inputs</p> <p><MERCOSUR side></p> <ol style="list-style-type: none"> 1. Assignment of focal personnel. 2. Establishment of PMO. 3. Provision of available information and data. 4. Provision of counter-budget for cost-sharing activities. 5. Provision of recurrent expenditures. <p><Japan side></p> <ol style="list-style-type: none"> 1. Provision of services of Japanese experts. 2. Provision of opportunity for exposure and training. 3. Provision of services for activities in MERCOSUR. 4. Provision of services for activities in Japan. 	<p>Pre-conditions</p>