

Third Party Evaluation Report 2011  
Ministry of Foreign Affairs of Japan

# Country Assistance Evaluation of Peru

## -Summary-

February 2012

International Development Center of Japan Inc.

## Preface

This report is a summary of the Country Assistance Evaluation of Peru undertaken by the International Development Center of Japan Inc. entrusted by the Ministry of Foreign Affairs (MOFA) of Japan in Fiscal Year (FY) 2011.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries and to finding solutions to international issues that vary with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. MOFA has been conducting ODA evaluations mainly at the policy level with two primary objectives: to improve the management of ODA, and to ensure its accountability. The evaluations are conducted by third parties to enhance their transparency and objectivity.

This evaluation study was conducted with the objectives of (1) reviewing Japan's overall assistance policy for the Republic of Peru (Peru), including the Country Assistance Program for Peru (2000), in order to extract lessons and recommendations on policy formulation for future assistance to Peru and its effective and efficient implementation, and (2) ensuring accountability through extensive publication of the evaluation results.

Tetsuo Matsumoto, Professor Emeritus/Specially Appointed Professor, Nagoya University, as a chief evaluator, and Yusuke Murakami, Associate Professor, Center for Integrated Area Studies, Kyoto University, as an advisor for the evaluation, made an enormous contribution to this report. Likewise, MOFA, the Japan International Cooperation Agency (JICA) and the ODA Task Force, as well as the government and institutions in Peru, donors and non-governmental organizations (NGOs) also made invaluable contributions. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, we wish to add that the opinions expressed in this report do not reflect the views or positions of the Government of Japan or any other institution.

February 2012

International Development Center of Japan Inc.

## Country Assistance Evaluation

### 1. Evaluators

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### 2. Period of Evaluation

June 2011 to February 2012

### 3. Country Survey

Peru

## Outline of Evaluation

The findings of the evaluation of assistance as a diplomatic measure indicate that Japan's ODA to Peru significantly contributed to bilateral diplomatic relations. The evaluation of development assistance concluded that the relevance of policies was "high" and the appropriateness of implementation processes was "efficient to a certain extent," while the effectiveness of results was deemed "positive to a certain extent." The evaluators expect that MOFA will take note of the recommendations outlined below and that they will be reflected in future assistance policies for Peru.

### **1. Recommendations on enhancement of bilateral diplomatic relations**

#### (1) Utilization of country assistance policy as a diplomatic measure

MOFA should be able to decide on the timing to revise country assistance policies for Peru as deemed necessary depending on Peru's circumstances.

#### (2) Reinforcement of coordination among Japanese Peruvians, private sectors and ODA

Maintaining and expanding the network with Japanese Peruvians continues to be crucial in contemplating diplomatic relations between Japan and Peru. Accordingly, MOFA should examine the way of cooperation between Japan and Japanese Peruvians in its ODA for Peru.

### **2. Recommendations on policy formulation**

#### (1) Ensuring strategic aspect

Assistance strategies need to be revised and streamlined by applying the principles of "selection and concentration." The areas of "environmental preservation" and "support for disaster prevention and recovery" should be further reinforced, while the respective priority

areas should be revised in light of Japan's comparative superiority and the importance of each assistance area.

(2) Improvement and diversification of technical cooperation

With the improvement of security situation in more districts in Peru, policies on the dispatch of personnel should be revised to meet the current local situation and needs.

(3) Maintenance and expansion of assistance outcomes

For the areas and organizations in which Japan has a long history of assistance with significant outcomes, MOFA should maintain and expand its cooperation while examining the appropriate scale and contents of assistance.

**3. Recommendations on implementation processes**

(1) Proper selection of implementing agencies

To maximize the effects of assistance when implementing ODA, prudent selection of a governmental institution that is able to follow through with policies in the long term is essential.

(2) Reinforcement of public relations

Public relations should be further enhanced through various measures, such as the dissemination of collective information through the preparation of narratives on various assistance projects, and the outsourcing of PR materials.

(3) Provision of information on small-scale technical cooperation projects under JPY 200 million.

Information on small-scale technical cooperation projects should be systematically arranged for effectiveness and efficiency uses when responding to requests from related institutions and other parties for reference material and information.

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Map of Peru

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## Chapter 1. Implementation Policies for Evaluation

### 1-1 Background and Objectives of Evaluation

Peru is a medium-sized South American country with a Pacific coastline. While the Peruvian government places importance on relations with the US, its largest trading partner, it also endeavors to reinforce ties with the European Union (EU) and Asia, considering the benefits of diversification. In recent years, Peru has attached importance to Asian economic growth and coordination among countries in the Americas. In 2008, Peru hosted the Asia-Pacific Economic Cooperation (APEC) forum, and in 2010, the government entered into negotiations to join the Trans-Pacific Strategic Economic Partnership Agreement (TPP).

The first wave of Japanese immigrants in Peru arrived in 1899 and currently, the number of Japanese Peruvians living in Japan and Peru is estimated to be 90,000. Thus, Peru and Japan have traditionally maintained friendly relations. Mutual cooperation has become increasingly important for sharing liberalistic values and politically stabilizing the South American region. Economically, since Peru holds abundant natural resources, such as natural fishery spots, copper, zinc, silver, gold, natural gas and oil, Peru's stabilization and development has significant importance for Japan in securing a stable supply source. Japan and Peru signed an Economic Partnership Agreement (EPA) in 2011.

Since the Fujimori Administration in the 1990s, Peru has undergone free market economic reform, which in part has contributed to the country's relatively high growth among South American countries, which has continued since 2002. Prior to the 2008 global financial crisis, Peru's annual growth rate marked 4–9% from 2002 to 2008. Peru's gross national income (GNI) per capita was USD 4,356<sup>1</sup> in fiscal year 2009 (FY2009) and its economy has been classified as "upper-middle-income country" since 2010<sup>2</sup>. However, while poverty declined nationwide, there are still many people who are unable to benefit from such economic growth, with the poverty rate exceeding 50% in rural areas. The correction of regional disparities and poverty reduction issues remains a priority for the Peruvian government.

Although Japan has provided various types of assistance to Peru, i.e., grant aids, loan aid, technical cooperation and Grant Assistance for Grassroots Human Security Projects, there has been a shift in emphasis to loan aid since 1999 as Peru's economy grows<sup>3</sup>. From this viewpoint, Japan formulated a country assistance program for Peru in August 2000 to support Peru's economic growth, focusing on four fields: "anti-poverty countermeasures," "support to the social sector," "economic infrastructure building" and "environmental preservation." Given the change in classification to "upper-middle-income

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<sup>1</sup> World Bank, "World Development Indicators" (<http://data.worldbank.org/country/peru>)

<sup>2</sup> MOFA's "ODA Country Data Book 2010." JICA's FY2011 criterion for classifying economies defines 2009 GNI per capita of USD 3,946 to USD 6,885 as "upper-middle-income country."

<sup>3</sup> Country Assistance Program for Peru (formulated in 2000).

country” in 2010, Japan’s loan aid has been narrowed down to four areas, i.e., “disaster prevention and recovery measures,” “environment,” “support for the removal of social disparity” and “support for human resource development.”<sup>4</sup>

In recent years, the environment surrounding ODA has undergone dramatic changes both internationally and domestically. MOFA initiated an “the ODA Review” in June 2010. The review concluded that a new approach to Japan’s ODA should include: (i) strategic and effective aid, (ii) promotion of public support and understanding, and (iii) mobilization of financial resources for development. The review results were compiled into a report, “Enhancing enlightened national interest – Living in harmony with the world and promoting peace and prosperity” in June 2010. Based on the review, the country assistance policy will be introduced at the time of formulation, replacing the traditional country assistance program. Since the country assistance policy for Peru is scheduled to be formulated in 2012, this timing is meaningful to confirm the outcomes of Japan’s ODA policy for Peru to date and to extract lessons and recommendations that may benefit future assistance policies.

Given the above situations surrounding Japan’s overseas assistance, this evaluation was conducted for the following purposes:

1. To comprehensively assess Japan’s country assistance policies for Peru to date to obtain lessons and recommendations that may contribute to future policy making and the implementation of effective and efficient aid, and to reflect them in future assistance policies for Peru.
2. To fulfill accountability to the Japanese people and provide feedback to the related parties in Peru and other related countries’ governments and institutions to help them understand Japan’s ODA by publishing the evaluation results.
3. To derive lessons regarding the appropriate way of assistance for Latin America, the type of support that can be provided for countries graduated from General Grant Aid such as Peru and the type of aid that should be provided for countries where Japan is not a major donor, and to reflect these lessons in assistance policies in similar countries and regions.
4. To contribute to improvement of ODA and the promotion of “visualization” through the evaluation, based on the “the ODA Review” (in June 2010).

## **1-2 Scope of Evaluation**

This evaluation comprehensively evaluated Japan’s ODA policies for Peru implemented for the ten-year period from FY2000 to FY2010. The evaluation of

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<sup>4</sup> MOFA, Ministry of Finance Japan, Ministry of Economy, Trade and Industry, “New terms and conditions of yen loans,” March 2007. (<http://www.jica.go.jp/press/archives/jbic/autocontents/japanese/news/2007/000064/release.pdf>)

assistance as a diplomatic measure included the verification and analysis of information gathered through various sources, such as documents on Peru published by MOFA, comments from VIPs during their visits to Japan and Peru, interviews with both countries' government officials specialized in Japan-Peru relations, experts and the media. In addition, the development assistance evaluation included a review of assistance planned and implemented during the above period under the development assistance policy, i.e., loan and grant aid, and technical cooperation commenced in and after FY2000.

### **1-3 Evaluation Framework**

Based on the MOFA's ODA Evaluation Guidelines (Version 6) published in April 2011, policy objectives were sorted out first and then Japan's assistance to Peru was analyzed in terms of "assistance as a diplomatic measure," "relevance of policies," "effectiveness of results" and "appropriateness of policy-making and implementation processes." For improved readability, a rating scale was introduced on a trial basis for the assessment of development aid. Specifically, analysis and evaluation focused on the following:

#### 1) Evaluation of assistance as a diplomatic measure

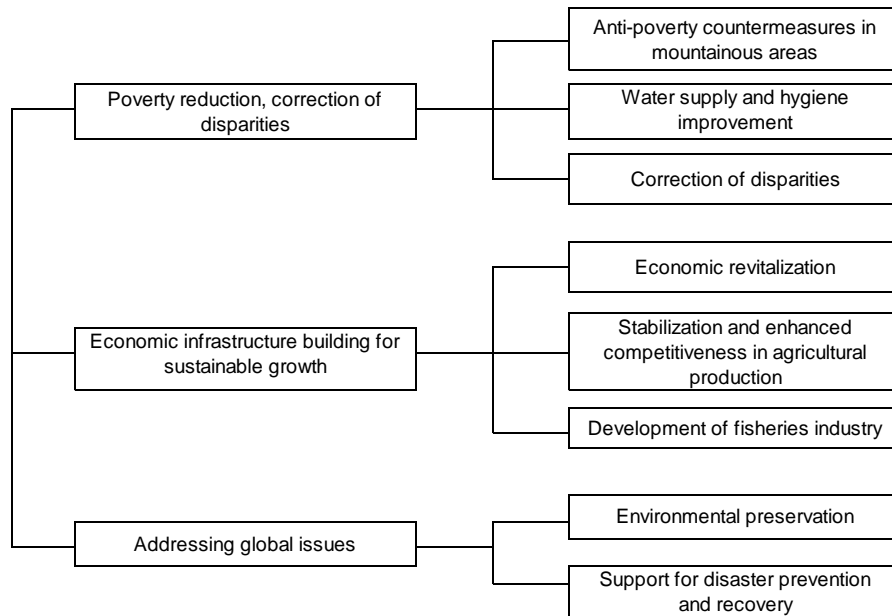
"Was the country of Peru and Japan's ODA to Peru important for Japan's diplomatic principles? Did ODA to Peru contribute to bilateral diplomatic relations?" These questions were the starting point for the evaluation of assistance as a diplomatic measure. The evaluation verified the diplomatic importance of Peru to Japan and Peru's strategic position in Japan's diplomatic principles, and analyzed the impact on bilateral diplomacy.

#### 2) Review of policy objectives

In order to set the scope of evaluation, policy objectives were systematically sorted. Japan's Country Assistance Program for Peru was formulated in August 2000, and has not been revised to date. However, during the research in Japan, interviews with those familiar with the situation at that time revealed that at the policy implementation level, Japan's assistance policy had been revised along with the transition to the administration of (former) President Garcia in 2006, and several priority areas in need of assistance had been unified. Figure 1 shows the objectives of Japan's assistance policy for Peru reflecting the unified priority areas. It should be noted that research in Japan and field survey confirmed that the fields listed below were consistent with the priority areas designated in Japan's assistance policies for Peru for the past ten years.



Figure 1 Objective Framework of Japan's Assistance Policy for Peru



Source: Based on the Rolling Plan for Peru (2011)

### 3) Relevance of policies

“Was the direction of Japan’s assistance policies for Peru relevant?” The evaluation assessed whether or not the assistance policies shown in Figure 1 were consistent and harmonized with: (1) Peru’s development needs, (2) Japan’s higher ODA policies (the ODA Charter, Medium-Term Policy on ODA), (3) internationally prioritized issues (Millennium Development Goals (MDGs), etc.) and (4) other donors’ assistance and Japan’s comparative superiorities.

### 4) Effectiveness of results

“To what extent did Japan’s assistance policies for Peru and the assistance activities meet their pre-set objectives and contribute to priority areas?” The evaluation survey team identified and grasped the objectives set in Japan’s ODA and the relevant indicators in priority areas, and then sorted and analyzed the inputs and outcomes from Japan’s assistance. However, with no quantitative targets set in Japan’s ODA objectives and priority areas, it was impossible to evaluate the degree of accomplishment by quantitatively comparing targets with performance in value, and it was also extremely difficult to precisely measure the degree of contribution by chronological order. Therefore, the evaluation comprehensively analyzed the effectiveness by looking into the direct impact of Japan’s assistance and making full use of the qualitative information obtained through interviews with the related parties in Japan and Peru.

## 5) Appropriateness of policy-making and implementation processes

“Were the proper processes adopted to ensure the relevance of Japan’s assistance policies for Peru and the effectiveness of results?” The evaluation survey team confirmed the suitability of Japan’s and Peru’s frameworks and decision-making processes regarding assistance policy formulation and implementation, and also verified the appropriateness of the following: the clarity of processes, information collection and analysis framework, cooperation and information sharing with the related parties, independence on Peru’s side and public relations framework.

### **1-4 Evaluation Steps**

The evaluation survey was conducted between June 2011 and February 2012. During this period, the evaluation survey team held four consultation meetings with the related parties from the departments/divisions of MOFA and JICA. Specific procedures for the evaluation were as follows:

#### 1) Formulation of evaluation plan

The team, under the direction and supervision of the chief evaluator, consulted with the relevant organizations and departments of MOFA and JICA and formulated the evaluation plan, including the objectives, scope of evaluation, benchmarks and work schedule, which were then reported to the related institutions/departments at the first meeting. A framework was prepared in which to evaluate the four objectives mentioned above – evaluation of assistance as a diplomatic measure, relevance of policies, effectiveness of results, and appropriateness of processes – including the scope of evaluation, specific items to be verified, evaluation indicators, information collection method, etc., which was agreed on by the related parties.

#### 2) Literature review and interviews in Japan

In accordance with the evaluation plan, the evaluation survey team collected information in Japan, including documents on Japan’s and other donors’ assistance to Peru, Peru’s social and economic information and statistical data, diplomatic documents published by MOFA, comments from VIPs during their visits to Japan and Peru, and interviews with MOFA, the departments of the implementing agencies, Japan and Peru’s government officials who were well informed about Japan-Peru relations, experts and the media.

#### 3) Field survey

Based on the results of the research and interviews in Japan, the evaluation survey team conducted a field survey from October 8 to 23, 2011 in Lima, Cuzco and Piura. The team met with and interviewed officials from the Japanese government related

organizations, the private sectors, Peruvian government related organizations and cooperative bodies, as well as politicians, the media, and other donors and beneficiaries. The team also visited some of the sites of Japan's assistance projects.

#### 4) Information analysis and report writing

The evaluation survey team sorted and analyzed the information obtained from the literature review, interviews and field survey. Each evaluation item was comprehensively assessed against the respective benchmark, and factors that either promoted or impeded the expected effects were identified in order to draw lessons and recommendations, which were compiled into this report.

#### 5) Seminar

To further accomplish accountability to the countries and to feed back the evaluation results, after the publication of outlines and summary of the report, a seminar is held in Japan for those who are interested in ODA evaluation or Peru. The evaluation results are reported to the public.

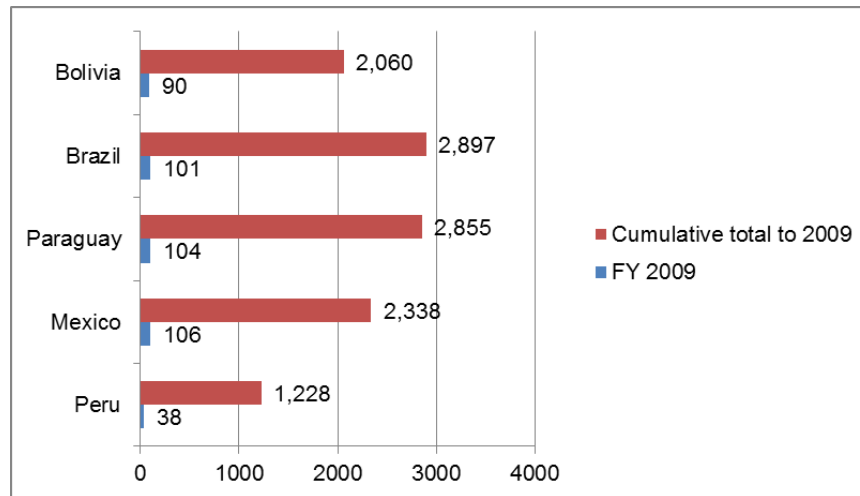
## **Chapter 2 Performance of Japan's ODA to Peru during the Evaluation Period**

### **2-1 Performance of ODA to Peru within the Context of Latin America**

Japan regards Peru as its key aid recipient in Latin America. Total assistance provided as of FY2009 amounted to JPY 395.7 billion (exchange of notes (E/N) basis) in loan aid, JPY 59.1 billion (E/N basis) in grant aid and JPY 47.4 billion in technical cooperation. In Latin America, Peru is the largest recipient of ODA loans and grant aid, and was among the largest recipients of technical cooperation, ranked 5th following Brazil, Paraguay and others. Of the Latin American recipients of Japan's grant aid in FY2009, Peru ranked 15th (disbursement basis, USD 1.47 million, 1.18% of the total) and 6th in technical cooperation (disbursement basis, USD 10.87 million, 5.09% of the total).

In the dispatch of experts to the top five recipients of technical cooperation (cumulative), Peru ranked last in FY2009 (annual and cumulative total) as shown in Figure 2, due to the interruptions in dispatch of Japanese experts for security reasons, influenced by the murders of JICA agricultural experts and the Japanese Embassy hostage crisis.

Figure 2 Dispatch of Experts to Top Five Recipients of Technical Cooperation (persons)



Source: MOFA, International Cooperation Bureau (ed.), ODA Country-by-Country Data Book 2009.

## 2-2 Results of ODA to Peru and its Characteristics

Japan's ODA to Peru for the ten-year period from FY2000 to FY2009 out of the evaluation period (FY2000–2010) is shown in Table 1.

Table 1 Japan's Assistance to Peru by Type (FY2000–2009)

FY	Yen loan (¥100 mil.)	Grant aid (¥100 mil.)	Technical cooperation (¥100 mil.)	Total (¥100 mil.)	Grant Assistance for Grassroots Human Security Projects (case) (¥100 mil.)	Grant Assistance for Cultural Grassroots Projects (case) (¥100 mil.)	General cultural grant aid (case) (¥100 mil.)	Trainee acceptance (person)	Dispatching of experts (person)	Provision of equipment (¥1 mil.)
2000	448.72	25.56	9.10	483.38	24 [1.54]	-	-	312	10	88.17
2001	-	2.98	15.89 (10.13)	18.87	22 [1.97]	-	-	1,356 (323)	19 (17)	25.92
2002	-	3.15	12.62 (8.44)	15.77	31 [2.69]	1 [0.03]	-	1,355 (307)	32 (27)	77.14
2003	-	3.12	13.45 (9.68)	16.57	34 [2.65]	1 [0.02]	-	679 (293)	41 (37)	128.5
2004	-	2.35	9.21	11.56	25 [1.81]	1 [0.04]	-	250	46	23.16
2005	-	4.31	9.26 (7.06)	13.57	15 [1.12]	2 [0.16]	-	1,138	41 (41)	5.64
2006	59.72	13.99	12.80 (7.62)	86.51	7 [0.57]	1 [0.03]	-	738	45 (43)	3.88
2007	-	12.48	10.39 (8.23)	22.87	15 [1.36]	-	-	397	43 (42)	2.81
2008	221.31	6.46 (0.57)	9.47 (8.38)	237.24	16 [1.34]	1 [0.08]	-	376	28 (26)	3.47
2009	93.01	9.34	15.36	117.71	16 [1.27]	1 [0.1]	2 [1.15]	193	30	5.49
2000– 2009	822.76	83.74 (0.57)	117.55	1,024.05	205 [16.32]	8 [0.46]	2 [1.15]	6,794 (923)	335 (233)	364.18

Subtotal			(59.54)							
Cumulative total to 2009	3,957.49	591.31	474.37	5,023.17	-	-	-	-	-	-

Note: Figures in parentheses in the technical cooperation column represent technical cooperation extended by JICA.

Source: MOFA, International Cooperation Bureau (ed.), ODA Country-by-Country Data Book 2005 and 2010, JICA, JICA Annual Report.

From FY2000 to FY2009, loan aid totaled JPY 82.2 billion, approximately 80% of the cumulative total for ten years. The remaining 20% was grant aid of JPY 8.3 billion and technical cooperation of JPY 11.7 billion. On an annual average, there were 21 Grant Assistance for Grassroots Human Security Projects, acceptance of more than 650 trainees, dispatch of 30 experts, and provision of equipment of JPY 36.41 million.

Loan aid varied in amount depending on the fiscal year, with a blank between 2001 and 2005 due to deteriorated bilateral relations. Loan aid resumed in 2006 and jumped to JPY 22.1 billion in 2008. Of particular note is that although new loan aid was suspended during the 2001–2005 period, lending that had commenced before FY2000 was continued, and in the first half of the 2000s, approximately JPY 17.0 billion was disbursed each year. Disbursement in loan aid for FY2000–2010 totaled JPY 165.0 billion.

Grant aid dropped drastically from JPY 2.5 billion in 2000 to around JPY 0.3 billion in and after 2001 influenced by the deteriorated bilateral diplomatic relations during 2001–2005, as in the case of loan aid. It increased to JPY 1.3 billion in 2006, but has since continued its downward trend. In addition, unlike other aid, technical cooperation remained high between 2001 and 2005, and was stable in amount for ten years.

### Chapter 3. Evaluation of Assistance as a Diplomatic Measure

#### 3-1 Diplomatic Importance

The findings indicate the importance of diplomatic relations between Japan and Peru in terms of their history of friendly relations, the geographical position of Peru, mutual economic complementarity and sharing of fundamental values. In addition, the findings reveal that MOFA has implemented its aid to Peru taking into account local circumstances, such as the opposition to new liberalism in Latin America, the state of indigenous movement in the Andes and the embodiment of Latin American regional policies, in order to meet one of Japan’s diplomatic objectives, “to help ensure Japan’s own security and prosperity.”

Diplomatic relations have depended heavily on both countries’ political situations for the past ten years as seen in the interrupted mutual visits by VIPs. Even under such circumstances, Japan continued its aid to Peru on a certain scale and maintained bilateral relations at the field level. Bilateral relations that have been rebuilt since the inauguration of the Garcia administration in 2006 may be the fruit of the continued diplomatic relations through such seamless assistance. Bilateral relations have since become better than

before, and have been maintained in the new Humala administration. The long history between Japan and Peru and the trusting relationship sustained through ODA may be the basis of the current bilateral relations.

### 3-2 Diplomatic Impact

Diplomatic impact evaluation provides evidence of positive effects – deepened economic relations (e.g., EPA and Peru’s adoption of the Japanese standard for digital terrestrial television broadcasting), friendly relations (e.g., survey results regarding Peruvians’ image of foreign countries, Peru’s assistance to Japan in the international community) and the region’s stable and sustainable development. On the other hand, with no drastic change observed in Japanese companies’ investment in Peru, the economic impact of ODA on Japanese companies is considered to be limited.

Thus, these findings lead us to conclude that Japan’s assistance to Peru to date has contributed greatly to bilateral diplomatic relations as a whole.

#### **BOX 1 History of Japanese Peruvians and Japan-Peru Relations**

Peru is the first Latin American country with which Japan established diplomatic relations and is also the country to which Japan sent its first indentured immigrants. Thus, the circumstances that led to Peru’s place in Japanese history as the door to Latin America are interwoven with various factors, including domestic and international situations that both countries faced at the time and the connections between people.

After winning its independence from Spain, Peru started receiving European immigrants as labor force to build a modern state, yet they did not reach the expected number. In the mid-1800s, 50 years prior to Japanese immigration, Peru hosted a large number of Chinese indentured immigrants, which, however, reportedly included cases of human trafficking. In 1872, the *María Luz*, a Peruvian cargo ship en route from China sustained damage in a collision and called on the port of Yokohama for repair. While anchored at Yokohama, the Chinese immigrants escaped and asked for protection. The Japanese government released all 231 Chinese immigrants and deported them to China. Peru was opposed to this and the Japanese government entered into negotiations with the Peruvian government. This led to an agreement on a Treaty of Peace, Friendship, Commerce, and Navigation between Japan and Peru in 1873, thus opening diplomatic relations.

In 1899, the first 790 Japanese indentured immigrants arrived in Peru on board the *Sakura-maru ship*, 9 years prior to the first Japanese immigration to Brazil aboard the *Kasato-maru ship*. The immigration to Peru was accomplished through the help of Mr. Sadakichi Tanaka of Morioka Shokai (immigration agency). Mr. Tanaka, who joined the Iwakura Goodwill Mission and studied in the US, obtained labor contracts for Japanese workers from Peruvian plantations in the coastal region through Augusto Leguia, his schoolmate and then-general manager of a sugar company. Leguia later became the 39th and 43rd President of Peru (1908-12 and 1919-30, respectively) and worked for the development of the Japanese diaspora as president of Peru and a sympathizer for Japan.

The Japanese immigrants who settled on the plantations were faced with a harsh labor environment and severe epidemics, something beyond their imagination. An increasing number moved to the cities and made

their living as servants, barbers and retailers, and some became quite wealthy. This caused a social conflict between the immigrants and some Peruvians, leading to anti-Japanese sentiment, coupled with global tensions originating from Japan's expansion policy in Asia at the time. In 1930, 1931 and 1940, Japanese houses and shops were looted and destroyed. Responding to the outbreak of the Pacific War between Japan and the US, Peru's pro-American regime broke off diplomatic relations with Japan in 1942, and the Peruvian government deported the Japanese immigrants after confiscating their assets. By 1945, 2,118 Japanese had been sent to internment camps in the US from Latin America, among which 1,754 (83%) were from Peru.

Diplomatic relations resumed in 1952 and Peru promulgated a regulation to return the assets confiscated during the war to the Japanese immigrants in 1954. In 1964, the Government of Peru supplied 10,000 hectare of land as compensation for six Japanese schools confiscated during the war. The Japan-Peru Cultural Center built on this land has a multi-purpose hall, Japanese restaurant and the archives of Japanese immigration, and is a hub for the Japanese Peruvians' social and cultural activities. In June 2011, then-President Garcia apologized for his country's illegal internment and deportation of Japanese immigrants during World War II.



Japan-Peru Cultural Center  
(From the website of Asociación  
Peruano Japonesa)

On the other hand, the Japanese diaspora society, too, reflected on its uncommunicative nature and aimed to be open to the Peruvian society. The Policlinico Peruano Japonés (clinic) operated by the Asociación Peruano Japonesa (Japanese Peruvian Association) provides affordable medical services and always has many ordinary Peruvian outpatients. As of 2010, there are five schools for Japanese Peruvians in Peru. Their excellence in educational curriculum and teaching staff's guidance has attracted non-Japanese Peruvians as well, who reportedly account for about half the total number of students. It is widely known in Peru that Ollanta Humala, inaugurated as president in July 2011, graduated from La Union, one of these Japanese-affiliated schools.

Conflicts and agreements, hardships and apologies. Although the distress endured by each one of the Japanese immigrants will never fade away, the experiences that Peru, Japan and the Japanese Peruvians shared for many years have formed a foundation for the two countries' friendly relations.

## Chapter 4. Results of Evaluation

### 4-1 Relevance of Policies

The findings indicate that Japan's assistance policy for Peru is consistent with Japan's higher ODA policies, such as the ODA Charter and Medium-Term Policy on ODA. Japan's assistance to Peru focuses on three objectives, "poverty reduction/correction of disparities," "economic infrastructure building for sustainable growth" and "addressing the global issues." These areas are also listed in the ODA Charter and Medium-Term Policy on ODA, and thus they are highly relevant.

In Peru, a regime change often necessitates revisions and changes in policies and

their implementation. However, for the past ten years, issues such as poverty reduction, correction of disparities, economic infrastructure and environmental preservation remain as the country's development priorities. Thus, Japan's policies are closely aligned with the Peruvian government's policies and development needs.

The findings have also confirmed that Japan's assistance policies for Peru have relevance to internationally prioritized issues, such as MDGs and climate change issues, in terms of poverty reduction, improvement in health care and environmental sustainability.

With regard to mutual complementarity with other donors, since the amount of aid that Peru receives from foreign countries is small relative to its economic scale, the importance of donor cooperation is low. The evaluation has confirmed that the aid from Japan and other donors is properly given in accordance with the Peruvian government's prioritized agendas and development needs. Some sector groups, such as the Water Sector group in which Japan is a member, have been conducting activities that are influential in the Peruvian government's policy making.

As mentioned earlier, since almost all benchmarks have been highly evaluated, it is concluded that the relevance of Japan's policies was high.

#### **4-2 Effectiveness of Results**

MOFA's priorities in ODA to Peru are: "poverty reduction/correction of disparities," "economic infrastructure building for sustainable growth" and "addressing the global issues." Nevertheless, it was difficult to evaluate the impact of the ODA on these areas in terms of inputs to the improvement of Peruvian society and economy and the outcomes, because: (1) the share of assistance is not large in relation to the scale of the Peruvian economy and society, (2) no quantitative benchmarks are set for Japan's assistance objectives including those of the priority sectors, and (3) assistance from multiple donors is focused on certain regions. Of particular note is that the emergence of effects during the evaluation period was rather limited compared to other countries, due to the plunge in Japan's aid to Peru, interrupted by the murders of JICA agricultural experts in 1991, the Japanese Embassy hostage crisis in 1996-97 and during the Toledo administration and other periods in which the dispatch of Japanese experts was suspended for security reasons. While noting the above limitations, several key findings emerged from the evaluation:

Among Japan's priorities, "poverty reduction/correction of disparities," "anti-poverty countermeasures in mountainous areas" and "water supply and hygiene improvement" remain as Peru's highest priorities to this day. Responding to these needs, Japan's assistance focuses on these issues. Little change has been observed in regions with a relatively high level of poverty for the past ten years. Japan's assistance focuses on the improvement of living standards for the poverty classes in these regions. In addressing the "water supply and hygiene improvement" issues, Japan's assistance is granted for water



treatment plant construction and improvement of water and sewerage infrastructure. The evaluation survey team found that top officials of Peru highly regarded Japan's assistance as contributing to the improvement of hygiene of the Peruvians. Thus, the findings suggest that Japan's assistance has, to a certain extent, contributed indirectly to the improvement in Peru's poverty indicators.

In addressing "correction of disparities," assistance is given in accordance with Peru's health sector strategy, and improved indicators suggest that individual completed projects were effective. Nevertheless, major positive effects of the outcomes have not been evident at the policy level, with national health indicators unchanged, probably resulting from less inputs compared to "anti-poverty countermeasures for mountainous areas" and "water supply and hygiene improvement." In addition, technical cooperation projects to provide mental care to victims of terrorism may have ended its role, as the situation in Peru has changed and their needs have shifted to more general issues. In the areas of maternal and child health and care for disabled persons, the targets and methods that Peru expects of Japan in its assistance have been gradually changing.

Japan's aid to date for "economic revitalization," "stabilization and enhanced competitiveness in agricultural production" and "development of fisheries industry," i.e., priorities under "economic infrastructure building for sustainable growth," has been made in response to Peru's prioritized policies. Thus, individual aid in the above areas has been highly regarded by Peru's government-related parties that were interviewed by the evaluation survey team. On the other hand, the technical cooperation projects implemented during the evaluation period are mainly small in scale and varied in area, and the two transactions for loan aid that commenced in the latter half of the 2000s are still being carried out, with the outcomes yet to emerge. While remaining mindful that the above situations resulted from the limited dispatch of experts from Japan and the (deteriorated) bilateral diplomatic situations in those days, the evaluation has concluded that Japan's assistance in these priority areas for FY2000–FY2010 had limited effects on the whole.

In "addressing the global issues," Japan's inputs to the projects of "environmental preservation" and "support for disaster prevention and recovery" in and after FY2000 have been small in amount and many of them have only just started, which made it impossible to quantitatively measure the effects. Qualitative evaluation has concluded, however, that Japan contributed to the Peruvian environmental policy making to a certain extent through its technical cooperation. Peru's expectations for Japanese technologies and expertise are high in the areas of solid waste and forestry preservation. Japan's assistance for "disaster prevention and recovery" contributed to economic and social recovery in Ica through its "support for disaster prevention and recovery" as well as to improvement in disaster prevention-related technologies.

Thus, the effectiveness of results of Japan's assistance to Peru has been deemed

positive to a certain extent, given the positive contributions to various areas.

### **BOX 2 Reconstruction Support from the Peruvian Nationals for of the Great East Japan Earthquake**

On May 10, 2011, AGRORURAL of the Ministry of Agriculture of Peru sent PEN 8,579.50 (equivalent to approximately JPY 250,000) donated from the people in Peru, including AGRORURAL staff, to the bank account of the Embassy of Japan in Peru. The donation was made by 1,500 farmers in Cuzco for support towards reconstruction in return for past assistance extended to them from the Government of Japan.

Since 1997, through its ODA loan projects for the mountainous areas in Peru, “Anti-poverty countermeasures/forestry preservation in mountainous areas, Projects (I)–(III),” Japan has supported the improvement of irrigation, farmland conservation, afforestation and agricultural business to improve the standard of living of the impoverished in mountainous areas. The assistance continued from 1997 to 2009 and totaled approximately JPY 10.4 billion, which reportedly benefited 110,000 households in 14 states of the mountainous areas.

In response to the Great East Japan Earthquake that occurred on March 11, 2011, farmers in Cuzco, who had received support through the above the ODA loan projects, collected donations to “repay a favor to our Japanese brothers and sisters in this time of suffering.” Although the ODA loans helped improve their living standard, they still have a hard life with the poverty rate in the state exceeding 50% and the monthly average income at around JPY 6,100. Despite their low income, they donated for the reconstruction. Extremely poor farmers, too, donated sales from *Cui*, an edible guinea pig in the Peruvian mountainous areas, and agricultural products that sold at the market.

The evaluation survey team visited Cuzco to confirm how Japan’s assistance has changed their lives and to talk with the farmers who donated their money.

The team was welcomed by local villagers dressed in their native costumes, some holding a bunch of flowers or a bottle of homemade honey, others singing and playing music. The villagers talked to the team about *Cui*-raising, afforestation, and the cookie factory, all of which were started with Japan’s assistance. They told us that they had a hard life, but thanks to Japan’s assistance, their standard

of living had improved significantly. They also expressed their wish to expand their business and increase their income so that all village children could have access to education. When a staff member of the Embassy of Japan in Peru thanked them for their fundraising efforts, a farmer spoke on behalf of the villagers and told the team that “we are all very much concerned about the disaster in Japan. We wanted to help even a little.” The villagers and the team both reconfirmed that we should help each other in times of trouble and that reciprocal help rather than one-sided assistance was important for mutual prosperity.

In addition, the Asociacion Peruano Japonesa launched a series of campaigns called “Together with Japan” immediately after the March 11 earthquake, and conducted “Gambare Nippon,” a support event by the Japanese Peruvian society in which eight groups of young Japanese Peruvian musicians danced *Eisa*,



Farmers welcome the survey team

Okinawa's traditional performing art, and played rock to an audience of several thousand young people including non-Japanese Peruvians. The entrance fees to this event were donated to support the earthquake victims; in addition, Japanese Peruvians and others donated a total of USD 250,000 (around JPY 20 million) to the Embassy of Japan in Peru.

As seen in the above, Japan's long-term assistance to Peru may have contributed not only to poverty reduction in Peru, but also to stronger relations between the two countries.

### **4-3 Appropriateness of policy-making and implementation processes**

The findings indicate that procedures were generally established to take into account opinions and needs from various related parties in formulating the country assistance program for Peru, which may be the result of the considerable efforts made to formulate a realistic and effective plan. On the other hand, the unavailability of an updated country assistance plan has been deemed inappropriate – the plan has not been revised to date, despite the fact that the Embassy of Japan in Peru were well aware of the need to narrow down priorities at the time of regime change and even set about to revise it.

The evaluation has confirmed that the preparation and selection of projects follows a proper process in accordance with Japan's assistance policies for Peru. While the importance of "selection and concentration" has been fully recognized among the assistance-related parties, the concept is only being tried out and has yet to be concretely embodied.

The findings indicate that Japan's communication with the Government of Peru to grasp the needs is appropriate in general. As for the implementation structure in Japan, mutual understanding among the related parties is generally good and they have ensured the division of labor. As for the receiving structure in Peru, both the Ministry of Economy and Finance of Peru (MEF) and the Agencia Peruana de Cooperación Internacional (APCI) have a proactive attitude and high initiatives; MEF in particular is generally regarded as having high capabilities.

The findings indicate that JICA and the Embassy of Japan have conducted monitoring and evaluation in compliance with the policies and procedures. However, the evaluation survey team is concerned that small projects under JPY 200 million are not included in the scope of their evaluations, or they have been informed that evaluation can be made by applying a simplified method. No monitoring is done at the policy/program level (in priority areas) based on the assistance policy for Peru.

Except for the "Water group," few group activities have been deemed influential in shaping the policies of the Government of Peru. Thus, further cooperation among donors may be unnecessary. With regard to individual projects, Japan has been cooperating in solid waste disposal projects with the Inter-American Development Bank (IDB), which may be a model case for future cooperation. MOFA headquarters and Embassy of Japan has recognized that cooperation with the private sector remains an issue, since such

cooperation has been more or less limited to certain cases in individual projects and support to private businesses through Other Official Flows (OOF). The Government of Peru is well aware that diversified schemes are a significant characteristic and superiority of Japan's assistance. As seen in a series of Japan's aid for the 2007 Peru earthquake, Japan tries to produce synergy by combining various schemes in a well-planned, effective way. Furthermore, procedures have been institutionalized in projects under the World Bank, IDB's Japan Trust Fund and support through the Peru-Japan collateral fund, so that Japan is involved in the selection process.

In Peru, the Embassy of Japan mainly takes on the role of public relations by using the Internet (website) and other media. The team notes that although it serves the purpose of public relations, it is limited to basic information supply and presentations to Peruvian government officials, and there is room for improvement in terms of nation-wide recognition of Japan's aid.

The evaluation has concluded that Japan's assistance policy-making and implementation process was efficient to a certain extent, given the many highly evaluated benchmarks.

## **5. Recommendations**

### **5-1 Recommendations on Enhancement of Bilateral Diplomatic Relations**

#### **(1) Utilization of country assistance policy as diplomatic measure**

Timely presentation of Japan's assistance policy at the inauguration of new administration is useful in enhancing bilateral diplomatic relations. This is particularly true in the case of Peru, since the country has no documented mid-term policies and the state's objectives are often presented in the president's speech on his administrative policies. Considering these circumstances, other donors formulate their assistance policies at the time when a regime changes, through which they open a dialogue with the new administration.

Japan's country assistance program is to be revised five years after its formulation.<sup>5</sup> The evaluation survey team recommends that MOFA should be able to revise the plan at an appropriate timing depending on the country's circumstances. Specifically, discarding the current procedure where assistance policies are evaluated after a regime change, followed by new policy making, instead, MOFA should: 1) conduct a country assistance evaluation one year prior to a possible regime change, 2) exchange opinions with the government and administrative bodies in the respective priority areas as to the outcomes

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<sup>5</sup> Country Assistance Program is Japan's aid plan that is formulated by comprehensively taking into account the recipient's development plan and development issues, based on the country's political, economic and social situations and was formulated for 28 countries from 1999 to 2010. A plan is considered to be effective for five years after its formulation, but no expiry period is specified. Country Assistance Program was revised to "Country Assistance Policy" in June 2011, which will be formulated for all ODA target countries.

of the assistance made to date and how it ought to be, as well as its future direction, and 3) reconfirm its policies in line with the new administration's policies as soon as the government has changed. Furthermore, in formulating a country assistance policy, MOFA should specify the effective period for the policy as other major donors do.

## **(2) Reinforcement of cooperation among Japanese Peruvians, private sectors and ODA**

Japanese Peruvians play an important role as a "bridge" between Japan and Peru to promote personnel exchange and help Japanese companies advance into Peru. Networking with Japanese Peruvians and its expansion remain important in considering diplomatic relations between the two countries. Accordingly, the team recommends that MOFA should examine the appropriate way of cooperation with Japanese Peruvians in relation to Japan's ODA to Peru. For instance, Japanese Peruvians are acting as a third-country expert in South-South Cooperation in Brazil. Although Peru's situation does not yet allow South-South Cooperation, it would be meaningful in the long term to determine now if cooperation with Japanese Peruvians will be possible in Peru. In order to change the situation where cooperation between ODA and private sectors sees no distinguished outcomes, opinion exchange with the Japan-Peru Business Committee, which plays an important role in trade between these countries and investment, may be an option for MOFA to consider, when revising its cooperation plans with the private sector.

## **5-2 Recommendations on Policy Formulation**

### **(1) Ensuring strategic aspect**

Since ODA to Peru is small in scale relative to the country's economy, and Japan's budget for assistance is on the decrease, Japan needs, more than ever, to examine strategies to enhance its assistance presence and to implement effective assistance. Currently, Japan sets three assistance priority areas, "poverty reduction/correction of disparities," "economic infrastructure building for sustainable growth" and "addressing the global issues," with eight development agendas below them. However, eight may be too many for the scale of Japan's assistance and may need to be revised and streamlined by applying "selection and concentration," which includes narrowing down the priorities in issues as well as in regions. MOFA should decide on what strategies to take in consultation with the Government of Peru. However, the findings of the evaluation suggest the direction of revision as follows:

- The priority areas set in Japan's 2000 Country Assistance Program for Peru, "anti-poverty countermeasures for mountainous area" "environmental preservation" and "support for disaster prevention and recovery," are also the priorities for the current Peruvian administration. "Environmental preservation" and "support for

disaster prevention and recovery,” in particular, are areas in which Japan has comparative superiorities, and assistance to address these issues should be further reinforced.

- The largest focus in the past ten years has been “water supply and hygiene improvement” issues as seen in the improvement of water and sewerage infrastructure in the metropolitan area of Lima, resulting in excellent outcomes. Especially, 90% of the population now has access to improved water resources in urban areas, and this high level of access has resulted from development efforts by the Government of Peru, Japan and other donors. However, even in urban areas, some parts still require assistance for sewerage infrastructure development, repairs/maintenance of drainpipes and non-revenue water control measures in terms of effective water use. Access to improved water in rural areas is far below the national average, requiring assistance in this area. These key findings indicate that it is important for Japan to continue its assistance in the area of water where Japan has a high presence, but the focus should be on rural areas rather than urban areas, and in the urban areas, the focus should be on water resources management rather than water supply.
- In the area of “correction of disparities,” individual projects have produced good results. However, the beneficiaries of assistance range widely from handicapped persons to victims of terrorism, making it difficult to measure the effects as a whole, as they are quite obscure. Whether Japan should continue to prioritize this issue in its assistance policy needs to be decided in the context of the entirety of issues. If it is decided to keep this issue as a priority, the beneficiaries should be specified by confirming Japan’s comparative advantages and the importance of assistance. MOFA should address “economic revitalization,” “stabilization and enhanced competitiveness in agricultural production” and “development of fisheries industry” in a similar way.

## **(2) Improvement and diversification of technical cooperation**

The findings indicate that Peru is greatly in need of Japan’s technical cooperation including scientific technology. However, several historical events have caused Japan to limit the dispatch of experts and the destinations since 1991, as clearly seen in the decreased number of dispatched experts, Japan Overseas Cooperation Volunteers and other volunteers to Latin America. Given the improved security situation in many regions in Peru, Japan should revise the areas currently designated as high-risk zones, and also revise the policies for expert dispatch in technical cooperation to suit Peru’s current situation and needs. In addition, Japan should continue to aggressively conduct third-country expert dispatch as conducted during the interruption of Japanese expert dispatch.

As a technical cooperation method, Peru has high expectations of Japan's technologies and expertise in the areas of environmental preservation and disaster prevention. Thus, an effective way to address these issues would be to dispatch Peruvians to Japan and directly teach them the state-of-the-art technologies in Japan. Furthermore, at the policy level, the dispatch of experts to major governmental institutions has been beneficial. Given the recent trend of decentralization, MOFA should dispatch experts to local governments to support their policy making.

### **(3) Maintaining and expanding assistance outcomes**

For the institutions that Japan has successfully assisted over a long period, such as the Paita Branch of the Fisheries Development Fund (former Fisheries Training Center in Paita), Japan-Perú Center for Earthquake Engineering Research and Disaster Mitigation (CISMID), the National University of San Marcos, and the areas where Japan has a high presence such as water and disaster prevention, it is desirable that cooperative relations should be maintained and expanded, while carefully examining the assistance scale and its contents. It is also imperative to examine the way of cooperation in terms of the possibility of their becoming an implementing agency in future South-South cooperation.

## **5-3 Recommendations on Assistance Implementation Processes**

### **(1) Proper selection of implementing agency**

As mentioned in the recommendations on policy formulation, it will be crucial to address issues across sectors such as poverty reduction, environment and disaster prevention. The number of implementing agencies in these sectors and insufficient inter-organizational arrangements and the division of responsibilities in implementing policies are the issues to be addressed. Accordingly, in supporting cross sectoral issues, it is essential to prudently select a governmental body that is able to follow through with the policies in the long term and effectively use the limited resources from Japan. Support should accompany cooperation in policy making across sectors.

### **(2) Further reinforcement of public relations**

The Government of Peru and the Embassy of Japan conduct public relations by using websites and other media, thus providing basic information and promotion effects. However, the findings indicate that there is room for improvement in terms of national recognition of Japan's assistance. From a public relations strategic viewpoint, it is effective to add narratives to various assistance programs and disseminate information on them as a whole, as seen in an article about Japan's support for the 2007 Peru Earthquake published on the Embassy's website. Similar methods should be effectively applied to the introduction of small technical cooperation projects under JPY 200 million conducted in

Peru and the introduction of projects through the World Bank and IDB's Japan Trust Fund and the Peru-Japan Collateral Fund. The effects of public relations need enhancing by using the networks of the Peruvian media invited to Japan and outsourcing the preparation of public relations materials for effectively introducing Japan's ODA with photos and diagrams.

**(3) Provision of information on small-scale technical cooperation projects under JPY 200 million**

Twenty-nine technical cooperation projects have been conducted in Peru for FY2000–FY2010, of which twenty-six are small projects under JPY 200 million. These small projects are not the subject of evaluation by MOFA, but the evaluation survey team has been informed that they can be evaluated using a simplified evaluation method. The results of such evaluation are not publicized, and the team could not confirm the content. It is fully understandable that the scope of evaluation and the degree of explicitness vary depending on the project scale in terms of efficiency of evaluation, and methods for evaluating these small projects need to be examined within the whole evaluation system from a mid- to long-term perspective. Nevertheless, in our opinion, the information on small projects should be sorted out in a unified way so that it can be provided more effectively and efficiently, when requested from the related institutions and other parties.



Map of Peru



Photos



Interview with APCI



Interview with the Ministry of Energy and Mining



Cui, a protein source in mountainous areas  
(Loan aid project)



Health education at kindergarten  
(Technical cooperation project)



FONDEPES Paíta Branch  
(Technical cooperation project)



A house for seismic testing on the premise  
of CISMID (Technical cooperation project)