

Third Party Evaluation Report 2021  
Ministry of Foreign Affairs of Japan

# **Evaluation of Japan's ODA to the Republic of Peru**

March 2022

Chief Evaluator: SHIMIZU Tatsuya, Group Manager, Latin American Studies Group, Area Studies Center Director, Institute of Developing Economies, Japan External Trade Organization (JETRO)

Advisor : ISODA Saori, Assistant Professor, Faculty of Foreign Languages, Department of Spanish and Portuguese, Spanish Major, Kanda University of International Studies

Japan Techno Co., Ltd.

## Preface

This report is an Evaluation of Japan's ODA to Peru, and was commissioned to Japan Techno Co., Ltd. by the Ministry of Foreign Affairs of Japan (MOFA) in fiscal year 2021.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of partner countries while tackling global issues. Today, the international community acknowledges the necessity to improve the effectiveness and efficiency of ODA. MOFA regularly conducts ODA evaluations, of which most are conducted at the policy-level with two main objectives: to improve the management of ODA, and to ensure its accountability. These evaluations are commissioned to external third parties to enhance transparency and objectivity.

This Evaluation was conducted with the objective of reviewing Japan's ODA policies on assistance to Peru, drawing on lessons from this review to make recommendations for reference in policy planning and its effective and efficient implementation of future assistance to Peru by the Government of Japan, and ensuring accountability by making the evaluation results widely available to the general public.

The Evaluation Team in charge of this study consisted of a chief evaluator Mr SHIMIZU Tatsuya, Group Manager, Latin American Studies Group, Area Studies Center Director, Institute of Developing Economies, Japan External Trade Organization (JETRO), an advisor Mrs ISODA Saori, Assistant Professor, Faculty of Foreign Languages, Department of Spanish and Portuguese, Spanish Major, Kanda University of International Studies, and Japan Techno Co, Ltd.

Mr SHIMIZU supervised the entire evaluation process and Mrs ISODA provided advice and input on analytical and evaluation processes. In addition, to complete this study, we have received support from MOFA, the Japan International Cooperation Agency (JICA), and local ODA Task Forces, as well as government agencies, project implementation agencies, other donors, private companies, and non-governmental organizations (NGOs). We would like to take this opportunity to express our sincere gratitude to all those who supported this study.

Finally, the Evaluation Team wishes to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

March 2022

Japan Techno Co., Ltd.

Note: This English version is a translation of the Japanese Evaluation Report of  
“Evaluation of Japan’s ODA to the Republic of Peru.”

## 2021 Evaluation of Japan's ODA to Peru (Brief Summary)

### Evaluators (Evaluation Team)

- Chief Evaluator: SHIMIZU Tatsuya Group Manager, Latin American Studies Group, Area Studies Center Director, Institute of Developing Economies, Japan External Trade Organization (JETRO)
- Advisor: ISODA Saori Assistant Professor, Faculty of Foreign Languages, Department of Spanish and Portuguese, Spanish Major, Kanda University of International Studies
- Consultant: Japan Techno Co., Ltd.

Evaluation Period: FY2011 to FY2020

Period of the Evaluation Study: August 2021 to March 2022

Field Survey Country: Peru



National Vocational Rehabilitation Center for Disabled People which was constructed with Grant Aid from Japan

### Background, Objectives and Scope of the Evaluation

Peru was the first country that Japan established diplomatic relations with in the Latin America region in 1873. In 1899, Peru became the first country to which Japanese people immigrated to in the South American continent, and today there are approximately 100,000 people Japanese-Peruvians. The country has a long history of friendly relations with Japan. In addition, Peru is the largest recipient of Japanese ODA in Latin America on a cumulative basis.

The objective of this evaluation is to evaluate assistance policies for Peru over the past 10 years and to obtain recommendations and lessons learned for the planning and implementation of assistance policies for Peru by Japan in the future. In addition, this report also aims to ensure accountability to the general public by publishing evaluation results, and to provide feedback on the evaluation results to relevant governments and other donors.

### Brief Summary of Evaluation Results

- Development Viewpoints

#### (1) Relevance of Policies

Japan's assistance policies for Peru are consistent with Japan's high-level ODA policies, such as the Official Development Assistance (ODA) Charter (2003), Development Cooperation Charter (2015), as well as with Peru's mid- to long-term and sector development plans. In addition, the policies are consistent with the MDGs, SDGs and other international priority issues, as well as with the direction of assistance provided by other donors to Peru. Furthermore, policies are being formulated focusing on areas where Japan has a comparative advantages. (Rating: Highly Satisfactory)

#### (2) Effectiveness of Results

The amount of Japan's ODA to Peru has been declining because Peru is classified as a upper-middle-income country (UMIC), however, Japan has been providing assistance to Peru, which has diverse aid needs in its mountainous and Amazonian regions, by focusing on projects in the three priority areas (Improvement of socio-economic infrastructure and narrowing disparities, environmental measures, and disaster prevention and recovery measures) and utilizing the comparative advantages of Japan in these areas. In the field of Improvement of Socio-Economic Infrastructure and Narrowing Disparities,

improvements have been made to alleviate poverty in Peru; in the field of Environmental Measures, irrigation facilities have been developed in mountain regions and the harvest volume of farmers has been increased; and in the field of Disaster Prevention and Recovery Measures, the knowledge and experience of Japan have been used to develop infrastructure resistant to disasters and strengthen the alert/warning system, and the government has proactively implemented disaster drills which have resulted in a certain degree of disaster awareness at the national level. (Rating: Highly Satisfactory)

### (3) Appropriateness of Processes

Appropriate discussions are held between relevant stakeholders in Japan and Peru in order to formulate the Country Development Cooperation Policies for Peru, and Rolling Plans are updated every year. During the implementation process, the following activities are being carried out: development of the implementation structure, identification of needs, and implementation of individual projects based on the ODA priority areas in Peru, monitoring, and public relations activities. (Rating: Highly Satisfactory)

\* Note: Ratings: Highly Satisfactory, Satisfactory, Partially Unsatisfactory, Unsatisfactory

## • Diplomatic Viewpoints

### (1) Diplomatic Importance

From the perspective of diplomatic importance, Japan is promoting the overseas business deployment of Japanese companies and working to strengthen economic relations through EPA, investment agreements, promotion of the establishment of tax treaties and other legal frameworks, and discussions based on this type of framework which contribute to creating a business environment that promotes trade and deployment of companies. In addition, Japan and Peru are cooperating and working together on a number of international common issues, such as disaster prevention including earthquakes and tsunami, environmental and climate change issues, nuclear disarmament and non-proliferation, reform of the United Nations Security Council, North Korean issues, and South China Sea and East China Sea issues. In terms of the importance of the partner country based on Japan's diplomatic principles, the facts that both countries have a diplomatic relationship which exceeds 140 years and are strategic partners which share universal values were reaffirmed at the foreign ministers' meeting in 2020, indicating the high level of the relationship between Japan and Peru. High-level discussions that include the flow of key figures have continuously taken place between Japan and Peru since 2011, and it is thought that closer exchange and promotion of understanding between political leaders will contribute to the security and prosperity of Japanese expatriates in Peru and the Japanese-Peruvian community. From this point of view, Japan's ODA to Peru has diplomatic importance.

### (2) Diplomatic Impact

From the perspective of the impact on bilateral relations (promoting friendship, etc.), there is an ongoing record of exchange between Japan and Peru since 2011. Furthermore, there are many cases in which the results of assistance by Japan have contributed to promoting friendly relations. In addition, from the perspective of support for the position of Japan in international community, it is expected that Japan and Peru will deepen the close relationship to facilitate cooperation between Japan and Peru in order to respond to international issues, and Peru has a remarkable record of activity in international community in such varied fields as reform of the UN Security Council, trade, environment, nuclear disarmament and non-proliferation. Furthermore, from the perspective of the impact on strengthening economic relations, such as the business deployment of Japanese companies in Peru, it has been confirmed that the number

of Japanese company facilities has increased. Thus, the provision of ODA from Japan to Peru can be found to have the diplomatic impact of facilitating better relations.

#### Recommendations Based on Evaluation Results

##### **(1) Maintain Basic Policy of “Contributing to Sustainable Economic Development”**

The provision of assistance to facilitate sustainable economic development is needed to enable Peru to recover from the years of political crises in the latter half of the 2010s followed by the disaster of the novel coronavirus, which has been called the worst-case on the South American continent and matches the needs in Peru. Therefore, it is important to strengthen bilateral relations and cooperate to solve global issues.

##### **(2) “Selection and Concentration”: Continued Assistance through Various ODA Schemes in Three Priority Areas**

The issues and social needs for “improving socioeconomic infrastructure and narrowing economic disparities”, “environmental measures” and “disaster prevention and recovery measures” remain unchanged, and the basic development course for Peru has also not changed. These are areas in which the utilization of Japanese technology can be expected to have a large impact, and continued assistance is needed in the future.

##### **(3) Strengthen Cooperation with Funds and Activities of Diverse Entities**

In view of the effective utilization of Japan's ODA budget and a fall in assistance capital to Peru in future, strengthening cooperation with funds and activities of diverse entities that are contributing to development is much more important. Therefore, it is important to actively utilize public-private partnership schemes to formulate and implement successful projects, and to continue to focus on inter-project collaboration and collaboration with international organizations.

##### **(4) Necessity of Continuing Technical Cooperation That Leads to Long-Term Human Resource Development**

In order to respond to the need to introduce new technology through technical assistance that is desired on the Peruvian side, startup support at universities, SATREPS and other assistance schemes can be utilized in addition to the technologies of private companies in order to deepen cooperation among universities and research institutes.

##### **(5) Maintain Cooperation with Communities of Japanese Descendants**

The Japanese-Peruvian community has served as a recipient of Japan's ODA and a bridge-builder for development effects of ODA projects to Peruvian society as a whole. The cooperation that contributes to maintaining the identity and further enhancing the cultural, social, and economic status of the Japanese-Peruvian community is an effective means to regard them as an ODA cooperation partner for Japan, and should be continued in the future.

##### **(6) Responding to Infrastructure Needs in Consideration for Peru's Natural Environment and the Impact of Climate Change**

Assistance through various ODA modalities for infrastructure needs should be continuously reviewed. When this review is performed, the natural environment in the target region and the impact of climate

change need to be adequately considered while keeping in mind the decentralization that is being promoted in Peru. It is also necessary that there is sufficient consideration for the response to local residents in particular and support for consensus building among varied stakeholders.

(End)

# Evaluation of Japan's ODA to the Republic of Peru

## Table of Contents

Preface	i
2021 Evaluation of Japan's ODA to Peru (Brief Summary)	iii
Table of Contents	vii
Map of Peru	viii
Chapter 1 Implementation Policy of the Evaluation .....	1
1-1 Background and Objectives of the Evaluation .....	1
1-1-1 Purpose of MOFA's ODA Evaluations .....	1
1-1-2 Background and Objectives of the Evaluation.....	1
1-2 Scope of the Evaluation .....	2
1-3 Methodology of the Evaluation.....	4
1-3-1 Evaluation Analysis Methodology and Framework .....	4
1-3-2 Methods of the Evaluation.....	6
1-4 Limitations of Evaluation .....	6
1-5 Evaluation Implementation Structure .....	6
Chapter 2 Outline of Scope of Evaluation (Overview and Development Trends in Peru)	8
2-1 Outline of Recipient Country .....	8
2-2 Development Policy/Plans of Peru .....	10
2-3 Bilateral and Multilateral Assistance Trends to Peru .....	13
2-3-1 Trends in Bilateral Assistance .....	13
2-3-2 Trends in Multilateral Assistance .....	13
2-4 Trends of Japan's ODA to Peru .....	14
2-4-1 Japan's ODA policy to Peru .....	14
2-4-2 Track Record of Japan's ODA to Peru .....	15
Chapter 3 Results of the Evaluation .....	18
3-1 Evaluation from Development Viewpoints.....	18
3-1-1 Relevance of Policies.....	18
3-1-2 Effectiveness of Results .....	23
3-1-3 Appropriateness of Processes .....	30
3-2 Evaluation from Diplomatic Viewpoints .....	40
3-2-1 Diplomatic Importance .....	40
3-2-2 Diplomatic Impact.....	42
Chapter 4 Recommendations .....	48



## Map of Peru



Source : [https://upload.wikimedia.org/wikipedia/commons/1/14/Peru\\_pol91.jpg](https://upload.wikimedia.org/wikipedia/commons/1/14/Peru_pol91.jpg)

## Chapter 1 Implementation Policy of the Evaluation

### 1-1 Background and Objectives of the Evaluation

#### 1-1-1 Purpose of MOFA ODA Evaluations

ODA evaluations by the Ministry of Foreign Affairs of Japan (MOFA) are aimed at improving ODA management (feedback for ODA policies) and promoting public accountability.

**Table 1: Objectives and Details of MOFA's ODA Evaluation**

Improve ODA management	To improve ODA management aiming to enhance ODA quality through feeding back lessons obtained from observation of ODA activities to the process of ODA policy formulation and implementation.
Promote public accountability	To fulfill accountability and promote public understanding by releasing evaluation results, which leads to increasing transparency of ODA.

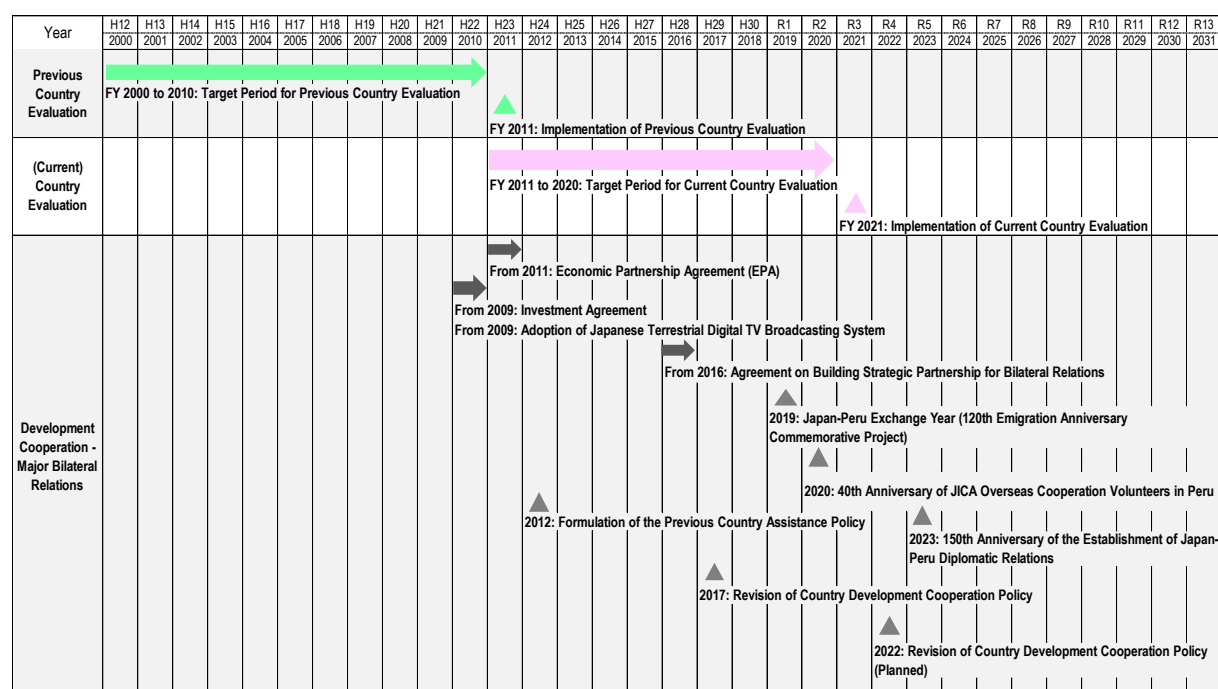
Source: ODA Evaluation Guidelines (June 2021)

#### 1-1-2 Background and Objectives of Evaluation

In 1873, Peru was the first country that Japan established diplomatic relations with in the Latin America region. In 1899, Peru became the first country to which Japanese people immigrated to that same region, and today there are approximately 100,000 Japanese-Peruvians (the second largest Japanese community in Latin American country after Brazil). Japan and Peru have continued to maintain friendly relations based on their long history. In terms of economic relations, Peru is a resource-supplying nation that exports mineral resources, such as copper and zinc, and fishery resources to Japan.

In recent years, Peru has maintained stable economic growth (average GDP growth rate of 3.19% from 2015 to 2019, IMF) thanks to steady mineral resource exports. Per capita GNI (US \$6,218, 2019, World Bank) ranks Peru as an upper-middle-income country (UMIC) under Development Assistance Committee (DAC) classification. However, in 2020, the economic crisis brought about by the COVID-19 pandemic saw the GDP growth rate fall to minus 11.1% (WB) and greatly curtailed growth. In 2021, the GDP growth rate is forecasted to achieve a rapid recovery with an increase to 13.2% (WB forecast) in reaction to economic stagnation in 2020. However, the gap between the rich and the poor is as yet large (Gini coefficient 41.5, 2019, World Bank), and the country is vulnerable to natural disasters. The Government of Peru has set an objective of lowering the nation's poverty rate and it is giving high priority to the development of infrastructure, which forms the basis for economic development.

Based on a basic policy of "contributing to sustainable economic development," support from Japan is being given for the development of a sustainable economy through upgrading inadequate socio-economic infrastructure and efforts to narrow economic disparities. In addition, support is being provided to eliminate the factors that impede sustainable development through assistance in the fields of the environment and disaster management. Peru is the largest recipient of Japan's ODA in Latin America on a cumulative basis.



Source: Prepared by evaluation team.

**Figure 1: Overview of Japan's Development Cooperation in Peru and Country Evaluation**

The MOFA is working hard to ensure high-quality, effective and efficient assistance through ODA evaluations. The last country evaluation of Peru was conducted in FY 2011. The objective of this evaluation is to evaluate assistance policies for Peru over the past 10 years and to obtain recommendations and lessons learned for the formulation and implementation of assistance policies for Peru by Japan in the future. In addition, this report also aims to ensure accountability to the general public by publishing evaluation results, and to provide feedback on the evaluation results to relevant governments and other donors.

## 1-2 Scope of the Evaluation

The evaluation scope and target areas are shown in Table 2. Figure 2 shows the

objective framework based on this policy. Japan's Country Development Cooperation Policy for Peru was revised in September 2017. As the main purpose of this evaluation is to obtain recommendations for the formulation and implementation of future ODA policies for Peru, the basic policies as stated in the right column will be utilized in this evaluation.

**Table 2: Evaluation Objectives and Target Areas**

<b>Evaluation objectives</b>	Policies on assistance to Peru by Japan from FY 2011 to FY 2020
<b>Target areas</b>	Japan's assistance to Peru is based on the basic policy of "contributing to sustainable economic development," with priority areas of (1) improving socioeconomic infrastructure and narrowing economic disparities, (2) environmental measures, and (3) disaster prevention measures. This evaluation covers each of the above three areas.

Basic Policy (Large target)	Priority areas (Middle targets)	Development issues (Small targets)	Japan's Assistance Programs	Scheme
Contribute to sustainable economic development	1 Improving socioeconomic infrastructure and correcting economic disparities	1-1 Promotion of economic and social infrastructure development	Economic and Social Infrastructure Development Program	1 ODA loan project, 2 TCP projects, 1 SDGs business verification survey, 1 KCCP, 1 Country Focused Training Program, 1 TCTP, 1 basic survey, 2 JOCV projects, 1 multi-level project, 3 individual experts dispatches
			Social Safety Net Support Program	1 JOCV project, 2 GGP projects, 1 KCCP
		1-2 Strengthening rural development to correct disparities	Rural Agricultural Productivity Improvement Program	1 ODA loan project, 1 SDGs business verification survey, 1 KCCP, 1 JOCV project, and 1 GGP project
	2 Environmental measures	2-1 Improvement of water supply and sanitation	Water Supply and Sanitation Improvement Program	1 ODA loan project, 1 SDGs business verification survey, 1 KCCP
		2-2 Environmental conservation and climate change countermeasures	Environment Improvement Promotion Program	4 ODA loan projects, 1 TCP project, 1 SDGs business verification survey, 1 KCCP, 1 JOCV project, 1 multi-level project
	3 Disaster prevention measures	3-1 Disaster control and prevention measures	Disaster Management Strengthening Program	2 ODA loan projects, 3 individual experts dispatches, 1 KCCP, 1 TCTP, 1 feasibility survey, 1 MEXT technical cooperation project, 1 JOCV project
	4 Other	4-1 Other	Other Individual Projects (Cooperation with Japanese-Peruvian community, support for refugees from Venezuela)	1 GA project, 1 KCCP, 1 JOCV project, 1 multi-level project

TCP: Technical Cooperation Project, KCCP: Knowledge Co-Creation Program, TCTP: Third Country Training Program, JOCV: Japan Overseas Cooperation Volunteers, GGP: Grant Assistance for Grassroots Human Security Projects, MEXT: Ministry of Education, Culture, Sports, Science and Technology, GA: Grant Aid, Source: Prepared by the evaluation team based on the MOFA Rolling Plan for Peru (2020)

**Figure 2: Objective Framework of Japan's ODA to Peru (2020)**

One of the aims of development cooperation stated in Japan's Country Development Cooperation Policy for Peru is that Peru is an important supplier of mineral resources, such as copper and zinc, as well as fishery resources, and that support for Peru is

meaningful from the perspective of strengthening bilateral relations. Following Prime Minister ABE Shinzo's visit to Peru in November 2016, the two countries concurred on cooperating closely as a strategic partnership. In terms of relations between Japan and Peru, the approximately 100,000 Japanese descendants currently living in Peru play a significant role in promoting bilateral relations between the two nations.

The evaluation targets are policies related to Japan's assistance to Peru from FY 2011. In addition, this evaluation will refer to the previous Country Assistance Policy formulated in 2012 and the Country Development Cooperation Policy formulated in 2017.

### 1-3 Methodology of the Evaluation

#### 1-3-1 Evaluation Analysis Methodology and Framework

In accordance with the ODA Evaluation Guidelines (MOFA, 2021), this evaluation will assess (1) the Relevance of Policies, (2) the Effectiveness of Results, and (3) the Appropriateness of Processes from a development perspective, as well as conduct (4) evaluation from Diplomatic Viewpoints that takes into account the perspective of Japan's national interests. The main evaluation criteria and details are shown in Table 3.

**Table 3: Outline of the Evaluation Framework**

Evaluation viewpoints and items		Evaluation criteria and details
Evaluation from Development Viewpoints	Relevance of Policies	1. Consistency with development needs in Peru 2. Consistency with Japan's high-level policies 3. Consistency with international priority issues 4. Relationship with assistance from other donors 5. Comparative advantages of Japan
	Effectiveness of Results	1. Japan's cooperation record and contributions to partner country's budget (inputs) 2. Results (outputs) created as a result of inputs 3. Degree to which development issues are overcome, and short -, medium- and long-term effects (outcomes and impacts)
	Appropriateness of Processes	1. Formulation of cooperation policy and appropriateness of monitoring processes 2. Status of implementation of assistance based on the cooperation policy and appropriateness of processes 3. Collaboration with other donors and effects
Evaluation from Diplomatic Viewpoints		1. Diplomatic Importance (diplomatic significance both bilaterally and in the international community) 2. Diplomatic Impact (impact bilaterally and in relations with the international community, and contribution to national interests)

Source: Prepared by evaluation team.



For the 3 evaluation criteria from the Development Viewpoints, ((1) Relevance of Policies, (2) Effectiveness of Results, (3) Appropriateness of Processes), a four-grade rating system of Highly Satisfactory, Satisfactory, Partially Unsatisfactory, Unsatisfactory is adopted in accordance with the “rating scale chart of MOFA ODA evaluation” of the ODA Evaluation Handbook (2021).

In addition, there will be a comparison of the evaluation results of this study with the recommendations made in the FY 2011 Evaluation of Japan’s ODA to Peru. By comparing the results of this evaluation with those recommendations (see Table 4), the evaluation team will analyze trends in development cooperation for Peru, identify common challenges, and examine how ODA policies have changed and verify whether the previous evaluation findings are being used to formulate Country Development Cooperation Policy.

**Table 4: Recommendations in Previous Evaluation of Japan’s ODA to Peru (FY 2011)**

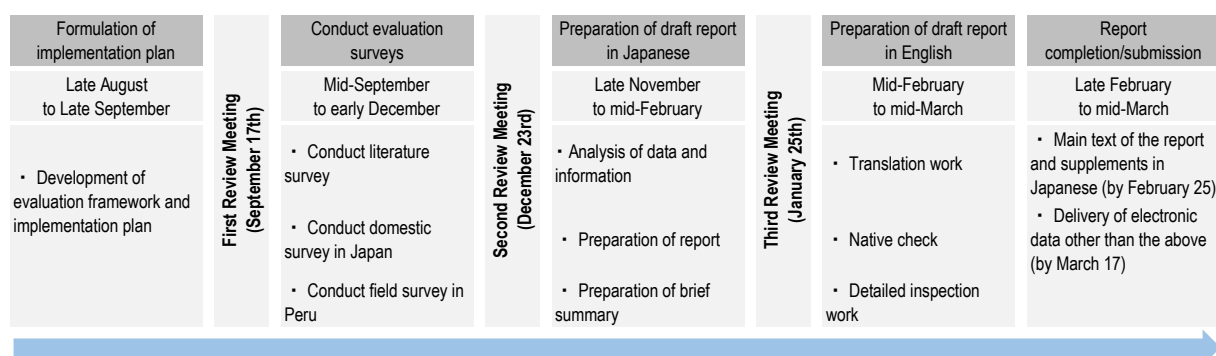
1. Recommendations to enhance diplomatic relations between the two nations	1) <b>Practical use of former Country Assistance Policy as a diplomatic tool:</b> Review of the former Country Assistance Policy should be set according to the circumstances of Peru. 2) <b>Reinforcement of cooperation among Japanese Peruvians, private sectors and ODA:</b> In consideration for diplomatic relations between Japan and Peru, it is important to maintain and expand exchanges with Japanese Peruvians. Cooperation with Japanese Peruvians should be examined in Japan's ODA to Peru.
2. Recommendations on policy formulation	1) <b>Ensuring strategic aspect:</b> Assistance strategies need to be revised and streamlined by applying “selection and concentration.” As the direction of the review, it was proposed that each assistance priority area should be reviewed again in light of Japan's comparative advantages and the importance of assistance, including further strengthening of “environmental preservation” and “support for disaster management and recovery.” 2) <b>Expansion and diversification of technical cooperation:</b> Given the improved security situation in many regions in Peru, Japan should revise the policies for expert dispatch to suit Peru's current situation and needs. 3) <b>Maintaining and expanding assistance outcomes:</b> Japan should maintain and expand its cooperative relationship with institutions and fields that have achieved results through long-term assistance while closely examining the assistance scale and its content.
3. Recommendations on assistance implementation	1) <b>Proper selection of implementing agencies:</b> In order to maximize the effects of aid, it is essential to prudently select governmental bodies that are able to follow through with policies over the long term. 2) <b>Further reinforcement of public relations:</b> It is necessary to further enhance the effectiveness of PR activities by making multiple support activities more narrative-oriented and conducting PR activities in an integrated manner, and by creating PR materials which includes the use of outsourcing. 3) <b>Provision of information on small-scale technical cooperation projects under JPY 200</b>

<b>processes</b>	<b>million:</b> Information on small projects should be sorted out in a unified way so that it can be provided more effectively and efficiently when requested by related institutions and other parties.
------------------	---

Source: Country Assistance Evaluation of Peru (2011)

### 1-3-2 Methods of the Evaluation

Based on the following implementation procedures, the evaluation team will analyze and compile data obtained through domestic literature surveys and interviews, and incorporate feedback from review meetings to finalize this report.



**Figure 3: Process of Implementing the Evaluation**

### 1-4 Limitations of Evaluation

Due to the spread of the novel coronavirus around the world, the evaluation team decided not to travel to Peru. For this reason, data on the consistency between Peru's development needs and Japan's high-level ODA policies and cooperation with other donors, as well as the results and contributions from Japan's cooperation to Peru, has been gathered via questionnaires sent and collected from relevant ministries and agencies by the Embassy of Japan in Peru, through Web meetings (video conferences), telephone interviews, and e-mails while utilizing local consultants, and in addition through a review of existing materials and investigation interviews in Japan.

### 1-5 Evaluation Implementation Structure

Under the leadership of the chief evaluator and advisor, consultant members collected, organized, and analyzed the data needed for the evaluation. The composition of the evaluation team is shown in Table 5 below.

**Table 5: Composition of the Evaluation Team**

Responsibility	Name	Belonging to/Positions or Titles
Chief Evaluator	SHIMIZU Tatsuya	Group Manager, Latin American Studies Group, Area Studies Center Director, Institute of Developing Economies, Japan External Trade Organization (JETRO)
Advisor	ISODA Saori	Assistant Professor, Faculty of Foreign Languages, Department of Spanish and Portuguese, Spanish Major, Kanda University of International Studies
Team Leader/ Evaluation and Analysis 1	ANDO Toshifumi	Japan Techno Co., Ltd. Deputy Director, Planning Division, Technical Department
Deputy Team Leader/ Evaluation and Analysis 2	MORI Naoki	Japan Techno Co., Ltd. Senior Consultant, Planning Division, Technical Department
Evaluation and Analysis 3	OHASHI Takafumi	Japan Techno Co., Ltd. Manager, Project Management Section, Operation Division, Administration Department

\*\*\*\*\*



## Chapter 2 Outline of Scope of Evaluation (Overview and Development Trends in Peru)

### 2-1 Outline of Recipient Country

The Republic of Peru is a country located in the northwest part of the South American continent and has a land area of 1,290,000 square kilometers and a population of 32,970,000 (2020). The land consists of three landforms (the arid and desert coastal region of Costa (12.8%), the Andes highlands of Sierra (28%), and the Amazon basin of Amazonia (or la Selva) (60%)). The ethnic groups of Peru consist mainly of mestizo (mixed blood - 60.2%) and indigenous peoples (Quechua, Aymara, Amazonian, etc. - 25.8%). The languages used are Spanish, Quechuan and Aymaran.

**Table 6: General Conditions in Peru**

Country	Peru
Area	1.290 million km <sup>2</sup> (3.4 times that of Japan)
Population	32,970,000 (2020, World Bank)
Capital	Lima
Ethnic groups	Mestizo (mixed blood) 60.2%, indigenous peoples (Quechua, Aymara, Amazonian, etc.) 25.8%, White 5.9%, Black 3.6%, Other (Chinese, Japanese, other) 4.5% (Peruvian Census 2017)
Languages	Spanish (also Quechuan, Aymaran)
Religions	Majority of the nation is Catholic

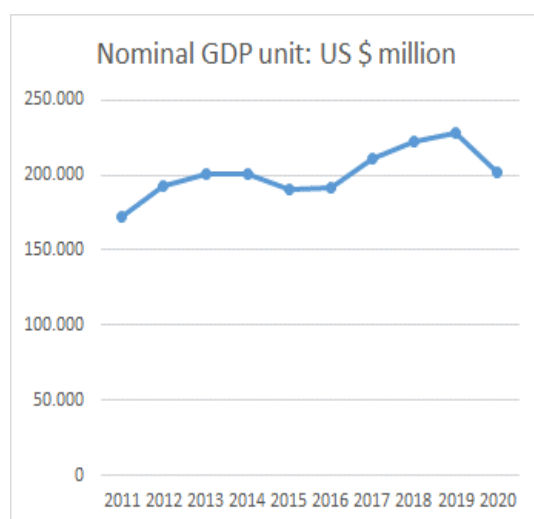
Source: Ministry of Foreign Affairs website

Peru is a constitutional republic, with a unicameral Congress (130 seats) and five year terms for the president and members of Congress. From 2001 to 2016, the political situation was relatively stable due to a change of government following elections. But, President Pedro Pablo Kuczynski resigned in 2018 over allegations of corruption, and his successor, Martín Vizcarra, was impeached by Congress in 2020 over allegations of corruption. In addition, the incoming government of Manuel Merino resigned merely five days after taking office following public protests demanding his resignation, causing political turmoil.

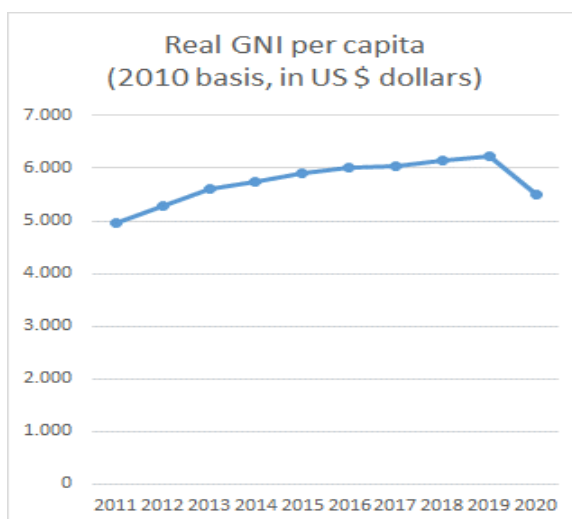
In terms of the economy, Peru has maintained a policy of placing importance on a market economy, fiscal discipline and free trade. A resource boom up until the early 2010s helped improve fiscal balance, and infrastructure development has made progress with the help of the private sector through public-private partnerships (PPP). At the same time, the government emphasized investment by foreign companies, and prioritized improving the investment environment and attracting foreign investment. Although the Peruvian economy experienced a temporary slump in the 2010s, once this had passed it remained favorable until 2019, with gross domestic product (GDP)

exceeding US \$220 billion and per capita national income (real GNI) exceeding US \$6,000. In 2020, growth was largely curtailed due to the economic crisis caused by the COVID-19 pandemic, with GDP growth rate falling to minus 11.1% (World Bank). In 2021, however, the GDP growth rate increased to 13.2% (World Bank forecast) in reaction to the economic stagnation in 2020, and a rapid recovery is expected.

President Pedro Castillo's left-leaning government, which was inaugurated in July 2021, has published measures to combat the novel coronavirus, revitalize the economy, restore political stability and promote social policies as some of its most urgent tasks. As for the economy, the government has a policy of expanding the role of the state. The government was seen to hasten the establishment of a constituent congress to enact a new constitution to replace the current 1993 market-friendly constitution, and to nationalize natural gas developed by foreign companies, but to date little progress has been made. However, there are some concerns about a deteriorating investment environment, as the government forced to shut down some mines while some large mines have been left closed because of protests by local residents.



**Figure 4: Nominal GDP in Peru**



**Figure 5: Real GNI per capita in Peru**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Nominal GDP (Unit: US \$ million)	171,762	192,649	201,175	200,789	189,805	191,896	211,007	222,575	228,471	202,014
Real GNI per capita (2010 basis, in US \$ dollars)	4,951	5,281	5,616	5,731	5,916	6,014	6,030	6,137	6,218	5,504

Source: Prepared by evaluation team based on the World Bank's "World Development Indicators"  
(As of Sep. 15, 2021)

In addition, Peru was the first country in Latin America to welcome Japanese immigrants in 1899. It is home to approximately 100,000 Japanese-Peruvians, which is the second largest Japanese descended population in all Latin America, and Peru

has deep economic, social and cultural ties with Japan through immigration.

## 2-2 Development Policy / Plans of Peru

In 2002, at the National Agreement Forum, which was attended by public associations, state and political organizations, Peru formulated a long-term national plan called "State Policies by the National Agreement". The plan presented 35 policy guidelines broadly categorized into four thematic axes: 1. Strengthening Democracy and the Rule of Law; 2. Equity and Social Justice; 3. Competitiveness of the Country; and 4. Efficient, Transparent and Decentralized State. Based on this, in 2010, Peru formulated the National Development Strategic Plan PEDN (commonly known as Plan Perú 2021), a medium-term national plan aiming for 2021. As shown in Table 7, the plan outlines six strategic axes: 1. Basic Human Rights and Dignity; 2. Service Opportunities and Access; 3. State and Governance; 4. Economy, Competitiveness and Employment; 5. Regional Development and Infrastructure; and 6. Natural Resources and the Environment. In order to achieve the goals described in PEDN, government offices in each development sector formulate and implement a multi-year sector strategic plan PESEM every five years. In addition, as of April 2021, 65 other development sectors and cross-sector policies and plans have been prepared.

**Table 7: Outline of the National Development Strategic Plan PEDN**

	Strategic axis	National goal	Special objective	Priority area
1	Basic human rights and dignity	Goal 1 Complete validity of fundamental human rights and dignity	1.1.Full and effective validity of fundamental rights and freedoms 1.2.Access to modern, efficient, effective and predictable legal trials that are autonomous, independent, transparent and credible 1.3.Strengthening of democratic institutions and political participation by citizens 1.4.Reducing inequalities with regard to poverty and extreme poverty	1.Ensuring the validity of basic rights 2.Strengthening democratic institutions 3.Reform of the legal system 4.Eradication of poverty and extreme poverty
2	Service opportunities and access	Goal 2 Equality of opportunity and universal access to basic services	2.1.Equal access to integrated education that enables the full development of human capacity in society 2.2.Universal access to integrated quality health services 2.3.Adequate nutrition for infants and pregnant women 2.4.Universal access to adequate water and electricity services 2.5.Housing improvement and access 2.6.Drastically improved public safety	1.Reduce maternal and infant mortality, and end malnutrition in young children and pregnant women 2.Improve the performance of Peruvian students in international testing 3.Eliminate the gap in the dissemination of higher

			<p>2.7.Transform beneficiaries of social programs into productive elements for goods and services based on demand in domestic and foreign markets</p>	<p>and primary education and link higher education with national priorities</p> <p>4.Universal access to water, electricity and adequate housing services</p> <p>5.Ensure the safety of citizens</p> <p>6.Transform the beneficiaries of social programs into workers as productive elements</p>
3	State and governance	Goal 3 A democratic decentralized state that has efficiently functioning civil service and development agencies, and guarantees national security	<p>3.1.Agile, transparent and effective at all levels of public administration with regard to services concerning the rights of the public, and in particular entrepreneurs and investors</p> <p>3.2.Equal and efficient participation of citizens in processes for political democratization, public decision-making and institutional decentralization for national development aimed at ensuring confidence in the public sector and governance at different levels of government</p> <p>3.3.Integration and cooperation at border, regional and global levels, such as strengthening international peace and security, and providing assistance and protection to expatriate Peruvians</p> <p>3.4.Full operation of a national security system to prevent and respond to any threats, concerns and challenges that threaten national security with a view to national land conservation</p>	<p>1.National reforms</p> <p>2.Restoration of national trust</p> <p>3.Strategic alliance with Brazil</p> <p>4.Operation of a national defense system, and its effects</p>
4	Economy, competitiveness and employment	Goal 4 Competitive economy that has high employment and productivity	<p>4.1.Stable economic policy with a future vision that encourages sustainable economic growth through public-private investment in employment creation activities</p> <p>4.2.Diversified, competitive, sustainable, high value-added and productive economic structures</p> <p>4.3.Sustainable growth of exports based on diversified export-feasible supply, sustainable activities and access to new markets</p> <p>4.4.Continuous contribution to the development of production activities and environmental sustainability through innovation, technological development and the application of scientific knowledge</p> <p>4.5.Employment growth appropriate for comprehensive modernization</p>	<p>1.Maintain continuity of economic growth</p> <p>2.Development of science and technology conducive to achieving sustainable development</p> <p>3.Diversification of economic structures and improvement of added-value in manufacturing</p> <p>4.Maintenance of export growth</p> <p>5.Formalization of Small and Medium Enterprises (SMEs) and improvement of</p>

			<p>4.6. Institutional and legal frameworks that guarantee investment protection</p> <p>4.7. Transparent and efficient financial markets with strong institutions that facilitate financing and investment</p>	<p>their productivity</p> <p>6. Ensure protection of investment</p> <p>7. Improve efficiency and transparency of the financial system</p>
5	Regional development and infrastructure	Goal 5 Balanced regional development and appropriate infrastructure	<p>5.1. Sufficient and appropriate economic manufacturing infrastructure that is decentralized for public use</p> <p>5.2. Diversified and high value-added production activities in the agriculture, fisheries, mining and tourism sectors, and production activities consistent with comparative advantages and competitiveness in regional geographical spaces</p> <p>5.3. Create employment and encourage decentralized private investment to meet domestic and foreign market needs</p> <p>5.4. Concentration of rural population in medium-sized cities to be established based on the concept of planned settlement centers</p>	<p>1. Ensure infrastructure investment in the economic and service sectors needed by local communities</p> <p>2. Investment in activities to transform the regional production to be competitive and employment-creating</p> <p>3. Reduce dispersion of population</p>
6	Natural resources and the environment	Goal 6 Conservation and sustainable use of natural resources and biodiversity to enable a better quality of human life and the existence of healthy, viable and functional ecosystems in the long term	<p>6.1. Natural resources and biodiversity conserved and utilized in a sustainable manner with the participation, and to the benefit, of local residents</p> <p>6.2. Improved and managed high-quality environments with a unified perspective at a national level</p> <p>6.3. Integrated and efficient management of water and river basins at a national level</p> <p>6.4. Populations and vulnerable production systems that are adapted to climate change</p> <p>6.5. National environmental management system implemented at three levels of government with the active participation of citizens</p>	<p>1. Sustainable use of natural resources</p> <p>2. Improve environmental quality: Water, air and soil</p> <p>3. Ensure sufficient availability of water throughout national land</p> <p>4. Adaptation to climate change</p> <p>5. Implementation of a national environmental management system</p>

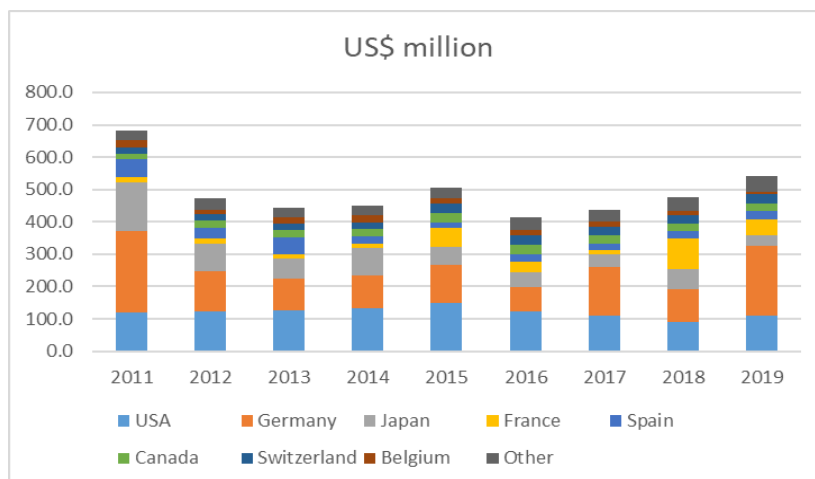
Source: Prepared by evaluation team based on the National Development Strategic Plan PEDN

While the rapidly changing situation in local politics caused by political crises in the latter half of the 2010s have not had a major impact on Peru's development needs, it has caused delays, etc., in the implementation of planning for these development policies.

## 2-3 Bilateral and Multilateral Assistance Trends to Peru

### 2-3-1 Trends in Bilateral Assistance

In addition to Japan, the major donors of bilateral assistance to Peru include the United States, Germany, France, Spain, Canada, Switzerland, and Belgium. Between 2011 and 2019, the DAC provided a total of US \$4,419.1 million in ODA assistance in areas such as social infrastructure and services, multi-sectors, manufacturing sectors, and economic infrastructure and services.



Unit: US \$ million

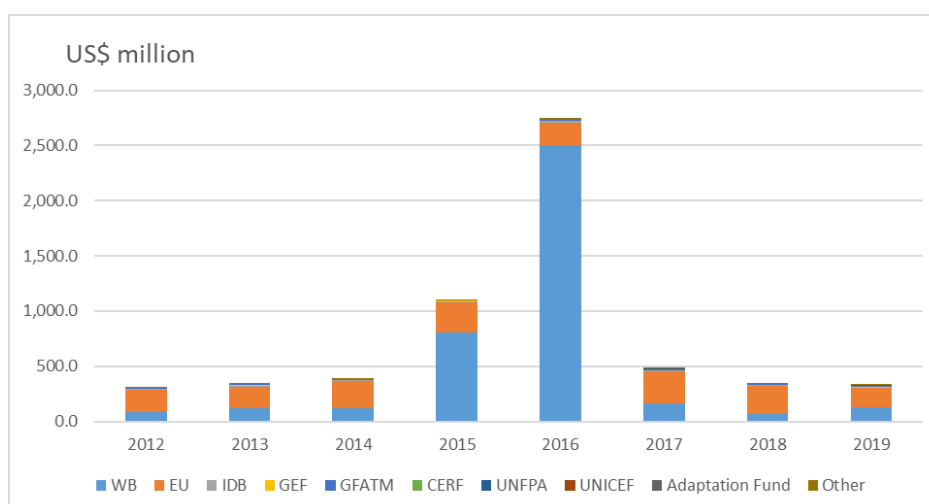
	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
USA	119.8	124.6	124.8	133.2	148.2	122.9	109.8	89.1	111.0	1,083.5
Germany	251.0	121.4	101.2	101.0	118.1	76.0	151.1	103.9	213.4	1,237.2
Japan	150.8	85.7	59.5	84.3	54.8	43.8	38.5	60.0	32.5	609.9
France	16.4	16.7	15.4	14.3	58.8	33.4	12.7	96.4	50.2	314.3
Spain	55.0	32.2	51.1	20.8	19.2	22.5	21.6	20.9	25.0	268.3
Canada	18.5	25.0	23.8	24.2	26.5	30.3	24.3	24.7	23.5	220.7
Switzerland	18.9	17.2	19.8	20.1	29.4	29.6	26.3	24.7	28.8	214.9
Belgium	22.3	15.7	17.3	21.9	16.8	17.7	15.0	13.4	8.2	148.3
Other	28.9	33.4	30.7	28.9	33.5	38.5	37.4	42.5	48.3	322.0
<b>Total DAC</b>	<b>681.6</b>	<b>471.8</b>	<b>443.5</b>	<b>448.9</b>	<b>505.2</b>	<b>414.7</b>	<b>436.7</b>	<b>475.7</b>	<b>541.0</b>	<b>4,419.1</b>

Source: Prepared by evaluation team based on Creditor Reporting System, OECD, Stat

**Figure 6: Changes in Bilateral Assistance to Peru**

### 2-3-2 Trends in Multilateral Assistance

The major multilateral donors to Peru include the World Bank (WB), the European Union (EU), the Inter-American Development Bank (IDB), the Global Environment Facility (GEF), and the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). The total amount of multilateral assistance to Peru reached US \$6,556.1 million between 2011 and 2019. The areas of support are mainly education, public administration and civil society, other social infrastructure and services, transport and storage, water and sanitation.



	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
WB	129.5	80.0	120.0	120.0	805.0	2,500.0	165.0	70.0	125.0	4,114.5
EU	353.4	205.3	195.5	244.0	276.1	209.4	287.5	250.8	178.7	2,200.6
IDB	8.4	8.8	8.2	7.1	6.6	10.6	7.9	5.8	3.4	66.9
GEF	4.12	4.04	8.00	7.48	7.56	8.51	4.97	5.98	3.15	53.8
GFATM	7.4	6.2	4.2	3.5	0.3	10.1	4.3	3.2	13.2	52.4
CERF							5.3	1.9		7.2
UNFPA	1.7	1.9	1.8	1.6	1.4	0.8	1.0	1.0	1.7	12.8
UNICEF	0.8	0.9	1.1	1.1	1.3	1.4	1.1	1.0	1.3	10.2
Adaptation Fund						3.1	0.9			4.1
Other	1.1	2.0	3.3	2.3	2.7	3.3	7.0	5.0	7.0	33.6
Total Multilateral Assistance	506.5	309.1	342.1	387.0	1101.1	2747.2	485.0	344.7	333.4	6,556.1

Note: World Bank data is based on commitments, other data is based on disbursements.

Source: Prepared by evaluation team based on Creditor Reporting System, OECD. Stat and World Bank Group Finance

**Figure 7: Changes in Multilateral Assistance to Peru**

## 2-4 Trends of Japan's ODA to Peru

### 2-4-1 Japan's ODA Policy to Peru

The former Country Assistance Policy and the Country Development Cooperation Policy were formulated in 2012 and 2017, respectively, as Japan's ODA policy toward Peru for the period covered by this evaluation. During this period from the previous Country Assistance Policy (2012) to the Country Development Cooperation Policy (2017), an Economic Partnership Agreement (EPA) between Peru and Japan came into effect in March 2012. Moreover, it is expected that bilateral relations between Japan and Peru will further increase in activities, including economic relations. For example, at a summit meeting held during the visit of then Prime Minister ABE to Peru in 2016, Japan and Peru concurred on building a strategic partnership in their bilateral relations. In addition, Peru recognizes the importance of reform of the United Nations Security Council in the international arena, and shares a common position with Japan on the need for cooperation for the early realization of these reforms. Against this background, Japan's Country Development Cooperation Policy (2017) continues to

emphasize the contribution to sustainable economic development as a Basic Policy of Assistance and adopts the same priority areas (middle targets) as the former Country Assistance Policy (2012).

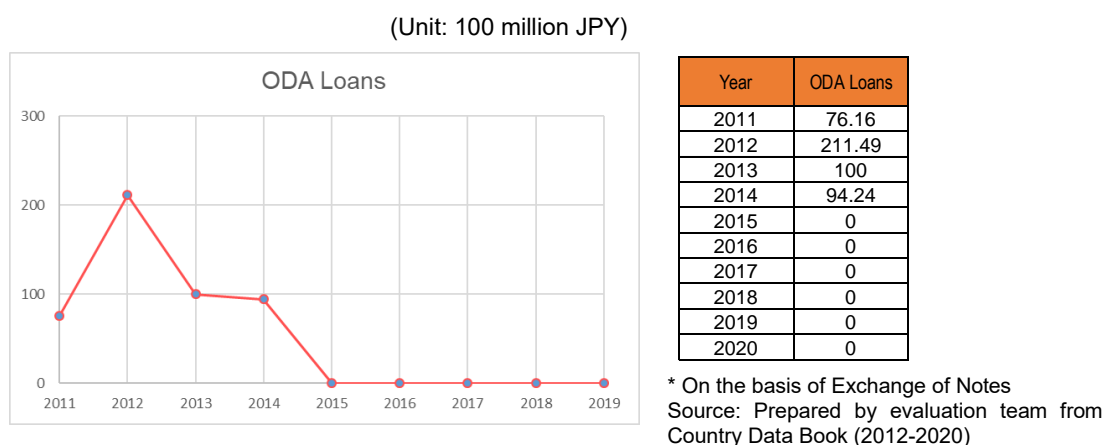
**Table 8: ODA Policies for Peru**

	Former Country Assistance Policy (2012)	Country Development Cooperation Policy (2017)
Basic assistance policies (Large target)	Contribute to sustainable economic development together with realization of social inclusion	Contribute to sustainable economic development
Priority areas (Middle targets)	(1) Improvement of socio-economic infrastructure and narrowing disparities (2) Environmental measures (3) Disaster prevention measures	(1) Improvement of socio-economic infrastructure and narrowing disparities (2) Environmental measures (3) Disaster prevention measures

Source: Former Country Assistance Policy (2012) and Country Development Cooperation Policy (2017)

## 2-4-2 Track Record of Japan's ODA to Peru

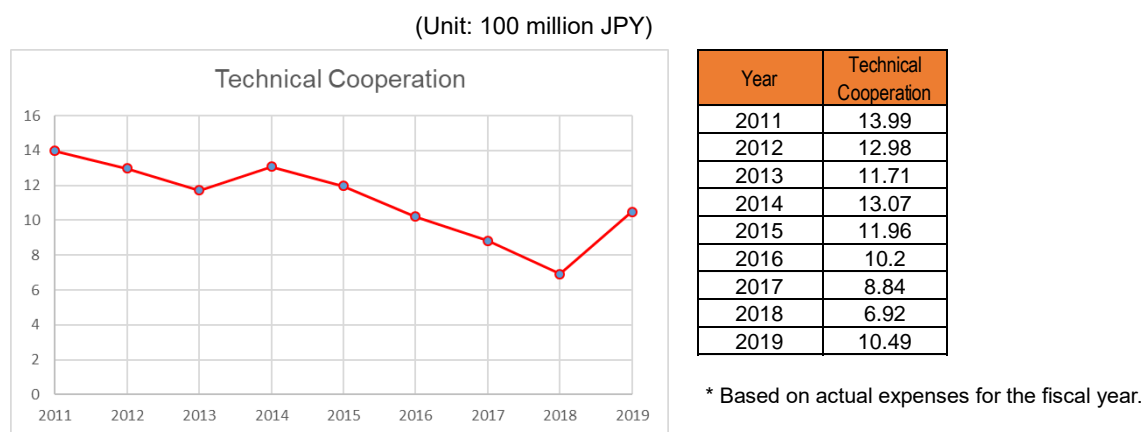
The following shows Japan's ODA disbursements to Peru. Regarding ODA loans, new ODA loans have not been provided since 2015, but projects are still ongoing as of March 2022. Furthermore, in 2019, an overseas investment and loan program has been added for the first time in Peru.



**Figure 8: Disbursements by Fiscal Year and Type of Assistance in Peru (ODA Loans)**

The total amount of technical cooperation decreased by about half between FY 2011 and FY 2018, but increased in 2019.



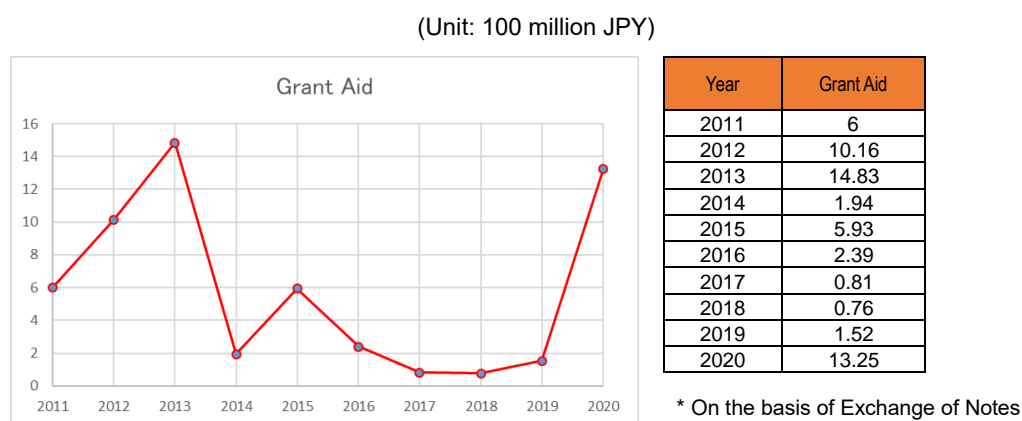


Source: Prepared by evaluation team based on Country Data Book (2011-2020)

**Figure 9: Technical Cooperation in Peru by Fiscal Year and Type of Assistance**

Grant assistance increased until FY 2013, and although the actual amount decreased a little around FY 2013, it increased in FY 2019. In 2020, Japan and Peru exchanged letters concerning grant assistance (Grant Aid for Economic and Social Development Program) for health and medical-related equipment of a total of JPY900 million.

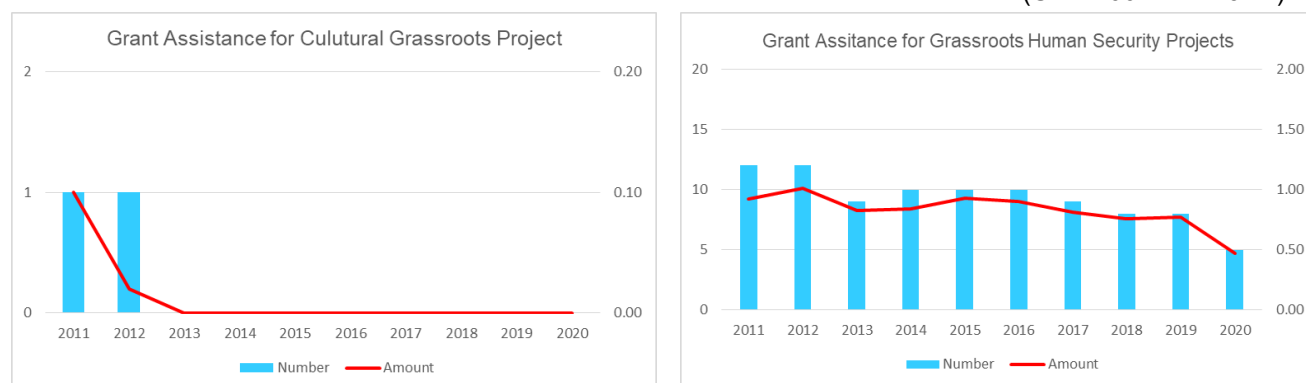
Grant Assistance for Cultural Grassroots Projects has not been implemented since 2013, and Grant Assistance for Grassroots Human Security Projects (GGP) have nearly halved in terms of the number of projects and the amount of grants in comparison to FY 2011.



Source: Prepared by evaluation team based on Country Data Book (2011-2020) and the Ministry of Foreign Affairs website

**Figure 10: Disbursements to Peru by Fiscal Year and Type of Assistance  
(Grant Aid)**

(Unit: 100 million JPY)



Year	Grant Assistance for Culutral Grassroots Project		Grant Assistance for Grassroots Human Security Project		Total
	Number	Amount	Number	Amount	
2011	1	0.10	12	0.92	1.02
2012	1	0.02	12	1.01	1.03
2013	0	-	9	0.83	0.83
2014	0	-	10	0.84	0.84
2015	0	-	10	0.93	0.93
2016	0	-	10	0.90	0.90
2017	0	-	9	0.81	0.81
2018	0	-	8	0.76	0.76
2019	0	-	8	0.77	0.77
2020	0	-	5	0.47	0.47

Source: Prepared by evaluation team based on Country Data Book (2011-2020) and the Ministry of Foreign Affairs website

**Figure 11: Disbursements to Peru by Fiscal Year and Type of Assistance (Grant Assistance for Cultural Grassroots Projects, and Grant Assistance for Grassroots Human Security Projects)**

## Chapter 3 Results of the Evaluation

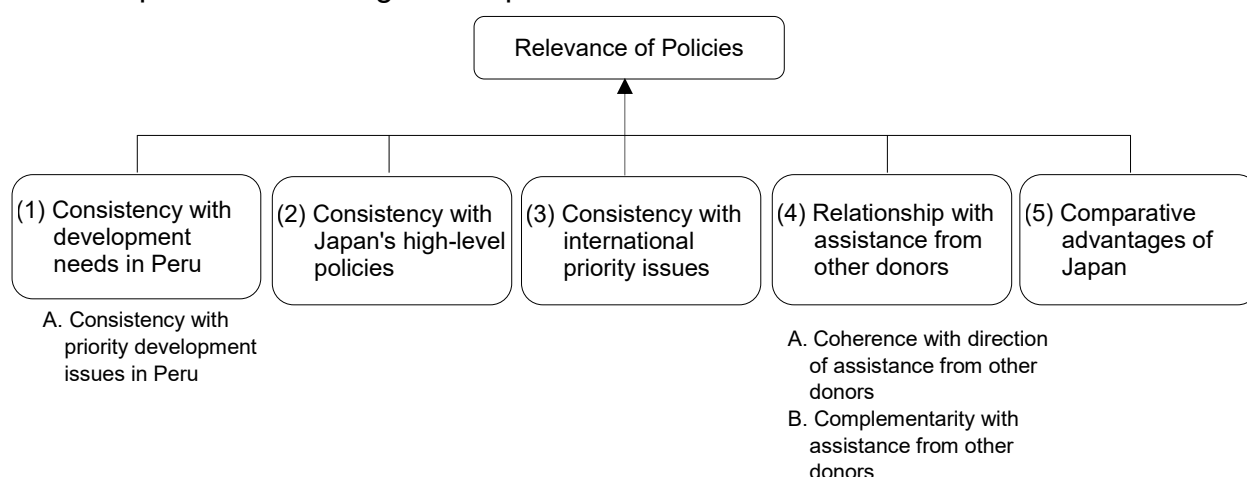
This chapter comprehensively reviews the evaluation of Japan's assistance to Peru from the three development viewpoints ("Relevance of Policies", "Effectiveness of Results", "Appropriateness of Processes"), and the diplomatic viewpoints.

### 3-1 Evaluation from Development Viewpoints

#### 3-1-1 Relevance of Policies

In this section, the relevance of policies of assistance provided by Japan to Peru is verified by the five items listed below.

- Consistency with development needs in Peru
- Consistency with Japan's high-level policies
- Consistency with international priority issues
- Relationship with assistance from other donors
- Comparative advantages of Japan



**Figure 12: Verification Items for Relevance of Policies**

#### (1) Consistency with Development Needs in Peru

##### A. Consistency with priority development issues in Peru

Prior to the Fujimori administration, Peru did not have a substantial long-term, comprehensive development plan in place, and there was no individual development plan for each sector or coordination across ministries. Since then, however, Peru formulated a long-term national plan called "State Policies by the National Agreement" (2002), the National Development Strategic Plan PEDN (2010) (commonly known as Plan Perú 2021), and government offices in each development sector formulate and implement a multi-year sector strategic plan PESEM every five years.

After confirming the consistency with the needs on the Peruvian side indicated in the

above plans during formulation of the Country Development Cooperation Policy for Peru, it was determined that the basic policy of assistance and priority areas have been formulated, and they have a high level of consistency with the priority development issues in Peru.

## (2) Consistency with Japan's High-Level Policies

Japan's ODA high-level policies for the period covered by this evaluation include the ODA Charter (2003) and Development Cooperation Charter (2015), while its development cooperation policy toward Peru includes the former Country Assistance Policy (2012) and Country Development Cooperation Policy (2017). The priority areas in these policies [1) Improvement of socio-economic infrastructure and narrowing disparities, 2) Environmental measures and 3) Disaster prevention and recovery measures] correspond with the ODA Charter (2003) and Development Cooperation Charter (2015) which are the high-level policies of Japan, and have a high degree of consistency with Japan's high-level policies.

**Table 9: Consistency with ODA Charter and Japan's Development Cooperation Policy for Peru (Priority Areas)**

	Official Development Assistance Charter (2003)	Former Country Assistance Policy (2012)	Development Cooperation Charter (2015)	Country Development Cooperation Policy (2017)
Priority Areas	Reducing poverty	Improvement of socio-economic infrastructure and narrowing disparities	"Quality growth" and poverty eradication through such growth	Improvement of socio-economic infrastructure and narrowing disparities
	Sustainable growth		Sharing universal values and realizing a peaceful and secure society	
	Approach to global scale problems	Environmental measures	Building a sustainable and resilient international community through efforts to address global challenges	Environmental measures
		Disaster prevention and recovery measures		Disaster prevention and recovery measures
	Peacebuilding			

Source: Prepared by evaluation team

## (3) Consistency with International Priority Issues

The priority areas of Japan's assistance policies for Peru are consistent with the Millennium Development Goals (MDGs) (2009) and Sustainable Development Goals (SDGs) (2015).

**Table 10: Consistency with International Priority Issues**

Priority Areas for Japan's Assistance to Peru	MDGs	SDGs
Environmental measures	Goal 7: Ensure environmental sustainability	Goal 6: Ensure availability and sustainable management of water and sanitation for all
Disaster prevention and recovery measures		Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all
		Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
		Goal 13: Take urgent action to combat climate change and its impacts
		Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Improvement of socio-economic infrastructure and narrowing disparities	Goal 8: Develop a global partnership for development	Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
		Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
		Goal 10: Reduce inequality within and among countries

Source: Prepared by evaluation team

#### (4) Relationship with Assistance from Other Donors

##### A. Consistency with direction of assistance from other donors

When the areas of assistance were examined for the other main donors and multinational donors which provide assistance in Peru, it was found that assistance is being provided in the areas of “Improvement of socio-economic infrastructure and narrowing disparities”, “Environmental measures” and “Disaster prevention and recovery measures”, enabling the judgment that the development cooperation policy of Japan to Peru is consistent with the direction of assistance by other donors.

**Table 11: Comparison of Assistance Areas by Main Donors/Multinational Donors**

Donor	Improvement of socio-economic infrastructure and narrowing disparities	Environmental measures	Disaster prevention and recovery measures
<b>Main Donors</b>			
United States	○	○	○
Germany	○	○	○
France	○	○	○
Spain	○	○	○
<b>Multinational Donors</b>			
WB	○	○	—
EU	○	○	○
IDB	○	○	—
GEF	○	○	—
GFATM	○	—	—

## B. Complementarity with assistance from other donors

In terms of coordination/collaboration with other donors, JICA holds a donor coordination meeting called Grupo Agua (Water Group) in the water sector (held once every two to three months), where the focus areas of each organization are reviewed to ensure consistency in assistance policies. JICA also participates in environmental donor meetings (climate change, forest conservation, waste management, laws and regulations, etc.) organized by the Ministry of the Environment, and coordinates among donors in these areas according to government policies. Furthermore, in sectors in which donor tables have not been established, efforts are being made to ensure inter-donor collaboration and consistency, while sharing information and exchanging opinions on priority areas with other donors as necessary. Additionally, when implementing technical cooperation projects, interviews of other donors that implement cooperation in the same field are conducted from the stage of the detailed plan formulation survey before implementation in order to exchange opinions and share information to facilitate cooperation and compartmentalization.

## **(5) Japan's Comparative Advantages**

Like Japan, Peru is a country that suffers many natural disasters (earthquakes, tsunami, floods, and landslides). Therefore, the experience and technology that Japan has acquired over many years of creating disaster prevention measures and environmental measures with a focus on earthquakes and tsunami consist of fields in which Japan has a specific comparative advance when examining the needs of Peru.

Japan's ODA approaches and modalities maintain a system that allows local offices to address a variety of development issues in a composite manner and through a variety of schemes, which consists of an advantage.

In addition, Japan has the unique position of providing cooperation based on its technology (digital terrestrial broadcasting, Emergency Warning Broadcast System (EWBS), semi-aerobic waste landfill technology (Fukuoka method)), and contributions to Peruvian society as a whole through cooperation with the Japanese Peruvian community. Table 12 shows some cases where Japan's comparative advantage has been demonstrated.

**Table 12: Cases Where Japan's Comparative Advantage Has Been Demonstrated**

Priority Area	Project Name	Case Study
Improvement of socio-economic infrastructure and narrowing disparities	“Collaborating with credit union founded by Peruvians of Japanese descent to support small and medium-sized businesses in Peru” (Overseas Investment and Loan Program: 2019)	This project was implemented to provide capital subordinated financing to the ABACO Savings Credit Union (Cooperativa de Ahorro y Credito ABACO) that originated in the Japanese-Peruvian community. Helping to improve access to finance for SMEs throughout Peru by leveraging this credit union that operates businesses throughout the country.
	“North Lima Metropolitan Area Water Supply and Sewerage Optimization Project” (ODA Loans (2013-2018), other technical cooperation projects, dispatch of experts, follow-up cooperation and many other projects.	Water supply and sanitation facilities are constructed in regions where water resources are limited and the natural environment is harsh. Technical cooperation is implemented on an ongoing basis in order to upgrade water and sewage services and improve organization management.
	The Project for the National Vocational Rehabilitation Center for Disabled People (Grant Aid: 2010-2012) and dispatch of 37 volunteers (occupational therapists and other persons).	Assistance is provided to residents in vulnerable situations in order to correct disparities. A successful case where Japan's ODA's strength, "cooperation through people," is deployed in synergy with grant aid.
Environmental measures	“Solid Waste Management Project” (ODA Loan (2012-Ongoing)	Construction of sanitary landfill sites and procurement of equipment to strengthen collection/transport capacity is being implemented in 23 regional cities in Peru. Unique Japanese sanitary landfill technology (Fukuoka method) is being utilized to promote achievement of integrated/comprehensive waste disposal in Peru.
	“Project on Capacity Development for Forest Conservation and REDD+ Mechanisms” (Technical Cooperation Project: 2015-2020)	JJFAST which is a cooperative system with JAXA is being incorporated into an early warning system of Peru. It enables forest conditions in the Amazon to be monitored even during the rainy season when there are many clouds.
	“Verification Survey with the Private Sector for Disseminating Japanese technologies for Water-Saving Agriculture in Arid Area” (PPP: 2018-2021)	This is a case study that succeeded in confirming the effectiveness of water-saving farming by utilizing soil conditioner in arid regions in Peru, and it is hoped that future activities can be conducted on a commercial basis.
Disaster prevention and recovery measures	“Wide-Area Disaster Prevention System Development Project” (Grant Aid: 2014)	Tsunami Related Observation Equipment (tide gauges, etc.) and Emergency Warning Broadcast System (EWBS) are being developed while using technology of Japanese companies, including those in areas struck by The Great East Japan Earthquake. Terrestrial digital broadcast facilities and EWBS installed in multiple cities in the country are used, and disaster drills are held on Nov. 5 <sup>th</sup> every year which is World Tsunami Awareness Day to confirm the effectiveness of this technology.
	“Project for Enhancement of Earthquake and Tsunami Disaster Mitigation Technology in Peru” (SATREPS: 2010-2015) and follow up (2016- 2017)	Classification of ground conditions (micro-zonation), building characteristics and past earthquake scenarios are loaded, and earthquake damage predictions and hazard maps are created for Lima and other major cities and passed on to society. This is the result of work by researchers from both countries at the Peruvian-Japanese Center for Seismic Research and Disaster Mitigation (CISMID) of the National University of Engineering in Peru which has received technical cooperation from Japan.
	“Feasibility Survey for Disaster Prevention by Japanese Early Earthquake Warning System” (PPP: 2019-2020)	Survey on introduction of early earthquake warning system that detects small shaking (initial tremors) when an earthquake starts, analyzes seismic source and scale to predict large tremors immediately afterwards.

Source: Prepared by evaluation team based on materials provided by JICA

Furthermore, an interview survey in Peru confirmed that the country wants Japan to continue to introduce new technology to Peru through technical assistance in fields like

those described above where Japan has a comparative advantage to enable Peru to facilitate development and advancements in anticipation of a decrease in assistance as the economic and income level increase in the future.

(6) Summary of Relevance of Policies

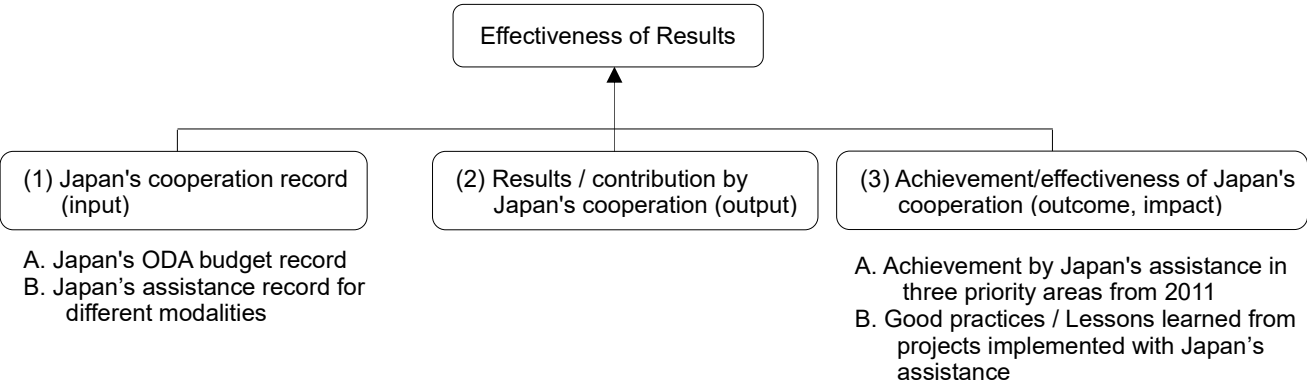
[Rating: Highly Satisfactory]

The policies of Japan for assistance provided to Peru are consistent with Japan's high-level ODA policies, Peru's development plans, and international priority issues. In addition, the comparative advantages of Japan were taken into consideration when formulating policies. Therefore, the relevance of policies is judged to be highly satisfactory.

3-1-2 Effectiveness of Results

In this section, the effectiveness of the results of assistance provided by Japan to Peru is verified by the three items listed below.

- Japan's cooperation record (input)
- Results/contribution by Japan's cooperation (output)
- Achievement/effectiveness of Japan's cooperation (outcome, impact)



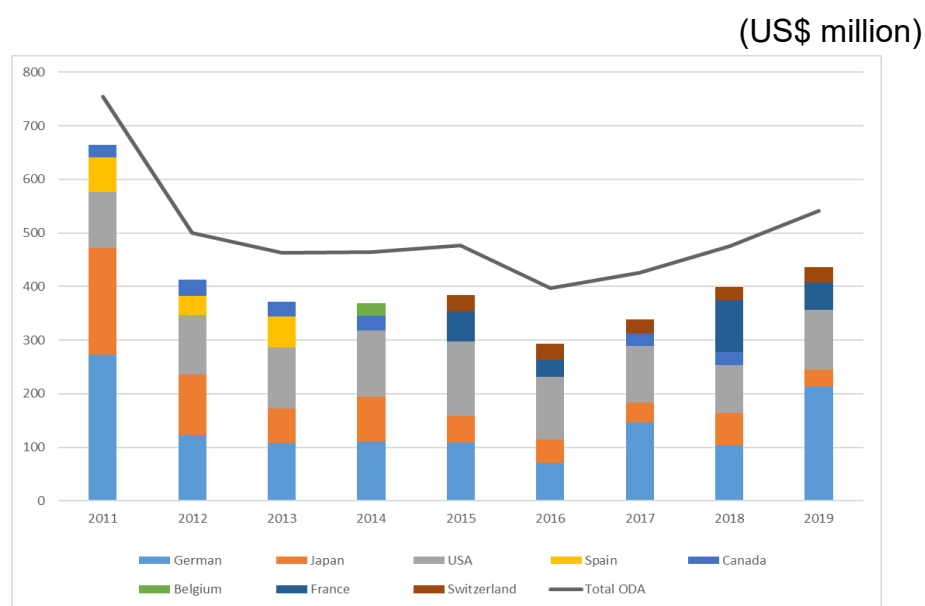
**Figure 13: Verification Items for Effectiveness of Results**

(1) Japan's Cooperation Record (Input)

A. Japan's ODA budget record

When the record of bilateral ODA to Peru was examined, it was found that there was a trend for the amount of Japan's ODA to decrease in the latter part of the 2010s, amounted to a maximum of US\$199.6 million in 2011, and a minimum of US\$32.5 million in 2019. This positions Japan as one of the major donors for Peru, ranking within the top five countries every year.





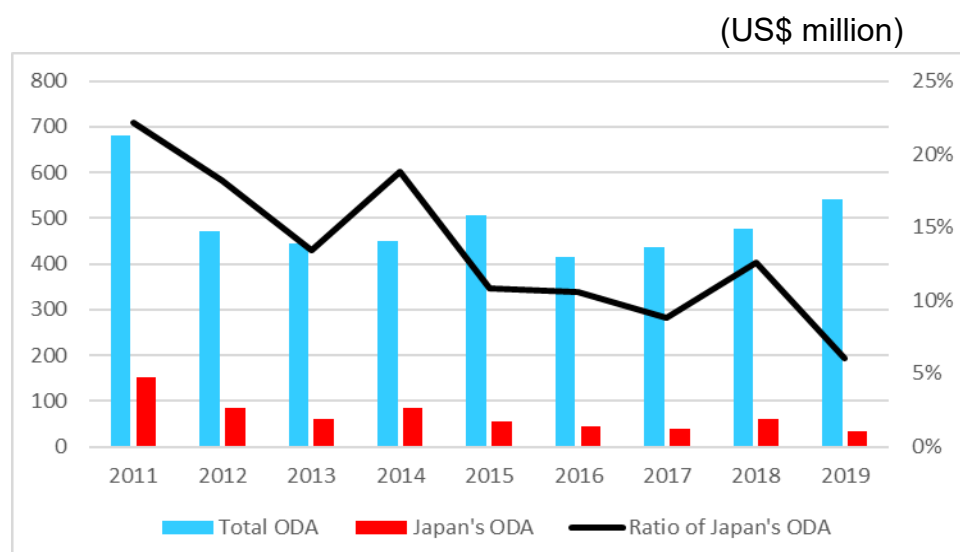
(US\$ million)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
German	272.1	123.47	108.38	110.14	109.67	71.33	146.46	103.9	213.4
Japan	199.6	112.44	63.67	84.59	49.14	43.79	37.23	60	32.5
USA	104.77	111.02	113.95	123.01	138.13	115.76	105.37	89.1	111
Spain	65.18	35.26	57.93						
Canada	22.25	30.14	28.31	27.42			23.95	24.7	
Belgium				23.91					
France					56.48	32.12		96.4	50.2
Switzerland					30.41	29.78	26.41	24.7	28.8
<b>Total ODA</b>	<b>754.62</b>	<b>500.76</b>	<b>462.94</b>	<b>464.1</b>	<b>476.3</b>	<b>396.59</b>	<b>425.38</b>	<b>475.7</b>	<b>541</b>

Source: Prepared by evaluation team based on Creditor Reporting System, OECD. Stat

**Figure 14: Bilateral Cooperation Records by Country**

In addition, the ratio of Japan's ODA to Peru out of the total amount of ODA to Peru was maintained at around 20% in the early 2010's and about 10% in the latter part.



(US\$ million)

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total ODA	681.6	471.8	443.5	448.9	505.2	414.7	436.7	475.7	541
Japan's ODA	150.8	85.7	59.5	84.3	54.8	43.8	38.5	60	32.5
Ratio of Japan's ODA	22%	18%	13%	19%	11%	11%	9%	13%	6%

Source: Prepared by evaluation team based on Creditor Reporting System, OECD. Stat

**Figure 15: Ratio of Japan's ODA to Peru Out of the Total ODA Amount to Peru**

## B. Japan's Assistance Record by Modalities

The record of ODA to Peru is organized below.

- ODA project record
- JICA's Knowledge Co-Creation Program / Third Country Training Program acceptance record for Peru
- Record of dispatch of experts to third countries from Peru
- ODA loan record
- Public-Private Partnership (SME support record)
- Grant aid

There are the following overall trends of the ODA record provided to Peru.

**Table 13: Overall Trends for Record of ODA to Peru**

Technical cooperation	There are nine schemes for the provision of assistance with technical cooperation: Technical cooperation projects, SATREPS, projects in relation to ODA loan, technical cooperation in form of development study, non-group trainings, individual experts, third country training programs, JICA partnership programs, and volunteer dispatch (Japan Overseas Cooperation Volunteers). Projects were implemented with the six schemes previously listed in 2011, and have been implemented with the two schemes of technical cooperation and individual experts in 2017 and after. Furthermore, while the number of ODA technical cooperation projects in the record was the highest in 2011, the highest ODA project record total amount was in 2012. Technical cooperation projects from 2011 to 2020 accounted for approx. 30% of the total ODA, the highest percentage of the total amount.
	The number of trainees accepted for knowledge co-creation program tended to decline between 2011 and 2020, but a certain number of trainees were accepted every year.
	The number of third-country trainees accepted in Peru was 10 persons during fiscal 2019, which was the target period for this evaluation.
	The number of experts dispatched from Peru to a third country was 5 persons during fiscal 2018, which was the target period for this evaluation.
	The number of volunteers dispatched to Peru (JOCV) was the highest in 2016 at 48 persons, and the number of persons dispatched between 2013 and 2019 ranged from 30 to 48 persons per year.
ODA loans	ODA loan projects that were approved after 2011 consist of loan agreements that were concluded in 2012, 2013 and 2014 which was the first half of target period for this evaluation, and the type of industry consisted of 3 water/sewage and sanitation projects, 2 irrigation/flood control/ reclamation projects and 2 electricity/gas projects. In addition, the first overseas investment and loan project in Peru was signed in fiscal 2019.
Public-Private Partnership	Small and medium enterprise assistance records (for each scheme) approved in fiscal 2011 and after are shown. The large number was 7 projects in fiscal 2019, with the largest scheme being dissemination, demonstration, and commercialization (12 projects), followed by 5 basic studies and 4 feasibility studies. Small and medium enterprise assistance records (for each field) approved in fiscal 2011 and after are shown. These fields consist of 5 projects for promotion of environmental conservation,

	climate change measures and promotion of industrial infrastructure development and the strengthening of rural development to correct disparities, and 4 water supply/sanitation and sanitation improvement projects being implemented throughout the country.
Grant aid (including grassroots)	Grant aid as a whole has declined in both number and amount in the late 2010s after 2014 and 2015. In addition, there was no Grant Assistance for Cultural Grassroots Projects in fiscal 2013 and after. And while Grant Assistance for Grassroots Human Security Projects is decreasing, a certain level is being maintained.

## (2) Results / Contribution by Japan's Cooperation (Output)

In the area of Improvement of Socio-Economic Infrastructure and narrowing Disparities, improvements have been made to alleviate poverty in Peru; in the field of Environmental Measures, irrigation facilities have been developed in mountain regions and the harvest volume of farmers has been increased; and in the area of Disaster Prevention Measures, the knowledge and experience of Japan has been used to develop infrastructure resistant to disasters and strengthen the alert / warning system.

Responses have been obtained from persons in various fields in Japan and Peru that the ODA provided to Peru by Japan has contributed to advances in the approach to development issues in the three priority areas.

The presence of Japan in these areas has been recognized in Peru, and there are fields in which (in particular disaster prevention) a partnership (trilateral cooperation) has been created between the side that is providing assistance and the side that is receiving assistance in order to solve the same issues, contributing to the deepening of bilateral relations.

According to the SDGs which are described in the Sustainable Development Report (<https://dashboards.sdgindex.org/profiles/peru>), the evaluation pointed out that major issues remain in Peru for “Goal 1 (End poverty)” and “Goal 15 (Life on land)”, and Japan’s ODA loans are being provided to promote the improvement of socio-economic infrastructure and socio-economic development of rural villages in order to address Goal 1 above. The poverty rate in Peru indicated by the Instituto Nacional de Estadística e Informática (INEI) (National Statistics Information Agency) has steadily decreased from 27.8% in 2011 to 20.2% in 2019, with the exception of 30.1% in 2020 due to the impact of the COVID-19 pandemic, and it may be deemed that Japan’s ODA has made a certain contribution. Regarding Goal 15, ongoing efforts are being made to boost forest resource management capabilities, and have contributed to upgrading the capabilities of local implementation organizations.

In addition, cooperation by Japan in the disaster prevention over a period in exceeding 50 years, and in particular, cooperation with the Peruvian-Japanese Center for Seismic Research and Disaster Mitigation (CISMID) since 1986 has resulted in the nurturing of many researchers in the fields of earthquake disaster prevention and seismic engineering, with a number of these persons becoming Ministers of Housing, Construction and Sanitation, and other persons (researchers of Japanese

descendants) having a large influence up to the presidential level. Technology transfer from Japan has achieved considerable results in recent years, with the government in particular proactively implementing anti-disaster drills, which heightened the level of awareness and preparedness for “earthquakes / tsunami” taking root among the nation’s people.

### (3) Achievement / Effectiveness of Japan's Cooperation (Outcome, Impact)

#### A. Achievement in three priority areas through Japan's Assistance since 2011

In this evaluation survey, responses were obtained from persons in various fields in Japan and Peru saying that they are “generally satisfied” with the achievement in the three priority areas. The reason is that Peru is one of the countries in the Latin America region in which the scale of ODA projects is large, and is therefore responding to the needs in those areas. There are many projects in each field that utilize the comparative advantages of Japan that are being deployed in a manner that matches the development needs of the target country.

From the perspective of the achievement level of Japan’s and JICA’s approach (comparison of actual value to planned value, e.g. execution rate or adoption rate), while there is room for quantitative improvement for technical cooperation in particular in all priority areas due to the influence of confusion in local politics, projects are being implemented each time with the understanding from the local governments.

#### B. Good practices / Lessons learned from projects implemented with Japan’s assistance

The good practices and lessons learned from the projects implemented in the three priority areas are described in this section. Many contributions have been made by assistance in the respective priority areas contained in the assistance policies of Japan to Peru, and a number of examples are provided.

##### (a) Noteworthy results / good practices

##### (i) Priority area of “Improvement of socio-economic infrastructure and narrowing disparities”

- ODA loans (overseas investment and loan program): “Collaborating with Credit Union Founded by Peruvians of Japanese Descent to Support Small and Medium-Sized Businesses in Peru”

This project was implemented to provide capital subordinated financing to the ABACO Savings Credit Union that originated in the Japanese Peruvian community. This credit union is active in projects throughout Peru, and contributes to improved financing access for SMEs in the entire nation. This is a good practice of coordination

with many other entities such as IDB, Japanese community, private sector funds.

➤ Grant aid: “National Rehabilitation Institute (INR)”

The National Rehabilitation Institute (INR) which was completed with grant aid in 2012 and supported with technical cooperation concerning rehabilitation by 37 dispatched volunteers, including occupational therapists. It is a successful case being implemented with the synergy of “cooperation through people”, a strength of Japan’s ODA and grant aid.



Photo: (Left side) Small scale irrigation facility

(ii) Priority area of “Environmental Measures”

➤ ODA loans: “Solid Waste Management Project”

This is a co-finance project with the IDB, which utilizes the superior technology of Japan to contribute to environmental management in Peru. This project is targeting 31 cities: 8 cities by IDB and 23 cities by Japan, implementing the construction of sanitary landfill sites and procurement of equipment to strengthen collection/transport capacity, utilizing the unique Japanese sanitary landfill technology (Fukuoka method) to contribute to environmental management in Peru. In cities other than above, the Development Bank of Germany (KfW) is supporting (supplementing) local governments in strengthening their management capacity in this area in cooperation with IDB.



Photo: Completed sanitary landfill in Tumbes

➤ Water supply/sanitation infrastructure improvement projects

Japan has proceeded with a continuous approach for water supply / sanitation infrastructure improvement projects in Peru, and a total of 6 ODA loan projects have been implemented, starting with the North Lima Metropolitan Area Water Supply and Sewerage Optimization Project (I) (II) targeting the Potable Water and Sewerage Service of Lima (SEDAPAL). In addition, efforts have been made to strengthen capacity through technical cooperation projects, dispatch of experts and follow-up cooperation provided to this public utility. Diverse schemes have been combined over many years that include ODA loans, technical cooperation projects and dispatch of experts to provide comprehensive assistance.



➤ ODA loans: “Sierra Small and Medium Irrigation Project”

Regarding small scale irrigation projects in mountain regions, ODA loans for “Sierra Small and Medium Irrigation Project” are being provided to the Ministry of Agricultural Development and Irrigation to contribute to the development of irrigation facilities in mountain regions and boosting of income levels of farms.

(iii) Priority area of “Disaster prevention measures”

Japan has a long track record of over half a century to cooperate in the disaster prevention field in Peru. CISMID of the National University of Engineering was established in Peru in 1986 with technical cooperation from Japan, and this center is the organization that conducts research and dissemination of urban disaster prevention planning and disaster prevention technology. A wide variety of technical cooperation has been provided by Japan to the center. The main projects that have been implemented during the target period for this evaluation in the disaster prevention field are described below.

➤ SATREPS: “Project for Enhancement of Earthquake and Tsunami Disaster Mitigation Technology in Peru”, “Subsequent follow-up project”

This project created earthquake damage predictions and hazard maps for Lima and other major cities and passed on to society, which were loaded with classification of ground conditions (micro-zonation), building characteristics and past earthquake scenarios. This is the result of work by both Japanese and Peruvian researchers (who have received technology transfer through previous technical cooperation project for CISMID) and is therefore recommended.



Photo: Aseismic / Seismic isolation demonstration device



Photo: Project introduction interview

## (b) Lessons Learned

### ➤ Application of monitoring method focused on assistance recipient

In the field of water supply / sanitation, Japan has acquired considerable knowledge and has an extensive ODA loan track record, but since there are quite a few regional governments and agencies that are receiving assistance for the first time, some situations will arise where it will be difficult to monitor the progress and status of the project. Consequently, efforts have been made that take into consideration the implementation capacities of the assistance recipients to date when monitoring is performed to facilitate manifestation of the desired project effects, and it is thought that this kind of approach can be applied not only to Peru, but to other countries as well, and to aid in general.

## (4) Summary of Effectiveness of Results

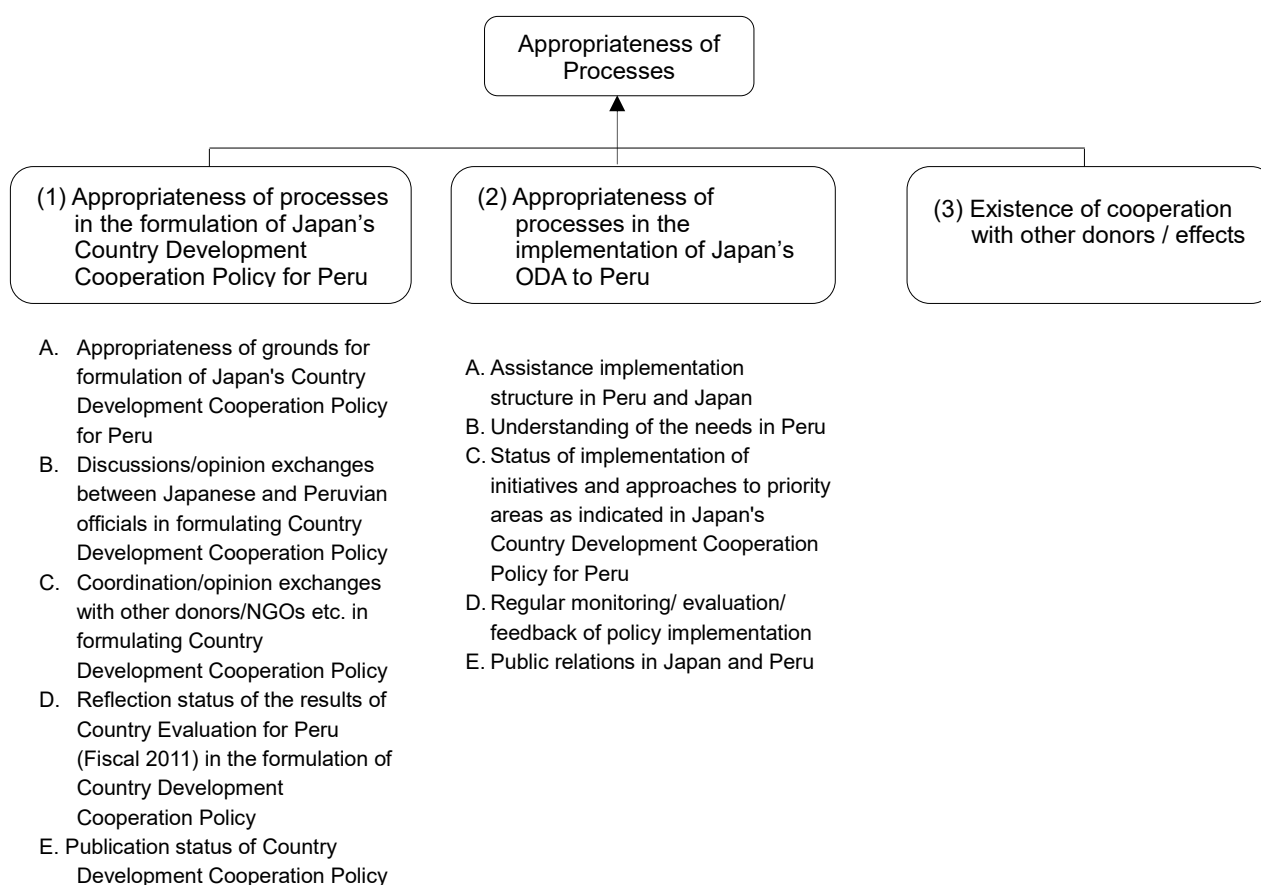
[Rating: Highly Satisfactory]

When only the quantitative aspect of the record of cooperation to Peru by Japan is examined, there has been an overall decreasing trend. In a comparison with other countries, while Japan is within the top 5 countries providing assistance to Peru, some donors have a larger scale of support than Japan. The main reason for this is that Peru is classified as an upper middle income country (UMIC). Japan's ODA to Peru is unique in a sense that, under these circumstances and within the limited ODA budget, Japan has focused on priority areas and projects, and has provided more effective assistance by utilizing various schemes while taking advantage of the geographical similarities between Japan and Peru. The fact that a lot of ingenuity are seen indicates the assistance has been highly effective. Therefore, the effectiveness of results can be judged to be "Highly Satisfactory".

## 3-1-3 Appropriateness of Processes

In this section, the appropriateness of processes related to assistance provided by Japan to Peru is verified by the three items listed below.

- Appropriateness of processes in the formulation of Japan's Country Development Cooperation Policy for Peru
- Appropriateness of processes in the implementation of Japan's ODA to Peru
- Existence of cooperation with other donors / effects



**Figure 16: Verification Items for Appropriateness of Processes**

**(1) Appropriateness of Processes in the Formulation of Japan's Country Development Cooperation Policy for Peru**

**A. Appropriateness of grounds for formulation of Japan's Country Development Cooperation Policy for Peru**

The “Former Country Assistance Policy” and “Country Development Cooperation Policy” for the period covered by this evaluation were formulated in December 2012 and September 2017, respectively. The Rolling Plans which are prepared as attachments are updated each year as a general rule, and have been updated every year during the period covered by this evaluation. A draft of the Country Development Cooperation Policy was prepared by the local ODA Task Force (Embassy of Japan, JICA, JETRO and JOGMEC in Peru), and discussions were held with the involved persons on the Peru side. Subsequently, the draft by the local ODA Task Force was approved by the JICA headquarters and the relevant divisions within MOFA, confirmed by relevant ministries, and then finalized after public comments were received through the MOFA website. Therefore, it can be said that the appropriate processes were taken.

**B. Discussions/opinion exchanges between Japanese and Peruvian officials in formulating Country Development Cooperation Policy**



The local ODA Task Force plays a central role in the preparation of the draft for the Country Development Cooperation Policy. On the other hand, when reviewing cooperation priority issues, the interests of both sides are coordinated through daily discussions with the government agencies that have jurisdiction in each related field. In addition, the content is checked when the Development Cooperation Policy is formulated, taking into consideration the policies and initiatives of Japanese stakeholders presented within the framework of various dialogues and partnerships between the two countries.

The discussion method between both countries up until FY 2015 consisted of a “Policy Discussion Concerning Economic Cooperation” which was held once a year, but there has been interaction for normal work on a daily basis since FY 2016, which takes place on an irregular basis.

C. Coordination / opinion exchanges with other donors / NGOs etc. in formulating Country Development Cooperation Policy

In the revision made in 2017, “All-Japan assistance in public and private sectors” was listed as a point of consideration, but the exchange of opinions has been done on a regular basis with local Japanese companies and Japanese related organizations even before this revision was made. In particular with local Japanese companies, opinions have been exchanged through a variety of channels such as the Japanese-Peruvian Chamber of Commerce and Industry, promoting assistance on All-Japan basis.

D. Reflection status of the results of Country Evaluation for Peru (FY 2011) in the formulation of Country Development Cooperation Policy

Based on the former Country Assistance Policy (2012) and Country Development Cooperation Policy (2017) formulated after the Country Assistance Evaluation in 2011, as well as the track record of assistance, it has been confirmed that the recommendations made in the previous country evaluation for Peru have generally been reflected as follows:

(a) Recommendations to enhance diplomatic relations between both countries

On the issue of “Utilization of former Country Assistance Policy as a diplomatic tool”, there has been shifts in priority policies of the government due to changes in administrations, with revisions being implemented that take into consideration memorandums and agreements that have been concluded between Japan and Peru. Regarding the “Strengthening of partnerships between Japanese-Peruvians and the private sector and ODA”, collaboration with the Japanese-Peruvian community and the

private sector has been implemented in various areas of assistance through various modalities in priority areas.

(b) Recommendations concerning formulation of policy

“Selection and Concentration” in priority assistance areas are being performed in order to “secure a strategic position”, utilizing the comparative advantage of Japan. Regarding the “expansion and diversification of technical cooperation”, although there has not been a quantitative expansion, efforts are being made to diversify approaches, such as proactive introduction of public-private partnership. Regarding the “Maintenance and expansion of assistance results”, there has been remarkable maintenance and expansion of the cooperation relationship in the area of disaster prevention (in particular, earthquake and tsunami countermeasures).

(c) Recommendations concerning assistance implementation process

In regard to the “Appropriate Selection of Implementation Agency”, a policy has been adopted to select highly specialized agencies (example: INDECI) that do not tend to be affected by personnel reshuffling due to administration changes, and measures are being taken with a monitoring / evaluation system for local governments and other implementation agencies that have issues with the capacity for implementation. Regarding the “further strengthening of public relations”, ICT is being proactively utilized in addition to traditional mass media, diversifying the content and media. As for the “Organization of information concerning small scale technical cooperation with a value of 200 million yen or less”, while there are some cases in which information on the implementation cost of small-scale technical cooperation projects (such as volunteer projects) is not being provided to the Peruvian side in a timely manner, the process is otherwise being implemented appropriately.

E. Publication status of Country Development Cooperation Policy

In addition to posting the Country Development Cooperation Policy on the websites of MOFA and the Embassy of Japan in Peru, it is introduced in a number of other ways, such as at lectures, conferences, and introductory meetings on Grant Assistance for Grassroots Humans Security Projects by the ambassador and embassy staff.

In addition, public relations are being promoted as a basic policy for international cooperation with Peru at various opportunities, such as at events commemorating the 40<sup>th</sup> year of the dispatch of JOCV and 120<sup>th</sup> year of the immigration of Japanese people to Peru, visits by key figures and various types of external lectures. Also, related activities are published on JICA website, while describing the Country Development Cooperation Policy.

## (2) Appropriateness of Processes in the Implementation of Japan's ODA to Peru

### A. Assistance implementation structure in Peru and Japan

#### (a) Implementation structure on the Peruvian side

The Ministry of Economy and Finance (MEF) is the government contact organization in Peru for ODA loans and the Ministry of Foreign Affairs (Ministerio de Relaciones Exteriores: MinRREE) is the focal for grant aid and technical cooperation, while the line ministries and agencies with jurisdiction for each issue are in charge of specific discussions for project formation with JICA for both of these aid modalities. The main role of the MEF consists of negotiating / signing the Exchange of Notes / Loan Agreements concerning ODA loans, as the agency that takes out ODA loans. The line ministries and agencies (implementation agency) are in charge of the implementation of ODA loan projects, and the MEF and JICA handle monitoring of projects.

#### (b) Implementation structure on the Japanese side

Local ODA Task Force is organized with the Embassy of Japan in Peru, JICA Peru Office, JETRO Peru Office and JOGMEC Peru Office. In addition to regular information exchange and opinion exchange among the personnel in charge, a local ODA Task Force conference is held every year at the time the request survey or other such survey is conducted.

JICA holds portfolio review meetings with MEF and the line ministries and agencies (implementation agency) twice a year to examine the progress of existing projects and discuss the situation and policy. In addition to these meetings with the MEF, liaison and coordination are made with the line ministries and agencies (implementation agency) on a daily basis, and regular meetings are held once every three months to confirm the progress of projects and loans as well as the need for the formulation of new projects. Regarding the technical cooperation and grant aid, JICA holds portfolio review meetings also with MinRREE and the Peruvian Agency for International Cooperation (APCI).

### B. Understanding of the needs in Peru

The Embassy of Japan in Peru and JICA Peru Office takes up the needs from community residents on a daily basis through site visits and interactions with central government, related organizations and agencies, research institutes and local governments. In order to reflect these needs in the request surveys, considerations are made for setting the schedules and coordinating work on the Peruvian side as well as for consultation with proposal organizations. In regard to ODA loans, portfolio meetings are held among MEF and the Embassy of Japan in Peru and JICA Peru

Office, and for technical cooperation and grant aid, meetings are held with the APCI to confirm the progress of ongoing projects and ask about requests on the Peruvian side concerning the formulation of new projects, while interviews of each related organization are conducted on a daily basis.

Furthermore, sector meetings to facilitate consultation with related sections as necessary are not held on a regular basis. Attendants from the Japanese side in policy discussions concerning economic policy consist of the Embassy of Japan and JICA personnel, as well as attendants from MOFA in some years. In recent years, due to the impact of the COVID-19 pandemic, issues of development cooperation is taken up in comprehensive policy discussions held online by the Latin American and Caribbean Affairs Bureau from MOFA.

#### C. Implementation status of initiatives and approaches to priority areas as indicated in Japan's Country Development Cooperation Policy for Peru

The Rolling Plan is updated every year. The draft is prepared by the local ODA Task Force, and is finalized after confirmation by MOFA and related ministries and agencies. The process is the same for each aid modality.

#### D. Regular monitoring / evaluation / feedback of policy implementation

Evaluation of each project is performed in accordance with the evaluation system of MOFA and JICA. For all schemes that have a project amount of 200 million yen or more, internal ex-ante evaluation is implemented based on the DAC evaluation criteria of 5 items (6 items since 2020), mid-term reviews are conducted for long-term technical cooperation projects and ODA loans, and feedback is provided to the project supervisor. Regarding technical cooperation projects, a terminal evaluation is implemented when the project is completed, and as a general rule, an ex-post evaluation is implemented within five years after project completion for all schemes with a value of 200 million yen or more. In principle, for projects of 1 billion yen or more, the ex-post evaluation is conducted by an external evaluation organization.

In addition, with regard to technical cooperation, in order to contribute to more effective and efficient project implementation, the approach to project supervision / evaluation was reviewed, and procedures for project monitoring, etc. were prepared in place of the mid-term review and terminal evaluation, which were applied to new projects starting in March 2014.

Regarding the monitoring / evaluation / feedback processes and their results, participation by and sharing with the Peruvian side is adequately performed regardless of the aid modality. For individual projects (water supply / sanitation), there were some projects that the necessity of adequate consideration for the counterpart local

governments that have no experience in ODA loans was indicated by the Board of Audit of Japan, and other projects that received improvement instructions from the ex-post evaluator. However, in both Japan and Peru, countermeasures have been taken as additional efforts for project supervision and monitoring of consultants who are responsible for project progress reports from the project implementation organizations. Also, it has been confirmed time to time at the portfolio meetings and daily work discussions that an appropriate approach is taken for local needs in the implementation of assistance policies for particular priority areas (Environmental Measures).

## E. Public relations in Japan and Peru

### (a) Public Relations in Peru

The record of news reports on Japan's ODA and JICA projects in Peru is described in this section. While there is a downward trend in number of reports, the public relations media has become extremely diverse in recent years, and the judgment can be made that publicity is proactively performed based on the recommendation to "Further strengthen public relations" in the FY 2011 Country Evaluation.

**Table 14: Record of News Reports in Peru**

Year	Fiscal 2018	Fiscal 2019	Fiscal 2020
No. of Reports	158	114	30

Source: Prepared by evaluation team based on questionnaire and interview survey

The Embassy of Japan provides information on ceremonies and other functions for ODA projects not only on its website but also on SNS, and proactively publicizes activities to the domestic press in coordination with the related ministries and agencies, as well as other beneficiary organizations in Peru in order to facilitate coverage by a diverse range of media. In addition, press tours targeting the domestic press in Peru were held before the COVID-19 pandemic as an integral part of efforts to widely publicize good practice projects in Peru. Furthermore, as a general rule, the Ambassador of Japan to Peru attends the signing ceremony for Grant Assistance for Grassroots Human Security Projects in the presence of the minister in charge of the project field to promote coverage by the media from the perspective of "Assistance that shows the face of Japan", and actually covered by many newspapers and other media.

JICA makes efforts to publicize JICA projects by distributing press releases to Japanese and local mass media, and posting information on the Facebook (FB) account owned by the Peru Office. The knowledge gained by former trainees of technical cooperation is being relayed to local society through reunions of trainees that have returned to Peru and it publicizes the cooperation record of Japan. Furthermore,

a JICA library video is introduced on FB once a week as part of the efforts to publicize and disseminate the knowledge and technology of Japan. The number of views of the FB posts / videos of the JICA Peru Office is ranked in the top class of entire JICA Offices.

#### (b) Public Relations in Japan

Public Relations in Japan mainly consist of the posting of the Country Development Cooperation Policy and Rolling Plans on the websites of MOFA and the Embassy of Japan in Peru, posting of press releases and related information on the MOFA website upon Exchange of Note of Grant Aid and ODA Loans to Peru, and the distribution of the Diplomatic Bluebook, the White Papers on Development Cooperation, ODA e-mail newsletters and videos. In addition, continuous outreach targeting the Japanese media (news services, large newspapers, TV) in Brazil, a neighboring country, is being conducted to promote coverage in Japan of JICA projects in Peru. In addition, JICA is also working to promote public awareness of JICA projects by following up on the activities of old cooperation volunteers (OV) that have been dispatched to Peru return home through JICA's offices in Japan. The activities of the JICA Peru Office are also frequently mentioned on external FB accounts with a large number of followers that distribute news and events related to Peru in Japanese, which are seen to contribute to PR activities in Japan.

#### (3) Status of Cooperation / Coordination with Other Donors, International / Local NGOs and Related Agencies in Japan

In addition to the exchange of opinions with individual donors, the cooperation framework of JICA with multilateral donors (IDB: CORE, World Bank: Deep Dive) is being utilized to facilitate ongoing discussion.

Four-party meetings are held that are attended by the Embassy of Japan in Peru, JICA, JETRO and JOGMEC, the ODA Task Force meets to exchange opinions, and various other diverse opportunities for the exchange of opinions are provided as appropriate, including Japanese-Peruvian associations and related organizations, and Japanese companies in Peru.

Another notable point consists of the close cooperation / involvement between Japan and Peru over many years when operating the El Fondo General de Contravalor Perú-Japón (FGCPJ) (Counterpart Fund Office) and implementing various projects. A counterpart fund is a fund established as part of arrangement of grant aid that recovers the fund by selling equipment and products procured by the grant projects. In principal, food aid and economic and social development programs require that counterpart

funds be accumulated in domestic currency in an independent account in the name of the recipient country. The FGCPJ is an acting committee comprised of representatives of the Government of Peru (MinRREE, APCI) and of the Government of Japan (Embassy of Japan, JICA) which utilizes the above counterpart funds in accordance with regulations set up by this acting committee in order to provide funding and technical assistance for socio-economic development projects targeting the poor population in rural areas. The conditions for subsidies that are contributed by this acting committee are prescribed in the agreement concluded with the implementation agency (mainly local government entities), and the projects are formulated, implemented and performed in compliance with technical / legal standards in Peru. During implementation of each project, and until the project is completed and usage starts, monitoring and support, including visits to construction facilities, are performed by the counterpart fund office. In addition, training to strengthen capacity of FGCPJ staff, joint seminars of FGCPJ and university researchers in Japan and Peru are conducted by means of JICA technical assistance, and various other proactive cooperation activities have been confirmed.

#### (4) Social and Ethnic Considerations (Gender, etc.)

When formulating plans and implementing individual projects, measures are provided with considerations as required for residents, which comply with JICA Guidelines for Environmental and Social Considerations and the laws / regulations of the country.

There are large-scale personnel turnovers due to the administrative change every four years for local governments and every five years for the central government, making it difficult for the technology transferred and knowhow accumulated to take root. Therefore, in order to enable technology to take root that will not be influenced by personnel turnovers, efforts are being made from the time of project formulation, to ensure that technology is transferred properly at the institutional level, that know-how is transferred through guidelines and manuals, and that projects are formulated at the university and research institution level, which is not affected by personnel changes in the administration.

When JICA projects are formulated, a judgment is made as to whether or not there is gender related activity content for each individual technical cooperation project to be considered for formulation in the regular request survey, and used to determine whether or not the project should be formulated. Furthermore, gender statistics are used as clear indicators for each technical cooperation project, and visualization has been requested from the Peruvian side by means of gender mainstreaming, and an even more proactive approach for this is needed in the future.

#### (5) Summary of Appropriateness of Processes

[Rating: Highly Satisfactory]

It can be said that appropriate discussions with related parties are held at the needed timing for policies for Japan's assistance to Peru. In addition, basic implementation system preparation, uptake of needs, individual project implementation based on assistance priority areas for Peru, monitoring and public relations are being performed in the implementation process. Therefore, the appropriateness of processes is evaluated as highly satisfactory.

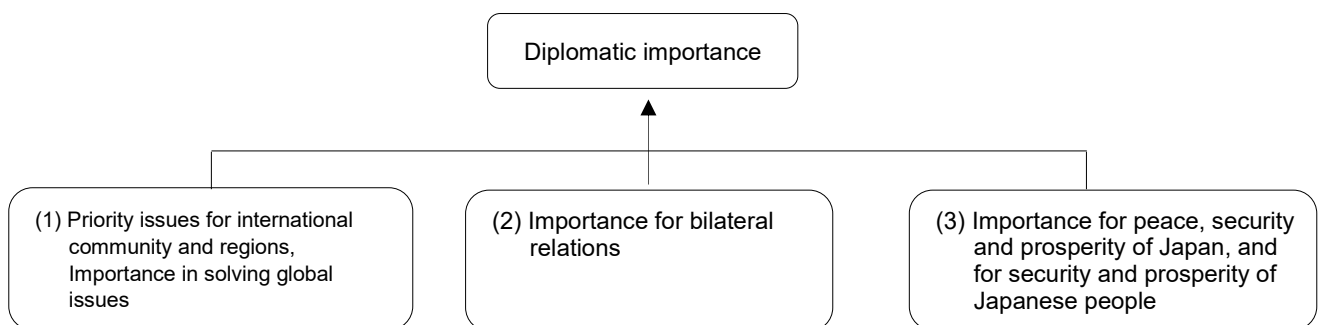


## 3-2 Evaluation from Diplomatic Viewpoints

### 3-2-1 Diplomatic Importance

In this section, the diplomatic importance of Japan's assistance to Peru is verified for the three items listed below.

- Importance for improvement in priority issues of international community and regions, and global issues
- Importance for bilateral relations
- Importance for peace, security and prosperity of Japan, and for security and prosperity of Japanese people



**Figure 17: Verification Items for Diplomatic Importance**

#### (1) Priority Issues for International Community and Regions, Importance in Solving Global Issues

Japan values Latin American countries as economic partners for mutual growth, and the public and private sectors are working together to promote and facilitate trade and investment relations between Japan and Latin America. The Government of Japan is promoting the overseas business deployment of Japanese companies and working to strengthen economic relations through EPA, investment agreements, promotion of the establishment of tax treaties and other legal frameworks, and discussions based on this type of framework which contribute to the creation of a business environment that promotes trade and deployment of companies.

In addition, Japan and Peru are cooperating and working together on a number of international common issues, such as disaster prevention including earthquakes and tsunami, environmental and climate change issues, nuclear disarmament and non-proliferation, reform of the UN Security Council, North Korean issues, and South China Sea and East China Sea issues.

#### (2) Importance for Bilateral Relations

Regarding the relationship between Peru and Japan, the facts that both countries have a diplomatic relationship which exceeds 140 years and are strategic partners

which share universal values were reaffirmed at the foreign ministers' meeting in 2020, and a Japan-Peru tax treaty was signed in the same year, indicating the high level of the relationship between Japan and Peru.

In addition, 2014 and 2018 were important years when thinking about the diplomatic concepts stated by Japan for Latin America, including Peru. Up until 2014, Japan had focused on strengthening economic ties with the Latin American region, which includes many of the fastest-growing emerging economies in recent years, such as Peru, as a production and export base in the global economy, a major supplier of resources, and a promising market. When then Prime Minister ABE Shinzo visited this region between July and August in 2014, the three guiding principles for Latin America of: (1) Progress together (strengthen economic relationship), (2) Lead together (collaboration in international community), and (3) Inspire together (promoting human exchange, cultural exchange and sports exchange) were proposed. Japan's relationship with Latin America has been strengthened since then based on these three guiding principles. Furthermore, Prime Minister ABE proposed the three principles between Japan and Latin America of "Enhancement of Connectivity (connectivity of economies, values, and wisdom)" as the next step in December 2018.

(3) Importance for Peace, Security and Prosperity of Japan, and for Security and Prosperity of Japanese People

It has been confirmed that high-level discussions that include the flow of key figures have continuously taken place between Japan and Peru since 2011, and it is thought that closer exchange and promoting understanding between political leaders through the travel back and forth of important persons will contribute to the security and prosperity of Japanese expatriates in Peru and the Japanese Peruvian community.

**Table 15: Travel Record of Key Figures between Japan and Peru  
(2011- 2020)**

Year	Visit to Peru	Visit to Japan from Peru
2011		Minister of Foreign Trade and Tourism Ferreyros (at that time) First Vice President Giampietri (at that time)
2012		President Humala (at that time), Minister of Economy and Finance Castilla (at that time)
2013	Minister for Foreign Affairs Kishida (at that time), State Minister of Cabinet Office Nishimura (at that time)	Minister of Energy and Mines Merino (at that time), Minister of Agriculture and Irrigation Milton von Hesse (at that time)
2014	Minister of the Environment Mochizuki (at that time)	President of Congress Otárola (at that time)
2015	Deputy Prime Minister and Finance Minister	Chairman of the Central Reserve Bank Velarde

Year	Visit to Peru	Visit to Japan from Peru
	Aso (at that time)	
2016	Prime Minister Abe (at that time), Minister for Foreign Affairs Kishida (at that time)	
2017		First Vice President and Minister of Transport and Communication Vizcarra (at that time)
2018	Minister for Foreign Affairs Kono (at that time)	Minister of Transport and Communication Trujillo (at that time)

Source: <https://www.mofa.go.jp/mofaj/area/peru/data.html#section6>

#### (4) Summary of Diplomatic Importance

Japan is promoting the overseas business deployment of Japanese companies and working to strengthen economic relations through EPA, investment agreements, promotion of the establishment of other legal frameworks, and discussions based on this type of framework which contribute to the creation of a business environment that promotes trade and deployment of companies. In addition, Japan and Peru are cooperating and working together on a number of international common issues, such as disaster prevention including earthquakes and tsunami, environmental and climate change issues, nuclear disarmament and non-proliferation, reform of the UN Security Council, North Korean issues, and South China Sea and East China Sea issues.

Furthermore, a tax treaty between Japan and Peru was signed in 2020, while up until 2014 Japan focused on strengthening economic ties with the Latin American region as a production and export base in the global economy, a major supplier of resources, and a promising market. The strengthening of economic relations between the two countries has been implemented in line with the three guiding principles for Latin America of: (1) Progress together (strengthen economic relationship), (2) Lead together (collaboration in international community), and (3) Inspire together (promoting human exchange, cultural exchange and sports exchange) since 2014, and the three principles between Japan and Latin America of “Enhancement of Connectivity (connectivity of economies, values, and wisdom)” since 2019. Furthermore, it has been confirmed that high-level discussions that include the flow of key figures have continuously taken place between Japan and Peru since 2011, and it is thought that closer exchange and promoting understanding between political leaders will contribute to the security and prosperity of Japanese expatriates in Peru and the Japanese Peruvian community. From this point of view, Japan’s ODA to Peru has diplomatic importance.

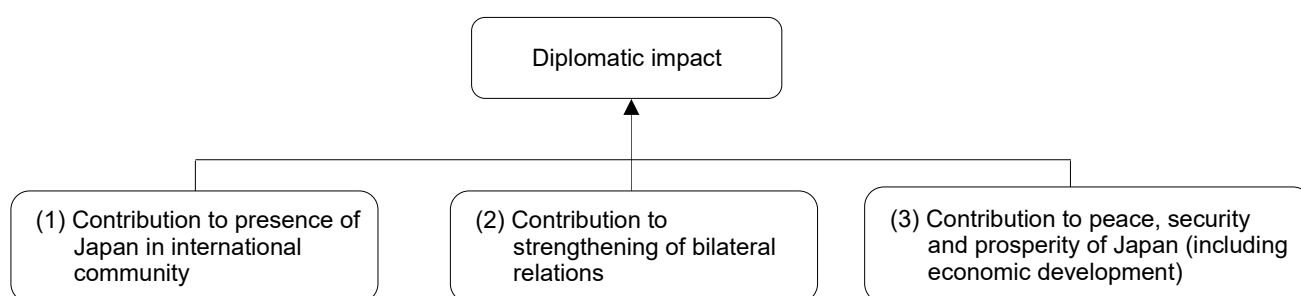
#### 3-2-2 Diplomatic Impact

In this section, the diplomatic impact of Japan’s assistance to Peru is verified for

the three items listed below.

- Contribution to presence of Japan in international community
- Contribution to strengthening of bilateral relations
- Contribution to peace, security and prosperity of Japan (including economic development)

The verification method for the diplomatic impact is shown below.



**Figure 18: Verification Items for Diplomatic Impact**

#### (1) Contribution to Presence of Japan in International Community

In the field of economy, supply chain connections have been strengthened, indicated by the fact that the number of facilities of Japanese companies in Latin America has nearly doubled from five years ago, and efforts are being made to promote free trade between Latin American countries through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11 Agreement), in which Japan, Peru, Chile and Mexico are participating.

Top-level meetings and foreign ministers' meetings were held at the Asia-Pacific Economic Cooperation (APEC) meeting that was held in Vietnam in November 2017, at which time it was confirmed that steady progress was being made with the "strategic partnership", and that exchange would be strengthened in a wide range of fields in preparation for the "2019 Year of Japan-Peru Exchange".

In addition, Peru has again expressed support for Japan becoming a permanent member of the reformed UN Security Council, and both countries have reaffirmed the importance of reform of the UN Security Council in order to better reflect the reality of international community in the 21<sup>st</sup> century and heighten its legitimacy, viability and representativeness, and expressed its determination to cooperate in achieving this reform at the earliest point possible.

#### (2) Contribution to Strengthening of Bilateral Relations (promoting friendship)

The record of bilateral exchange between Japan and Peru that was conducted during the evaluation target period is shown in Table 16.

**Table 16: Record of Bilateral Exchange between Japan and Peru**

Year	Record
2011	<ul style="list-style-type: none"> <li>• Japan-Peru summit meeting (November)</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Discussion concerning participation in TPP agreement negotiations (January)</li> <li>• Japan-Peru EPA takes effect (March)</li> <li>• Visit by President Humala (at that time) and his wife (May)</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Visit by Minister for Foreign Affairs Kishida (at that time) (End April – May)</li> <li>• Ceremony to commemorate the 140th anniversary of the establishment of diplomatic relations (August)</li> <li>• Summit meeting between Prime Minister Abe (at that time) and President Humala (at that time) (In Russia, October)</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Visit to Their Imperial Highnesses Akishino and Princess (January)</li> <li>• Japan-Peru summit meeting (In Beijing, China, November)</li> </ul>
2016	<ul style="list-style-type: none"> <li>• Meeting between Minister of Foreign Affairs Luna (at that time) and Minister for Foreign Affairs Kishida (November)</li> <li>• Prime Minister Abe (at that time) attends APEC meeting (November)</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Visit by Minister for Foreign Affairs Kono (at that time) (August)</li> <li>• Foreign Ministers' meeting (During APEC meeting) (November)</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Foreign Ministers' meeting (May)</li> <li>• Japan-Peru tax treaty signed (November)</li> </ul>

Source: Diplomatic Blue Book (2011-2021)

Furthermore, some examples of assistance implemented by Japan from 2011 to the present time which has contributed to promoting friendship between both countries are described in this section. All of these projects are responding to the needs of Peru, providing support for development in Peru and helping to solve issues, promoting the amicable feeling among the people of Peru, and promoting friendship between both countries.

➤ Non-project grant aid: “Provision of Japanese Next Generation Eco-Friendly Vehicles to Peru”

Minister for Foreign Affairs KISHIDA (at that time) visited Peru in April 2013 which marked the 140<sup>th</sup> year of the establishment of diplomatic relations between Japan and Peru, and signed the E/N for the non-project grant aid for provision of Japanese next generation eco-friendly vehicles to Peru, which was widely covered in the media (contributed to strengthening of bilateral relations).

At COP20 (20<sup>th</sup> Conference of Parties on the United Nations Framework Convention on Climate Change) which was held in Peru in December 2014, of the eco-friendly vehicles provided, 171 were used to transport the participating delegations, providing an excellent opportunity to promote Japan's eco-friendly vehicles with high fuel efficiency and other features, and to demonstrate its environmental measures. In

addition, this helped boost awareness concerning environmental considerations in Peru (strengthening of exhaust gas regulations, investigation of measures to promote spread of various eco-cars).

Furthermore, these vehicles are being used as official vehicles by the central government, including the cabinet, are directly and indirectly exposed to a wide range of the general public (through mass media and other organizations), a Lexus was used to drive the President on Independence Day, and this was viewed by a huge number of people on a national broadcast. End-users of the vehicles provided, including minister-level officials, have made many positive comments concerning their ease of use and fuel economy, and this has created a favorable image for the recent introduction of Japanese cars as police vehicles. Additionally, Toyota has maintained the number one position in sales of cars in Peru, contributing to a continued favorable image for Japanese products.

➤ Grant Assistance for Grassroots Projects: “Emmanuel Association”

Japan has provided grant assistance to the Emmanuel Association multiple times since 1992. This association is a charity organization affiliated with the Peruvian Japanese association, is operating the Emmanuel Medical Clinic with an orphanage, and is providing vaccination and health education to the poor in metropolitan Lima in addition to ordinary medical care, and pursues an important mission. Her Imperial Highness Princess Mako went to see this clinic when she visited Peru in 2019, serving as a model case for the promotion of friendship between both countries.

(3) Contribution to Peace, Security and Prosperity of Japan (including economic development)

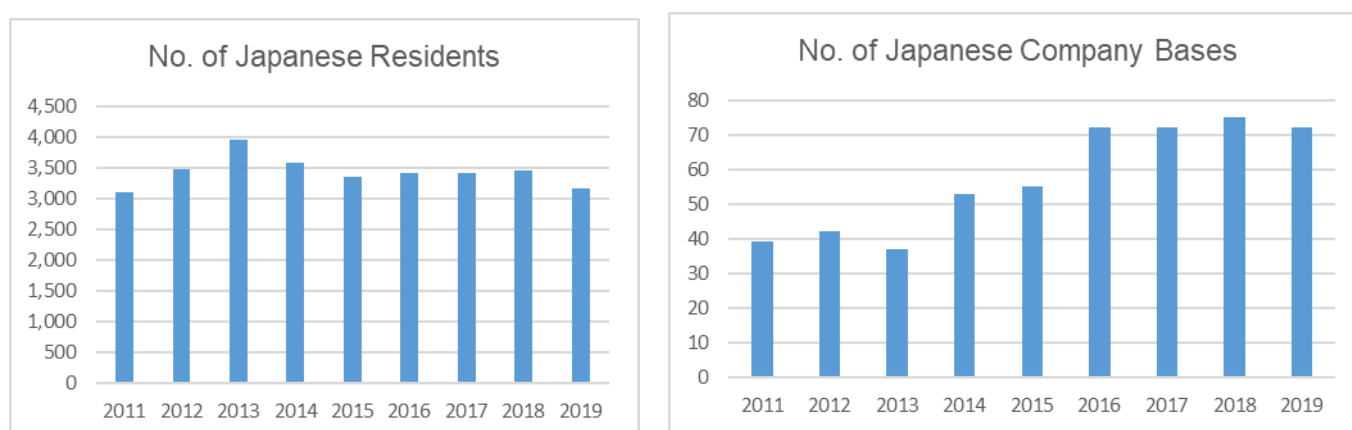
- Impact on strengthening economic relationship promoting business deployment by Japanese companies

The following trends were found when confirming the overseas deployment status of Japanese companies in order to examine the impact on strengthening the economic relationship.

- The following table shows the estimated number of Japanese expatriates by country. Although the number of Japanese expatriates has gradually decreased since 2014, it has maintained an overall rank of about 30 in the country.
- The estimated number of Japanese expatriates and Japanese company facilities in the country is shown below. Although the number of long-term Japanese residents has decreased, there has been an increase in permanent residents, with a level of above 3,000 maintained for 10 years. On the other

hand, the number of Japanese company facilities is ranked below 50 overall, but has been gradually increasing.

Year	No. of Japanese Residents	No. of Japanese Company Bases
2011	3,105	39
2012	3,473	42
2013	3,949	37
2014	3,585	53
2015	3,353	55
2016	3,408	72
2017	3,410	72
2018	3,461	75
2019	3,174	72



Source: Statistics on the number of Japanese expatriates in Peru (2011-2020)

**Figure 19: Number of Japanese Expatriates and Number of Japanese Companies Operating in Peru**

The advancement of Japanese companies has been driven by the economic growth and economic potential of Peru, and the relationship between Japan and Peru is widening in various fields. In particular, dialog is taking place in private sector fields and discussions are being held among private sector actors, forums for discussion are held between the public and private sectors, and people at various levels including the administrative level are traveling back and forth. In those circumstances, ODA may have also helped Japanese companies to enter the market.

#### (4) Summary of Diplomatic Impact

There is an ongoing record of exchange between Japan and Peru since 2011. The cooperative relationship between Peru and Japan has increased in the economic field and in exchanges. Furthermore, there have been numerous cases where the results of the projects have contributed to the promotion of friendly relations between the two countries. There has been no significant decrease in the number of Japanese expatriates in Peru, and the number of Japanese companies operating in Peru has

increased. Thus, it can be confirmed that Japan's ODA to Peru has had a diplomatic impact that has increased the appreciation of Japan and established a better relationship between the countries.

\*\*\*\*\*



## Chapter 4 Recommendations

### (1) Maintain Basic Policy of "Contributing to Sustainable Economic Development"

Peru, which accomplished continuously positive growth as a leading Latin America nation throughout the 2000s and which was on track to join the OECD, has experienced years of political crises in the latter half of the 2010s followed by the disaster of the novel coronavirus, which has been called the worst-case scenario on the South American continent, and this has cast a temporary shadow on this nation's sustainable economic development. Recovering Peru from this situation, and supporting sustainable economic development through various ODA schemes for getting the nation back on its former growth trajectory is in line with the needs of Peru. It is also important in regard to diplomacy to strengthen bilateral relations and cooperating in solving global issues.

### (2) "Selection and Concentration"

Japan should continue to support the three priority areas through various ODA schemes. Challenges and social needs such as "improving socioeconomic infrastructure and correcting economic disparities", "environmental measures" and "disaster prevention and recovery measures" remain unchanged, and the basic development course for Peru has also not changed. Sufficient strategic selections were made at the stage of examining the previous Country Development Cooperation Policy (the previous Country Assistance Policy). Priority areas are all ones in which there are high expectations for the utilization of Japanese technology, and there is also a need to continue support in the future. Even if a limited ODA budget is invested in other fields, considering the scale of the needs in Peru, it is inherently difficult to meet them only with Japan's ODA. Coordination with other funds and activities (international organizations and other donors, the Government of Peru, and the private sector) remains an essential point.

### (3) Strengthen Cooperation with Funds and Activities of Diverse Entities

In view of the effective utilization of Japan's ODA budget and a fall in assistance capital to Peru in future, it is much more important to strengthen coordination with various ODA schemes and the funds and activities of diverse entities that are contributing to development. From this point of view, various ODA modalities should form and implement successful projects through the proactive use of aid modalities in coordination with the private sector (such as overseas investment and loan, private partnership programs, and science and technology research partnership for

sustainable development : SATREPS). Good examples of past projects include utilization of the results of long-term support, public-private partnerships (private partnerships and SATREPS in the area of earthquake disaster prevention), partnerships with international organizations and Japanese communities (overseas investments and loans in cooperation with IDB and Japanese companies), and the use of counterpart funds for social development projects in rural areas. It is necessary to grasp in detail the needs of Peru in these fields, to have matching opportunities with Japanese companies with technologies that can feasibly be utilized, and to provide information at a higher level than ever before, for private sector participation, and especially for linking the expansion of business opportunities for private companies to development support in priority areas. Various trials and achievements in inter-project cooperation and cooperation with international organizations has been confirmed in this evaluation, and it is important to continue to focus on these. In addition, it is effective to explore further possibilities for utilizing diverse financial sources that are consistent with support for priority areas, such as the use of the green climate fund GCF to address the urgent and pressing issue of climate change.

#### (4) Necessity of Continuing Technical Cooperation that Leads to Long-Term Human Resource Development

Peru is assuming that the amount of assistance will decrease as the level of economic income increases in the future, and is desirous of deploying new technologies of Japan through technical assistance for future independent development growth. In order to respond to Peru's needs in terms of support in priority areas, in addition to the technologies of private companies mentioned above, it is possible to further deepen cooperation between universities and research institutes by utilizing better support for start-ups at universities and SATREPS.

#### (5) Maintain "Cooperation with Nikkei Community"

Evaluating the implementing status of Japan's ODA to Peru shows that the Japanese-Peruvian communities, various related organizations and associations that have built up trust within Peruvian society over a long period of history, and Japanese-Peruvian experts and staff that can be found in every corner of Peruvian society, are making significant contribution to effective ODA implementation and ultimately to Japan's diplomacy. The Japanese-Peruvian community, serves as a receiver of Japanese ODA projects, as well as bridge-builder for development benefits to Peruvian society as a whole, based on its wide human network and stable organizational management capabilities. In view of this, not only traditional cooperation (direct support to Japanese-Peruvian related associations, young Japan Overseas Cooperation

Volunteers for Japanese-Peruvian associations, and senior Overseas Cooperation Volunteers) contributes to Japanese-Peruvian society maintaining its identity and further enhancing its cultural, social and economic status, but also other cooperation schemes (Nikkei Grants and Nikkei Supporters) are effective means of maintaining these Japanese-Peruvian descendants as cooperative Japanese ODA partners, and it is hoped that they will continue to do so in the future.

#### (6) Responding to Infrastructure Needs in Consideration for Peru's Natural Environment and the Impact of Climate Change

Each of the three priority areas of development includes infrastructure needs. Support for through various ODA modalities needs to be reviewed on a continuous basis, but when doing so, it is necessary to take into account the natural environment of target areas and the impact of climate change. There is a necessity to introduce technologies that contribute to the sustainable use of limited resources (e.g. water supply and sanitation: water leakage countermeasures, reuse of treated sewage water, agriculture: water-saving technologies, forestry management), climate change mitigation measures (e.g. renewable energy) and adaptation measures (e.g. disaster prevention infrastructure). On the other hand, with regard to infrastructure development, sufficient consideration needs to be given to the ability of local governments to implement projects under the decentralization promoted by the Government of Peru, the proper implementation of environmental and social considerations in the context of Peru's lack of well-developed and operational domestic laws, especially for interactions with local residents and support for the formation of consensus among concerned stakeholders in order to avoid social problems associated with infrastructure development.

\*\*\*\*\*