

Chapter 2

**Ex-post
Evaluation**

Country-Program Evaluation



Project Site Mexico (Nationwide)

1. Background and Objectives of Evaluation

In the 1990s, the governments of industrialized countries accelerated system reforms in their public sectors for political, economic and social reasons.

Since these system reforms were extended to aid organizations, donor agencies were obligated to produce and document substantial outcomes from the aid provided to developing countries. Aid organizations had thus applied Logical Framework (or Project Design Matrix) in order to make aid projects effective, while the Logical Framework was developed mainly to increase the efficiency of each particular project, but not to improve a comprehensive aid program. Today, however, it is expected to produce an integrated outcome, which will bring about holistic solutions to development issues through the contributions made by various projects as a whole. It is, therefore, necessary to establish a framework that enables development assistance to produce a comprehensive outcome rather than individual projects outcomes.

Against this background, construction of a framework of Country-Program Evaluation (CPE) is in progress on the initiative of OECD in collaboration with donor countries and international organizations. "The Country-Program Evaluation on Mexico" was therefore planned and conducted by JICA in an effort to contribute to creating such an evaluation framework.

Objectives of this evaluation were as follows:

- 1) By evaluating the contribution of JICA aid to the development of Mexico in the past ten years from 1988 to 1998, i.e. from the time of the former Salinas administration to the then Zedillo administration, to clarify the problems and issues relating to the aid, and draw recommendations which would make the aid to Mexico more effective.
- 2) To draw lessons applicable to other countries to which JICA extends technical cooperation.

2. Evaluated Programs/Projects

This study reviewed twenty-seven programs and projects, implemented during the period from 1988 to 1998, which consisted of twenty-four technical cooperation and grant aid projects in addition to three programs, namely the Acceptance of Trainees program, the Dispatch of Experts program and the Japan Overseas Cooperation Volunteers (JOCV) dispatch program. (Refer to Table 3)

3. Evaluation Process

(1) Dispatch of Evaluation Team

The evaluation team was dispatched twice. On the first visit, the team discussed the study with the Mexican Institute for International Cooperation (IMEXCI) and set up an evaluation framework by signing the minutes of discussion. On the second visit, the team divided itself into two groups; one for "needs identification sub-frame and aid policy sub-frame" and the other for "programs/projects evaluation sub-frame." Both groups conducted an on-site evaluation study and interviews.

- 1) First Dispatch (18 September 1999-01 October 1999)

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Aid Policy Evaluation:

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Evaluation Planning:

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Center

2) Second Dispatch (3 February 2000-1 March 2000)

<Program Evaluation Team>

Team Leader:

Nobuhiro KOYAMA, Development Specialist, JICA

Program Evaluation 1:

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(2) Joint Evaluation with IMEXCI

The evaluation team conducted the evaluation on site in collaboration with IMEXCI exchanging a wide range of views.

IMEXCI

Mr. Abel Abarca Ayala, Director General, Science and Technology Cooperation Bureau

Ms. Cristina Ruiz Ruiz, Director, Cooperation Programs In-country Implementation Department, Science and Technology Cooperation Bureau

Mr. Efrain del Angel Ramirez, Chief, Cooperation Program Division, Science and Technology Cooperation Bureau

Ms. Judith Garcia Hernandez, Japanese Technical Cooperation Program Coordinator, Science and Technology Cooperation Bureau

Ms. Nora Elia Cabrera de la Cruz, Program Coordinator, Science and Technology Cooperation Bureau

(3) Study Schedule

September to October 1999:

Preliminary study, exchange of minutes of meetings concerning the joint evaluation with IMEXCI

October 1999 to January 2000:

Reporting of Inception paper, preparation in Japan

February to March 2000:

Full-scale study

July 2000:

Final report making reflecting comments from Mexico side

18 September 2000:

IMEXCI/JICA Joint Evaluation seminar in Mexico City

20 September 2000:

IMEXCI/JICA Joint Evaluation seminar in Veracruz City

4. Framework of Country-Program Evaluation

This evaluation study consisted of three sub-frames: (1) needs identification, (2) programs/projects evaluation and (3) aid policy as illustrated in Fig. 1.

(1) Needs Identification Sub-Frame

This sub-frame clarified the change in domestic and overseas development needs of Mexico by analyzing the changes to national policies and national development plans during the period from the former Salinas administration to the then Zedillo administration.

(2) Programs/Projects Evaluation Sub-Frame

The programs/projects evaluation sub-frame consisted of three types of evaluations: (a) individual project evaluations, (b) sector evaluations and aid scheme evaluations done by summarizing a number of individual project evaluations and (c) country-program evaluation as a comprehensive evaluation done by summarizing all the projects and programs.

Evaluated sectors and aid schemes were as follows:

Seven sectors:

mining and manufacturing industries, transportation, environment, education, disaster prevention, health, and agriculture.

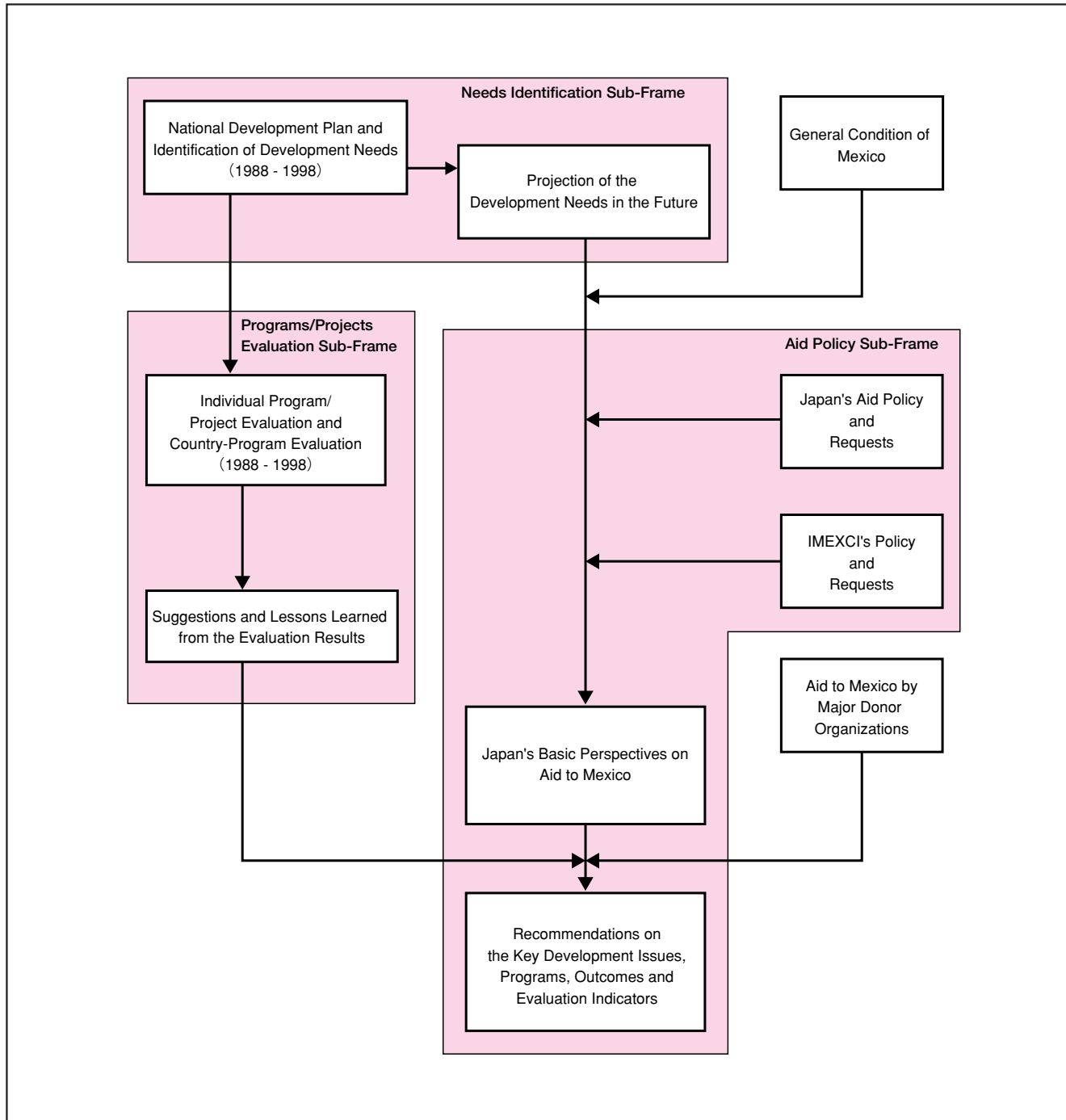
Seven aid schemes:

Project-type Technical Cooperation (including Experts Team Dispatch Program and Research Cooperation), Third-country Training, Grant Aid, Development Studies, Acceptance of Trainees, Dispatch of Experts, and Japan Overseas Cooperation Volunteers.

(3) Aid Policy Sub-Frame

The aid policy sub-frame identified, as the first step, the development issues to be addressed, based on the results of the needs identification sub-frame and the programs/projects evaluation sub-frame. It also taking into account the roles and functions of ODA in Mexico, Japan's basic aid policies, the Japanese Embassy's point of view, JICA's perspective on aid to Mexico, IMEXCI's expectations for Japan aid, and the main donors' policies of aid to Mexico. As the second step, in order to address the identified development issues of Mexico, the aid policy sub-frame studied and suggested "objectives",

Fig. 1 Framework of the Country-Program Evaluation Study



"programs for achieving objectives" and "indicators for output-oriented evaluations", with an eye to "results-oriented approach", taking account of the discussions in joint meetings with government officers of Mexico, academics, the business sector and staff of NGOs, and the results of the "Regional Disparities Survey" conducted by a local consultant.

5. Evaluation Results and Recommendations of Needs Identification Sub-Frame

In order to identify the development needs of Mexico, the needs identification sub-frame team carried out the following surveys: (a) review of the national development policies of the former Salinas administration (1989-1994) and the then Zedillo administration (1995-2000), (b) interviews with related government officers, (c) joint meetings with local governments, universities, economic circles and NGOs, and (d) site visits to cooperation programs/projects implemented in the past. The main

Table 1 National Development Plan of Mexico (Salinas Administration and Zedillo Administration)

Sector	Salinas Administration (1989-1994)	Zedillo Administration (1995-2000)
0. National Plan	0.1 National sovereignty and security 0.2 Promotion of Democratization 0.3 Economic recovery and stabilization of prices 0.4 Improvement of standard of living	0.1 Consolidation of national sovereignty 0.2 Improvement of legal systems 0.3 Promotion of democratization 0.4 Placing importance on social development 0.5 Promotion of economic growth
1. Economy	1.1 Continuation of economic stabilization 1.2 Expansion of financial resources for production investments 1.3 Promotion of economic modernization	1.1* Increase of domestic savings 1.2* Consolidation of the bases for economic stability and certainty 1.3 Effective use of resources for economic growth 1.4* Environmental policy for sustainability of natural resources 1.5 Implementation of sectoral policy for supporting general policy
2. Agriculture	2.1 Expansion of farm scale 2.2 Decentralization of agricultural administration 2.3* Defining of land tenure 2.4 Improvement of agricultural productivity 2.5 Expansion of land for agricultural production 2.6 Revision of agricultural finance and insurance policy 2.7 Promotion of agricultural investment 2.8* Revision of agricultural products prices	Increased incomes for farmers 2.1 Support for agricultural expansion and technological innovation 2.2* Improvement of local roads and storage facilities 2.3* Promotion of effective land reform 2.4 Introduction of new technology for research and development and private investments 2.5* Implementation of training that meet local needs 2.6 Reform of agricultural finance 2.7 Improvement of agricultural market information system 2.8 Improvement of quarantine system for realizing agricultural liberalization
3. Social Development	National Solidarity Program * For communities 3.1 Targets: indigenous and rural communities 3.2 Fields: nutrition, education, health, land and housing, and others. 3.3 Method: improvement of infrastructure	Education, Health and Nutrition Program (PROGRESA) Break the vicious cycle of poverty * For poor families 3.1 Nutrition component 3.2 Health component 3.3 Education component
4.. Health	4.1 Qualitative improvement of health services 4.2 Placing importance on the poor people in rural and urban areas 4.3 Modernization of health system 4.4 Decentralization of health administration 4.5* Improvement of "Health Municipality Program"	Qualitative improvement of health services and expansion of service areas 4.1 Revision of health systems 4.2 Dissemination of basic package (vaccinations, nutrition and reproductive health) 4.3* Administrative decentralization to state and municipality governments 4.5 Improvement of social security systems 4.6 Placing importance on human resources development
5. Education	Modernization of education 5.1 Extension of school age 5.2 Qualitative improvement of education system 5.3 Decentralization of educational administration 5.4 Participation of local communities in education 5.5 Reform of educational administration and decentralization	Education for all youth and children 5.1 Sweeping reform of education in backward areas 5.2 Respect for indigenous culture and promotion of education for indigenous people 5.3* Improvement of school facilities and utilization of information technology 5.4* Retraining and qualitative improvement of teachers 5.6* Placing importance on strategic secondary education and higher education
6. Vocational Training	Emerge from technological backwardness and provide opportunities for training in industrialized countries 6.1 Placing importance on technical education meeting the needs of industrial circles 6.2 Technological integration of schools and enterprises	6.1 Education which satisfies vocational needs 6.2 Introduction of "Work Skill Certification (WSC)" 6.3 Linking technical education and local industries 6.4 Placing importance on information technology
7. Institutional Capacity Building	None in particular	7.1 Decentralization of science and technology activities 7.2 Integration of area study and education system 7.3 Activation of interzonal movement of labor force by WSC
8. Natural Environment	8.1 Rational management and utilization of ecosystem 8.2 Establishment of a national system for nature conservation areas 8.3 Enforcement of various measures for biodiversity 8.4 Administrative coordination for protection of natural environment 8.5 Research for protection and regeneration of extinct species	8.1 Ecotourism in nature conservation areas 8.2 Purification of contaminated water system 8.3* Forestry development consistent with forest conservation 8.4 Soil conservation and tight control consistent with income and production increase 8.5 Promotion of fishery industry consistent with conservation of fishery resources 8.6* Decentralization of environmental and natural resources conservation administration
9. Urban Environment	9.1* Introduction of methods for assessment and projection of urban environment 9.2 Collaboration of systems and sectors for urban environment assessment 9.3 Developing a list of extremely damaging activities 9.4 Identification of high risk areas through collaboration with central and local governments 9.5 Support for the assessment of environmental risk factors 9.6* Tightening of environmental regulations with incentives	9.1 Establishment of environment improvement programs for heavily polluted urban areas 9.2 Restoration of sites severely affected by dangerous waste 9.3 Purification of heavily contaminated water systems 9.4 Establishment and improvement of infrastructure for water resources supply 9.5 Establishment and improvement of water supply and drainage facilities 9.7 Utilization of trainings and financial assistance for environment 9.8 Decentralization of environmental administration
10. Central America & Caribbean Countries	10.1 Placing importance on Guatemala and Belize 10.2 Continue the support for the Central American countries upon request 10.3 Placing importance on cooperation with Colombia and Venezuela 10.4 Placing importance on Cuba with which it is closely related historically and culturally	10.1 Placing importance on friendship and cooperation with the Central American and the Caribbean countries 10.2 Placing importance on Guatemala 10.3 Strengthening of relations with Belize and the Caribbean countries 10.4 Support of the restoration of Cuba to the world community of nations

* : indicate major difference between both administration
reference: National Development Plan of both administration

policies of the development plans formulated by the two administrations are listed in Table 2. Sectoral trends of development needs during the ten years are as follows.

(1) Agriculture

While it is generally regarded that the succeeding administration will continue to support the program of "Alliance with Rural Communities" started by the Zedillo administration, this program did not necessarily bring benefits to all targeted farmers. Therefore, in the future, a macro policy which supports the development of agricultural industries-through agricultural products processing and agricultural maquiladora (export bonded processing areas)-will contribute to achieving the program's objectives. Assistance to poor agricultural areas will be emphasized in the future including components such as crop diversification, aid to smallholders and fostering of farmer's small enterprises.

(2) Mining and manufacturing industries

The national development plan (1995-2000) aims to create employment for one million people through economic growth. To attain this goal, it is necessary to attract foreign direct investment, expand enterprises and introduce funds and technologies. In addition, the nurturing and enhancement of a young labor force is also very important, which will lead to high demand for education and training. Also, "industrial cluster promotion" is planned to create a sophisticated industrial structure. It is conceptualized to place large export enterprises at the top of the industrial cluster, and have them supported by subcontractors. The Government is to provide backup to the industries by offering services pertinent to human resources development, management guidance, finance, etc. For this purpose, establishment of "Regional Centers for Improving Competitiveness" started in 1997, with plans for one in every state. By strengthening these centers, industries in less developed regions are expected to be strengthened. While it is important to provide assistance to these activities, effective commitment of the public sector to the fields of mining and manufacturing must be further studied taking into account the fact that the private sector is playing significant roles in this field.

(3) Education

The Minister of Public Education submitted "Education Policy for 2000" to the President in 2000. There are three focal points as follows: (a) overall qualitative improvement of education, (b) enhancement of higher education such as quality improvement of bachelor's-degree level education and matching the curriculum of postgraduate education to social needs, and

(c) introduction of "qualification systems" aiming at qualitative improvement of technology education. Policies for technology education are (a) to improve the quality of technology education and (b) to meet the needs of enterprises and to strengthen associations with enterprises. As decentralization of education is proceeding, local governments are expected to play an important role in technology education, and capacity building of local governments consequently becomes a significant and highly required issue.

(4) Health

Pillars of the health policy of the Zedillo administration are as follows:

1) Modernization of the health sector

Aiming at qualitative improvement and high performance of health services, the efficiency of the health administration is intended to be improved by providing financial incentives to service providers. The supply and demand of health services is also expected to be better balanced.

2) Emphasis on cost-effectiveness

Giving priority to rendering assistance to the poor regions, where the indigenous people live, education and nutrition in these areas are expected to be improved.

3) Decentralization of health services

By the year 2000, Sixty percent of the national budget is targeted to the social sectors. Out of this 60 percent, the percentage allocated to local governments is expected to be raised to 80 percent.

4) Reform of health organizations

Aiming to establish a social insurance system, coordination and integration between the Ministry of Health and IMSS/ISSTE (Social Security Institute /State Workers' Social Security Institute) will be promoted. (Since this target has not been fully attained by the Zedillo administration, this policy is supposed to be taken over by the succeeding administration.)

The main objective of the health sector is to extend health services to the poor regions where the majority of indigenous people live, and high priority is attached to the states of Chiapas, Oaxaca, Hidalgo, Guerrero, Mexico, Veracruz, Nayarit and Chihuahua. Concerning ODA, while the central government will serve a liaison function, the state governments will be the main bodies to implement and manage ODA projects. Therefore, in the health sector, as well as in the other sectors, building capacity of the local governments becomes a significant issue.

(5) Dire Poverty Alleviation Measures (PROGRESA or new poverty alleviation programs of the new government)

According to the comments of the PROGRESA national coordinator, PROGRESA, which aims to break the "vicious circle of poverty," expanded its programs to the poorest rural areas, and in the future, the target of the program will be on urban poverty. Since urban poverty is extremely complicated with many aspects to consider, small-scale pilot studies are preferable in order to find feasible poverty alleviation measures. PROGRESA has a high reputation among the people concerned, such as politicians, local governments, NGOs and the private sector, and its budget has been increased. It is thus anticipated that the succeeding administration will continue to support PROGRESA. One important objective that remains to be realized is for the poorest people, whose basic human needs have been satisfied through the above mentioned programs, to find specific ways to support themselves independently through the various activities offered. Concerning the aid for poverty alleviation, it is necessary to consider it in conjunction with the dire poverty alleviation programs of the Mexican Government.

(6) Poverty Alleviation Measures (SEDESOL)

The goal of the SEDESOL programs is to establish mechanisms that enable poor local communities to be independent in the market economy. Fourteen SEDESOL programs are implemented separately, but not integrated to assist the independence of the communities efficiently. It is therefore necessary to effectively link the programs. In addition, many of the SEDESOL programs are large projects beyond the capability of the communities, and hence they do not necessarily meet the needs of communities nor secure the sustainability of projects after their completion. After the SEDESOL programs are terminated, the communities are supposed to continue running the projects independently with their self-help efforts. One of the major issues remaining is how to foster the self-help efforts of communities. Concerning the aid for poverty alleviation, the same as PROGRESA, it is necessary to consider it in conjunction with the Mexican government's poverty alleviation programs.

(7) Environment

There has been a growing sentiment for environmental protection after the Zedillo administration took over the government, and a number of environmental preservation systems from global perspectives were established, such as the forest programs of PRODEPLAN, PRODEFOR and PRONALE¹⁾. The "Environment Balance General Law" was enacted in 1996, the Forest

Law and its related regulations were legislated in 1997 and the Environment Law was amended in the same year. Recently, land conversion from forest to farmland has progressed rapidly in southern regions, and the application of the Zoning Law and the Environment Law, consequently, became difficult. The significance of forest preservation is widely recognized and an extensive agreement has been formulated inside and outside of the country. Forest preservation will be continued and further intensified, and hence the country is expected to establish appropriate management systems for the natural environment preservation including biological diversity preservation in the valuable ecosystems such as swamp land and tropical rainforests. In addition, with the continual population increase, the environment of metropolitan areas is increasingly degraded. Therefore, it is critical to address urban issues such as waste management. Concerning aid for the environment, the above stated issues must be taken into account.

(8) Decentralization

The budget allocation ratio from the central government to the local governments is planned to be increased to about 60 percent by the year 2000, specifically to 70 percent in the education sector, to 54 percent in the health sector and to 36 percent for poverty alleviation. Although the 1990s was an epoch of decentralization of public administration, there were large disparities in administrative capabilities of the local governments. The capability of poor southern states, where economic development is stagnated, is still very low. The improvement of their capability, therefore, is recognized as an important issue. Similarly, since the decentralization process has been further extended from the state governments to the municipalities, the enhancement of administrative capability of the municipalities is also becoming an important issue.

(9) Foreign aid

In the Zedillo administration, foreign aid to the Central American and the Caribbean countries has been extended focusing on Guatemala and Belize, and the IMEXCI was established in 1998 to oversee Mexico's aid. The Mexican foreign aid budget is about 1.5 to 1.6 million yen: 0.9 million yen for regional programs and 0.6

¹⁾ PRODEPLAN: Introducing the concept of commercial forests (for pulpwood, timber, etc.), the government subsidizes 65% of forestation cost.

PRODEFOR: Forest Development Program. For the forest development done by forest owners such as Indians, the government provides subsidies.

PRONALE: National Forest Program. The program to extend forestation areas from the metropolitan area to rural areas.

to 0.7 million yen for bilateral programs. The following improvements are considered necessary for Mexican foreign aid: (a) to establish an approval system for aid requests, (b) to review the scale of aid programs from the perspective of effectiveness, (c) to reinforce the aid system to be able to respond to middle-term to long-term aid requests (a three-month term is the longest term of the present system), (d) to allocate annual aid funds effectively and systematically, and (e) to make a public appeal to support foreign aid. Enhancing IMEXCI's

capacity is vital not only to realize these improvements, but also to achieve further ripple effects of the Japanese South-south Cooperation conducted through Mexico.

6. Evaluation Results and Lessons Learned and Recommendations of Programs/Projects Evaluation Sub-Frame

Firstly, the programs/projects evaluation sub-frame evaluated twenty-seven projects independently, which

Table 2 Classification of Evaluated Programs/Projects

Sector	Aid Scheme	Name of Program/Project
Agriculture	Project-type Technical Cooperation	Agricultural Development in Mining Towns in the Arid Areas
	Expert Team Dispatch	Basic Technology of Sericulture
	Research Cooperation	Efficient Use of Water for Agricultural Purposes
	Development Study	Master Plan Study on the Integrated Agriculture, Livestock and Rural Development in the Coast of Jalisco
	Grant Aid	Fishery Research Center
Mining and Manufacturing Industry	Project-type Technical Cooperation	Mineral Processing Plant Operation Technology
	Development Study	Modernization Plan of Beneficiation Plants of CFM
	Development Study	Rehabilitation of Mazatepec Hydroelectric Power Station
	Development Study	Master Plan for the Promotion of Supporting Industries
	Development Study	Mineral Exploration in Campo Seco Area
	Third-country Training	Digital Transmission Engineering
	Third-country Training	Mineral Processing and Analytical Technology of Minerals
Education	Project-type Technical Cooperation	Educational Television Training Center
Health	Project-type Technical Cooperation	Family Planning and Maternal and Child Health
Transportation	Development Study	Pacific Harbor Improvement Plan
	Development Study	Formulation of Investment Strategies for Tourism Promotion
	Third-country Training	Port Hydraulics Engineering
Environment	Development Study	Air Pollution Control Plan in the Federal District
	Development Study	Air Pollution Plan of Stationary Sources in the Metropolitan Area of the City of Mexico
	Development Study	Environmental Impact of Mining Activities and Countermeasures
	Development Study	Feasibility Study of Emulsion Combustion of Mexican Heavy Oil
	Development Study	Wastewater Treatment in the Federal District of Mexico
Disaster Prevention	Project-type Technical Cooperation	Earthquake Disaster Prevention
	Grant Aid	Earthquake Disaster Prevention Center
Others	Dispatch of Individual Expert	54 individual long-term experts were dispatched from FY 1988 through FY 1997 (year of return)
	Japan Overseas Cooperation Volunteers	23 volunteers were dispatched from 1994 (1st team) to 1996 (3rd team)
	Acceptance of Trainees	

Table 3 Standard for Five-point Rating Scale for Macro Evaluation Items of Project-type Technical Cooperation

Macro Evaluation Item	5	4	3	2	1
1. Effectiveness	Achievement rate of the expected objective is:				
	more than 100 %	more than 90%	more than 80%	more than 60%	less than 60%
2. Relevance	Summarizing the following four assessments, i.e. 1) conformity to needs of Mexico, 2) appropriateness of program/project planning, 3) participation of stakeholders in planning, and 4) identification of external factors necessary to link project purpose with overall goal, relevance is evaluated to be:				
	extremely high	high	acceptable	low	extremely low
3. Efficiency	From the perspective of the ratio of outputs to inputs, inputs are:				
	extremely efficiently utilized in general	efficiently utilized in general	adequately utilized without too much waste in general	slightly wasted in general	considerably wasted in general
4. Impact	"Overall Goal" in the PDM and/or related impact is:				
	greatly observed	considerably observed	observed to some extent	not sufficiently observed	not observed at all
5. Sustainability	In terms of organization, finance and technology, the project implementing organization is:				
	sustainable and developing	sustainable	sustainable to some extent	lacking sustainability	unsustainable

were listed in Table 2. Second, based on the results of these "individual project evaluations," the "aid scheme evaluation" was conducted by summarizing several projects under the categories of aid schemes such as development study, Project-type Technical Cooperation and so on. The "sector evaluation" was made at the same time by uniting a number of projects under the sector-based categories such as mining and manufacturing industries, agricultural and so forth. Finally, based on the results of the aid scheme evaluation and the sector evaluation, the "country-program evaluation" was formulated.

The evaluation employed five evaluation criteria following the "DAC criteria for evaluating development assistance." Each criterion was subdivided into middle-evaluation item and micro-evaluation item. By grading each micro-evaluation item and summing up these grades, the average grade of each middle-evaluation item and macro-evaluation item (or five evaluation criteria) was calculated.

For grading the five evaluation criteria for the "aid scheme evaluation," a five-point scale was employed as

follows: 5-extremely good, 4-good, 3-adequate, 2-poor, 1-extremely poor. Table 3 presents the "Standard for Five-point Rating Scale for Macro Evaluation Items of Project-type Technical Cooperation" as an example.

(1) Aid Scheme Evaluation

The aid scheme evaluation was conducted based on the results of the individual project evaluations. The projects were classified into seven aid schemes, and the grades of the five evaluation criteria for each project were averaged to determine the result for the aid scheme evaluation. The results are shown in Table 4.

The average grade of the five evaluation criteria for all the programs/projects are relatively high at 3.8. The average for "impact", which is the final outcome of an aid program/project, is also high at 3.6. Looking at the grades for the individual aid schemes, however, reveals significant differences. The average of the five evaluation criteria for Third-country Training, grant aid, Acceptance of Trainees and Dispatch of Experts is more than 3.7, and their average for "impact" is also high at 3.9. But the average "impact" of Project-type Technical Cooperation

Table 4 Results of Aid Scheme Evaluation

Aid Scheme	Effectiveness	Relevance	Efficiency	Impact	Sustainability	Average	Survey Method *4)
Project-type Technical Cooperation *1)	3.9	2.8	2.8	3.1	3.8	3.3	A
Third-country Training	3.7	4.2	3.5	4.7	4.4	4.1	B
Grant Aid *2)	4.5	4.0	4.0	4.0	4.3	4.2	A
Development Study	3.9	3.7	3.7	2.1	3.2 *3)	3.3	A
Acceptance of Trainees	3.8	4.0	4.2	3.9		4.0	B
Dispatch of Experts	3.4	4.0	3.4	4.2	3.5 *3)	3.7	B
Japan Overseas Cooperation Volunteers	3.5	3.5	3.3	3.2		3.4	B
Total	3.8	3.7	3.6	3.6	4.2	3.8	

Note *1) Category of Project-type Technical Cooperation includes experts team dispatch and Research Cooperation.

*2) Evaluation results of one of the two grant aid programs are reflected here.

*3) Development study and Dispatch of Experts are not included in the calculation of "average" because these two aid schemes scarcely affect the sustainability of recipient country's implementing organizations.

*4) Survey Method: A: Interviews and questionnaires to both the Japanese side and the Mexican side. B: No interviews but questionnaires to either the Japanese side or the Mexican side.

Table 5 Results of Sector Evaluation

Sector	Five Evaluation Criteria					Average (number in parentheses is rank by sector)
	Effectiveness	Relevance	Efficiency	Impact	Sustainability	
1. Agriculture	3.3	2.8	3.2	2.5	3.3	3.0 (9)
2. Mining Industry	3.5	3.7	3.4	2.4	3.5	3.3 (6)
3. Education	4.1	3.5	3.7	4.0	4.2	3.9 (3)
4. Health	3.3	3.6	3.4	3.7	3.8	3.6 (4)
5. Transportation	4.1	4.2	3.9	4.4	4.8	4.3 (1)
6. Environment	3.5	4.0	3.6	1.9	na	3.2 (7)
7. Disaster Prevention	3.8	4.0	3.7	4.0	4.3	4.0 (2)
8. Public Administration	3.5	3.3	3.5	3.5		3.5 (5)
9. Others	3.3	3.0	3.0	2.9	3.4	3.1 (8)
Average	3.6	3.5	3.5	3.3	3.9	3.6

and Development Studies, whose project inputs are relatively large, are low at 3.1 and 2.1, respectively, and they lowered the overall average. Concerning Japan Overseas Cooperation Volunteers, the average grade of the five evaluation criteria is 3.4 and the grade for "impact" is 3.2. These are somewhat lower compared with the others. This is mainly due to: (a) the mismatch of expertise of volunteers and their assigned posts and (b) recipient organizations' lack of knowledge about the system and activities of JOCV.

The "impact" for Project-type Technical Cooperation is low because the "relevance of project planning" is low. The main reason for the low relevance is that the Project Formulation Studies were limited in scope. The low "Impact" of Development Studies indicates that the projects proposed by the Development Studies were not implemented mainly due to the political and financial situations of Mexico, such as the change of governments, structural reforms and setback by the financial crisis.

A suggestion, which can be deduced from the results of the aid scheme evaluation, is to increase the total "impact" by combining a scheme of high impact with a scheme of low impact. Except for Third-country Training,

which brings benefits to countries other than Mexico, low impact schemes such as Project-type Technical Cooperation and Development Studies can be followed up by high Impact schemes such as grant aid, Acceptance of Trainees or Dispatch of Experts. After finishing a Project-type Technical Cooperation or a development study, an Acceptance of Trainees or a Dispatch of Experts can follow it up. Further, in order to increase outcomes of Japan Overseas Cooperation Volunteers (JOCV), the combination of JOCV and Dispatch of Experts can be considered.

(2) Sector Evaluation

The sector evaluation, as the aid scheme evaluation, was conducted based on the results of the individual project evaluations. The total of 27 programs/projects (twenty-four projects and three programs of Acceptance of Trainees, Dispatch of Experts and Japan Overseas Cooperation Volunteers) were divided into seven sectors, (i.e. agriculture, mining and manufacturing industries, education, health, transportation, environment and disaster prevention) and were evaluated. The information for the evaluation was collected through interviews and

Table 6 Overall Evaluation (Country-program Evaluation)

Five evaluation criteria Type of evaluation	Effectiveness	Relevance	Efficiency	Impact	Sustainability	Average
Aid scheme evaluation	3.8	3.7	3.6	3.6	4.2	3.8
Sector evaluation	3.6	3.5	3.5	3.3	3.9	3.6
Overall evaluation	3.70	3.60	3.55	3.45	4.05	3.70

Table 7 Aid Scheme-Sector Matrix

	A. Project-type Technical Cooperation	B. Third-country Training	C. Grant Aid	D. Development Study	E. Acceptance of Trainees	F. Dispatch of Experts	G. Japan Overseas Cooperation Volunteers
1. Agriculture	-Agricultural Development in Arid Areas -Technology of Sericulture -Water for Agricultural Purposes		-Fishery Research Center	-Integrated Agriculture in Jalisco			
2. Mining and Manufacturing Industries	-Mineral Processing Plant	-Digital Transmission -Mineral Processing		-Beneficiation Plants of CFM -Mazatepec Hydroelectric -Supporting Industries -Mineral Exploration			
3. Education	-Television Training Center						
4. Health	-Family Planning						
5. Transportation		-Port Hydraulics		-Pacific Harbor -Tourism Promotion			
6. Environment				-Air Pollution Control Plan -Stationary Sources -Mining Activities -Emulsion Combustion -Wastewater Treatment			
7. Disaster Prevention	-Earthquake Disaster Prevention		-Earthquake Disaster Prevention Center				

questionnaires. Because the number of interviews was limited to eleven project and the recovery rate of questionnaires was low, some sectors had limited information causing the evaluation to be incomplete.

Table 5 shows the results of the sector evaluation. The average grade of all the five evaluation criteria of all the sectors was relatively high at 3.6. By sector, transportation, disaster prevention and education were highly evaluated, while agriculture, environment and mining and manufacturing industries were evaluated somewhat low. Regarding the transportation sector, which got the highest grade, all the five criteria were highly graded, and its "sustainability" and "impact" were particularly high. The agricultural sector, on the other hand, was given the lowest grade because its "relevance" of project planning was lowly evaluated.

From a cross-sectoral perspective, the "impact" of the five evaluation criteria turned out to be low grade. For improving the grade of "impact," it is important to strengthen the "development issue basis approach" from a cross-sectoral perspective, rather than try to improve the "Impact" of each sector independently. This approach is along the line of JICA's direction; hence, the poverty alleviation in rural areas, for example, would be a significant development issue in the future.

(3) Overall Evaluation (Country-Program Evaluation)

The results of the aid scheme evaluation and the sector evaluation were reviewed in section (1) and (2). Based on these results, this section evaluates Japanese aid to Mexico as a whole. Table 6 shows the results and the average grades of the aid scheme evaluation and the sector evaluation.

The overall grade by the aid scheme evaluation is 3.8, and the sector evaluation is graded 3.6, producing an average grade of 3.7. The average grade of 3.7 for "effectiveness", for example, stands between "4: more than 90 percent of the project purpose was achieved" and "3: more than 80 percent of the project purpose was achieved" only slightly closer to 4. The average grade of "impact" of 3.45 stands between "4: considerable impact was made" and "3: impact was made to some extent" only slightly closer to 3, and this can be judged to be "generally satisfactory."

The grades of the evaluation results are within the range from the lowest marked "impact" of 3.45 to the highest marked "sustainability" of 4.05. There is no particular criterion getting any lower grade

For the above, the aid scheme evaluation on seven types of aid schemes and the sector evaluation on seven sectors were carried out, and then the averages of those grades were calculated to make the overall evaluation (country-program evaluation). The distribution of the

programs/projects in terms of the aid schemes and the sectors is illustrated in the matrix of Table 7. The three programs of Acceptance of Trainees, Dispatch of Experts and Japan Overseas Cooperation Volunteers (JOCV) are indicated here in "gray", since they are not implemented according to sector. Overall, aid schemes were extremely polarized by sector during the ten-year period from 1988 to 1998. This does not include the Third-country Training programs, which intend to bring benefits to countries other than Mexico. Only the agricultural sector (where Project-type Technical Cooperation was given more weight) and the mining and manufacturing industries sector (where Development Studies were more common) received more than one type of aid scheme. In the education and health sectors, only Project-type Technical Cooperation projects were implemented, and in the transportation and environment sectors, only Development Studies were carried out.

Since Mexico is an upper-middle-income country, the number of programs/projects is limited; it is, hence, understandable that selections of aid schemes tend to be monotonous in the same sector. But it is still very difficult to find any substantial relationships among the 14 programs/projects shown in Table 7. This is because JICA's projects/programs have been formulated by the different development priorities put forth by different Mexican government's sector-based implementing organizations, respectively. However, in order to make the best use of Japan's limited aid to Mexico and gain high grades in the overall evaluation, the "development issue basis approach" must be enhanced. In this approach, it is desirable to concentrate aid resources on the priority issues examined from an appropriate sector-mixed and/or scheme-mixed perspective.

(4) Improvement of Overall Evaluation (Country-Program Evaluation)

The overall evaluation results were obtained by considering the results of the aid scheme evaluation and the sector evaluation, based on the individual project evaluations, which were carried out using the five standard evaluation criteria. Thus, this trial country-program evaluation is also based on the same five criteria. To further improve a country-program evaluation, besides the gathering of ample information, the following should be considered.

1) Setting and weighting of subdivided evaluation items

The following points must be further studied: (a) appropriateness of subdivided evaluation items' division into macro, middle and micro levels. (The discussion about middle and micro evaluation items is omitted here.), (b) appropriateness of the evaluation

standard for five-point rating scale from 1 to 5, and (c) appropriateness of the assumption that all evaluation items at all levels (macro, middle and micro) have equal weight. In this evaluation study, while the evaluation team tried its best to make (a) and (b) appropriate, the reasonable weighting standards for (c) could not be fixed. Therefore, the grades were calculated based on the assumption that all of the evaluation items have equal weight. For example, an evaluation item asking "Is it relevant to the objectives of the policy?" and an evaluation item asking "Is the number of counterparts to one expert adequate?" obviously have different weights and require different weighting. However, such quantification is difficult.

2) Weighting according to the inputs (aid resources)

The twenty-four projects and three programs evaluated in this evaluation study were also treated equally. However, in order to implement Japanese aid to Mexico effectively, it is important to allocate aid resources according to the needs of a recipient country. Highly prioritized programs/projects to which significant aid resources are allocated must produce larger outcomes, while programs/ projects allocated modest inputs would be expected to produce outcomes accordingly. From this perspective, it can be concluded that overall evaluation results would be more informative if a program/project is weighted according to the amount of inputs. Besides the setting of quantitative indicators for evaluation items, such weighting will be necessary as well to improve overall evaluations.

3) Reflection of external conditions of a program /project

This evaluation study did not specifically analyze the influences of the change of external conditions during the past ten years on the projects. (The external conditions implied here are the economic crisis and accompanying financial constraints, various structural reforms, etc., which were not controllable by the programs/projects.) But the evaluation was conducted with the understanding that the change of external conditions was reflected in the evaluation of five criteria of individual program/projects. From the perspective of which project/program should be completed to its original purpose even if the external conditions changed, it is desirable that the evaluation describes how the external condition influences the projects/programs. This is one of the issues to be solved pertinent to the country-program evaluation. In the case of Mexico, it is particularly important to clarify how external conditions influenced the implementation of programs/projects proposed by the

Development Studies.

4) Defining of aid programs/projects through policy discussions

While this is a point somewhat different in character from the discussion above, it is better to touch on the subject here since this is a significant factor to improve the country-program evaluation. In the annual policy discussion in 1990, six fields (water issues, environment, biotechnology, telecommunications and information, new materials technology and poverty alleviation) were identified as priorities. Before discussing which subject should be approached in these six fields respectively, the discussion moved on to individual programs/projects on aid scheme basis such as Project-type Technical Cooperation, development study, Dispatch of Experts and Acceptance of Trainees. In the following policy discussion in 1996, after the Japanese side presented its basic policy on economic cooperation with Mexico and two prioritized fields ("environment" and "human resources development for industrial development and rural development"), similar to the previous meeting, the discussion moved on to individual programs/projects on aid scheme basis, without having specific discussions on respective prioritized fields. In both discussions, prioritized fields and programs/projects on aid scheme basis were not directly associated. Nevertheless this association is necessary, and it is desirable to conduct discussions following the line of <aid policy>-<prioritized themes>-<strategies>-<objectives of outcome>-<programs/projects>.

It might be difficult to hold discussions in such a way that the attendance from the Mexican represents to sector-based organizations. However, the Mexican government intends to establish the "Mexican International Cooperation System", which includes members representing international cooperation from governmental agencies, private organizations and citizens' groups, and the situation can be expected to be improved. It is desirable that the policy discussion be further improved by efforts of both Mexico and Japan.

7. Evaluation Results and Lessons Learned and Recommendations of Aid Policy Sub-Frame

The evaluation results of the two sub-frames, which constituted the framework of this evaluation study, namely "needs identification sub-frame" and "programs/projects evaluation sub-frame" were examined in sections 5 and 6, respectively. Based on the results of these two sub-frames, the basic policy of aid to Mexico is examined in this section. The main items to be reviewed here are

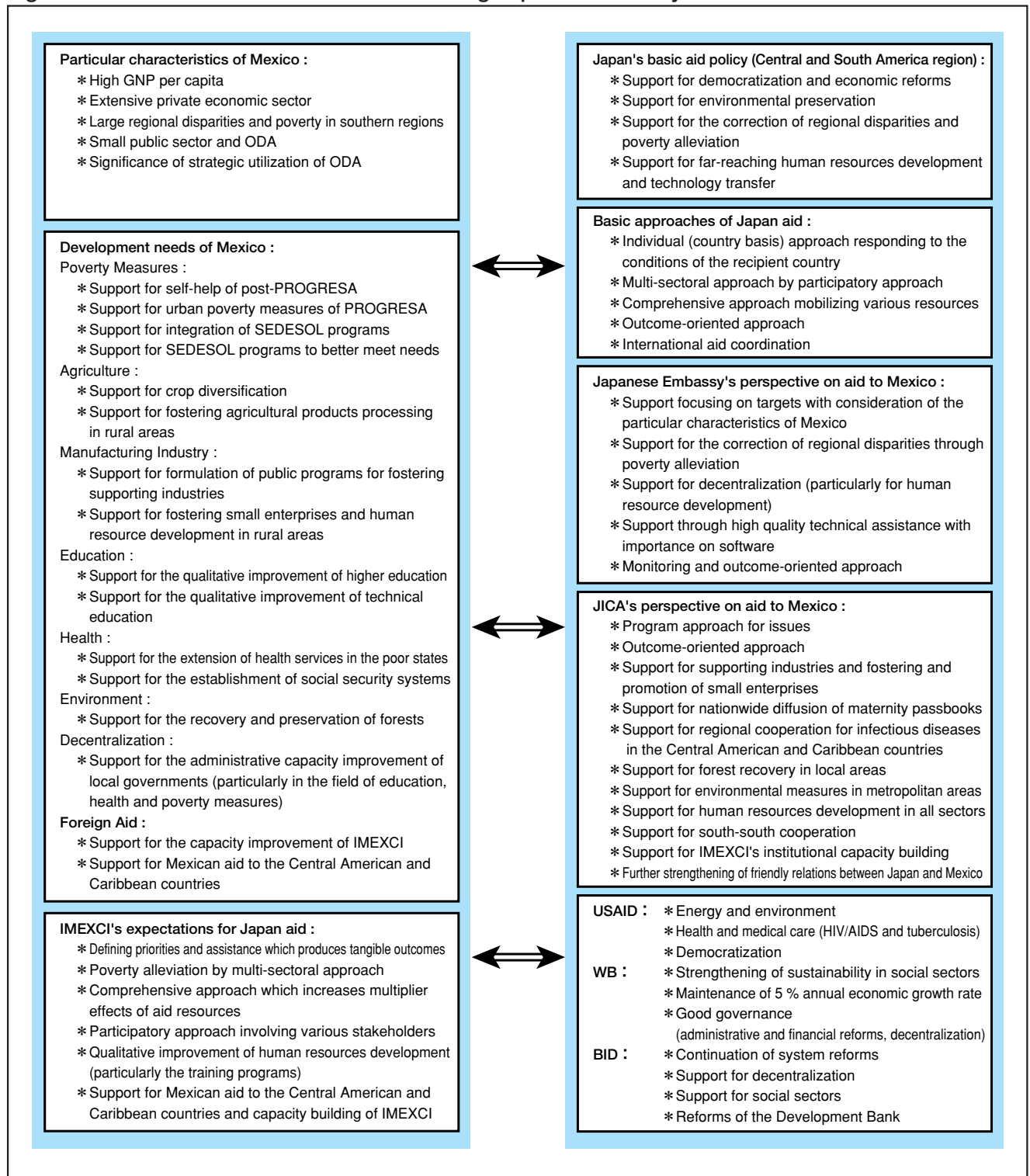
listed in Fig. 2. They include (a) the roles of ODA in Mexico, (b) the development needs of Mexico, (c) Japan's basic aid policy, (d) Japanese Embassy's point of view, (e) JICA's perspective on aid to Mexico, (f) IMEXCI's expectations for Japanese aid and (g) main donors' policies of aid to Mexico.

(1) Basic Concept of Aid to Mexico

Mexico is an upper-middle-income country having a

GNP per capita of nearly US\$4,000. The amount of ODA inflow comprises only 0.03 percent of the total capital inflow from foreign countries. It thus appears that the roles of ODA are very much limited in the total scale of economy. However, on the other hand, regional disparities are large and the poorest areas and poor areas are mainly in the southern regions. It is, therefore, necessary to extend Japanese aid to those areas that benefit the least from private sector's economic activities

Fig. 2 Items to be Considered when Reviewing Japan's Aid Policy to Mexico



and government programs. Poverty alleviation particularly in rural areas must be emphasized, since this not only responds to the needs and expectations of the Mexican government, but also corresponds with the concern of related Japanese organizations including MOFA and the aid policies of main donors.

While it is anticipated that the new government would continue reducing the poorest and poor population in one way or another as one of its major policies, the important thing is for the poor people who are supported by the assistance to stand on their own legs after the assistance terminates. To this end, in addition to fulfilling basic needs such as education and health, it is necessary to establish stable bases for the independence of people in rural areas, such as agricultural development and promotion of small and medium enterprises. Concerning agricultural development, recovery and preservation of natural resources is indispensable for long-term sustainable agriculture, and from this perspective environment improvement is vital.

Further, "decentralization of public administration" has recently been accelerated in Mexico, and poverty is particularly serious in rural areas; therefore, the local governments are required to address the issue of poverty. Thus, the institutional capacity building and human resources development of local governments is a requirement. In areas where economic development has progressed, the institutional capacity of the local governments is generally high, while in areas where economic development is stagnated and poverty is serious, the institutional capacity of the local governments remains low. Capacity building is essential for local governments to be able to properly deal with poverty.

On the other hand, Mexico is not only a recipient country of ODA, but also a donor country, which had started extending ODA mainly to the Central American and the Caribbean countries. As a donor country, Mexico is internationally expected to contribute to the development and stabilization of those areas. It is therefore highly significant to help Mexico to be a donor country. At the same time, to support Mexico as a donor country can lead to increased its efficiency and effectiveness of Japanese aid through South-south Cooperation. Furthermore, in reviewing aid to Mexico, the long-lasting friendly relations between the two countries fostered through Japanese emigration to Mexico must be taken into account. Considering the fact that as time passes since the time emigration, the less intimate relations become with Japanese migrant communities, it is vital to extend the aid from the perspective of maintaining and promoting the friendly relations between the two countries.

The followings are six prioritized development issues

derived from the review of the evaluation results stated above. Numbers 1) to 4) are issues pertinent to the aid to less developed fields, and 5) and 6) are development issues from a different point of view.

- 1) Correction of regional disparities through poverty alleviation.
- 2) Fostering and promotion of agricultural products processing industries and small enterprises in rural areas.
- 3) Recovery and preservation of natural resources in rural areas and improvement of living conditions in urban areas.
- 4) Institutional capacity building for decentralization of public administration and for rural development.
- 5) Promotion of Mexican aid to the Central American and Caribbean countries.
- 6) Strengthening of friendly relations between Japan and Mexico.

Fig.2 illustrates the areas to which aid should be extended and how the aid should be implemented. Today's approach for addressing development issues is "outcome-oriented" and this approach is emphasized by the Japanese Embassy, JICA and IMEXCI. For addressing development issues efficiently and effectively, it is essential to mobilize all people concerned and all resources available in a cross-sectoral manner. In this sense, the "multi-sectoral approach" and the "comprehensive approach" feed into the outcome-oriented approach. When an "outcome-oriented approach" is practiced, in order to measure the contributions to the development issues, it is essential to fix indicators to measure achievement of objectives and to conduct continuous monitoring of those indicators.

Since this outcome-oriented approach is new for Japan it will be vital to tackle the issues in stages by trial and error for producing adequate outcomes. If such trials were practiced in a low-income country, the trial and error method would be chaotic and many factors would need to be taken into account. But in the case of Mexico, which is far down the road to development, it is possible to focus upon specific "development issues to be addressed." Therefore, Mexico can be one of the most suitable countries to apply the "outcome-oriented approach." By creating a prototype upon the model of Mexico, it is anticipated to expand its application to other developing countries.

(2) Aid Plan for Mexico

Table 8 summarizes the aid plan to Mexico according to the six development issues to be addressed. It presents evaluating indicators to monitor "objectives", "program", "expected outcomes", and "the achievement level of out

comes". "Green shading" highlights programs that are applied to specific areas for poverty alleviation. They include the following four development issues and six programs.

Development Issue 1: Correction of regional disparities through poverty alleviation.

Program 1: To support the dire poverty alleviation

measures of PROGRESA .

Program 2: To support the poverty alleviation measures of SEDESOL.

Development Issue 2: Fostering and promotion of agricultural products processing industries and small enterprises in rural areas.

Program 1: To support the promotion of rural industries

Table 8 Objectives, Strategies, Expected Outcomes and Evaluation Indicators of the "6 Development Issues to be Addressed"

Development Issue 1 : Correction of regional disparities through poverty alleviation			
Objective :	To aim at the sustainable improvement of the standard of living of the poor people in the poor states and municipalities with high marginality indexes.		
Programs:	(1) To support the dire poverty alleviation measures	(2) To support the poverty alleviation measures of SEDESOL	(3) To improve maternal and child health through the diffusion of maternity passbooks
Expected Outcomes:	*Economic independence of service recipients and ex-service recipients	*Sustainable management of the programs conducted by SEDESOL	*Decrease of the maternal and infant mortality rates
Evaluation Indicators :	• Caloric intake • School attendance rates • Earned income	• Number of trainees • Number of participants to the programs • Management indexes	• Number of out patients • Rate of traditional deliveries
Development Issue 2 : Fostering and promotion of agricultural products processing industries and small enterprises in rural areas			
Objective :	To aim at the increase of work opportunities through the fostering and promotion of industries in the poor states and municipalities with high marginality indexes.		
Programs:	(1) To support the promotion of rural industries in conjunction with Development Issue 1	(2) To support the promotion of supporting industries	(3) To support vocational training for youth
Expected Outcomes:	*Improvement of local governments' capacity for planning industrial promotion	*Capacity improvement of Regional Center for Improving Competitiveness	*Decrease of the unemployment rate of urban youth
Evaluation Indicators :	• Number of training courses • Number of participants • Achievement level	• Number of training courses • Number of consultations conducted	• Number of training courses • Number of participants • Employment rate
Development Issue 3 : Recovery and preservation of natural resources in rural areas and improvement of living environment in urban areas			
Objective :	To aim at the recovery and preservation of natural resources particularly forests and water resources. In addition, in big cities, to aim at the improvement of the living environment particularly concerning water supply and drainage and waste material treatment.		
Programs:	(1) To support the recovery of natural resources in conjunction with Development Issue 1	(2) To support the enhancement of institutional capacity for environmental administration	(3) To support the improvement of the living environment in urban areas
Expected Outcomes:	*Sustainable deforestation prevention and recovery	*Improvement of the local governments' capacity for environmental planning and management	*Improvement of the environment which largely affects the poor people in urban areas
Evaluation Indicators :	• Forest area • Productivity of farm land • Number of participants in extension programs	• Number of extension programs • Established systems • Number of participants	• Number of environmental improvement measures implemented • Rate of disease and mortality
Development Issue 4 : Strengthening of institutional capacity for decentralization of public administration and rural development			
Objective :	To aim at the extension of various self-help activities in rural areas through institutional capacity building and human resources development involving those organizations and people who will be the driving force of decentralization and rural development.		
Programs:	(1) To support human resources development for local public administration	(2) To support the qualitative improvement of higher education in rural areas	
Expected Outcomes:	*Improvement of local governments' capacity for planning and implementation	*Improvement of the capacity for the research and extension which satisfy development needs	
Evaluation Indicators :	• Number of training courses • Number of participants • Achievement level	• Number of extension programs • Number of beneficiaries • Benefits	
Development Issue 5 : Promotion of Mexican aid extension mainly to the Central American and the Caribbean countries			
Objective :	To aim to accelerate Mexico to be a donor country by improving the Effectiveness of Mexican aid to the Central American and the Caribbean countries through the transfer of aid technology through the South-south Cooperation		
Programs:	(1) To support the improvement of the effectiveness of Mexican aid	(2) To support the expansion and sustainability of South-south Cooperation	
Expected Outcomes:	*Capacity building in planning, implementation and evaluation	*Improvement of the Sustainability of the Third-country Training programs	
Evaluation Indicators :	• Information on needs • Program selection system • Monitoring	• Basic policy • South-south Cooperation discussion • Monitoring	
Development Issue 6 : Strengthening of friendly relations between Japan and Mexico			
Objective :	To aim at further strengthening of the friendly relations between Japan and Mexico through the implementation of Development Issue 1 through 5 and some original programs		
Programs:	(1) To improve the public relations of Japan aid	(2) To reinforce the personnel for international exchanges between Japan and Mexico	
Expected Outcomes:	*Improvement of Mexican citizens' understanding of Japanese aid	*Later generations of Japanese-Mexicans will improve understanding of Japan	
Evaluation Indicators :	• A home page • Campaigns • A public relations bulletin		

Green shading highlights strategies which will be carried out at the same selected area

in conjunction with Development Issue 1.

Development Issue 3: Recovery and preservation of natural resources in rural areas and improvement of living environment in urban areas.

Program 1: To support the recovery of natural resources in conjunction with Development Issue 1.

Program 2: To support the enhancement of institutional capacity for environmental administration.

Development Issue 4: Strengthening institutional capacity for decentralization of public administration and local development.

Program 1: To support human resources development for local public administrations.

In the target areas, these programs must be applied together in order to improve the overall levels of economy, society, environment and administration. For that purpose, it is necessary to carry out participatory programs involving local communities and organizations, NGOs and the private sector. In addition, it is also important to implement programs/projects applying various aid schemes old and new, such as mini-development study, "Community Empowerment Program", "Partnership Program with NGOs/local governments/institutes", "grant assistance for grassroots projects", and training programs, in appropriate combinations. Since

Mexico is highly developed and rich in human resources compared with other developing countries, it is advisable to place emphasis on the participatory approach. IMEXCI, as a matter of fact, has been seeking to intensify the international cooperation by the participation of organizations inside and outside of the country, such as NGOs, private organizations, local governments, etc.

Regarding the four development issues, it is desirable to select special target areas in terms of poverty alleviation, and to intensively support the programs concerned in those areas. According to the results of a preliminary study, the following six areas are suggested to be the special target areas.

- (a) State border area of Veracruz, Hidalgo and San Luis Potos
- (b) State border area of Veracruz, Puebla and Oaxaca
- (c) Northeast area of Oaxaca
- (d) Southwest area of Oaxaca
- (e) Southeast area of Guerrero
- (f) State border area of Michuacan, Mexico and Guerrero

The programs other than those shaded gray must be implemented in the country as a whole.

Development Issue 5 is the "promotion of Mexican aid extension mainly to the Central

Table 9 Aid Resources Allocation to Development Issues

Development Issues and Programs		Base Case		Policy Case	
		%	million yen	%	million yen
Total Amount of Aid Resources		100	3,600	100	3,600
Development Issue 1	Correction of regional disparities through poverty alleviation	20	720	30	1,080
	Program 1:Support for PROGRESA				
	Program 2:Support for SEDESOL				
	Program 3:Support for promotion of maternal and child health				
Development Issue 2	Fostering and promotion of agricultural products processing industries and small enterprises in rural areas	20	720	10	360
	Program 1: Support for promotion of rural industries				
	Program 2:Support for promotion of supporting industries				
	Program 3:Support for vocational training of youth				
Development Issue 3	Recovery and preservation of natural resources in rural areas and improvement of living environment in urban areas	20	720	30	1,080
	Program 1:Support for recovery and preservation of natural resources				
	Program 2:Support for enhancement of institutional capabilities of local governments' environmental administration				
	Program 3:Support for improvement of living environment in big cities				
Development Issue 4	Strengthening of institutional capacity for decentralization of public administration and rural development	20	720	10	360
	Program 1: Support for human resources development for local administrations				
	Program 2: Support for the capacity improvement of higher educational institutes in rural areas				
Development Issue 5	Acceleration of Mexico to be a donor country	15	540	15	540
	Program 1: Support for the improved effectiveness of IMEXCI aid				
	Program 2: Support for the expansion and sustainability of South-south Cooperation				
Development Issue 6	Strengthening of friendly relations between Japan and Mexico	5	180	5	180
	Program 1: Increased public relations of Japanese aid				
	Program 2: Reinforcement of the personnel for international exchanges between Japan and Mexico				

American and Caribbean countries." Its aim is "to accelerate Mexico to be a donor country through the improvement of Mexican aid to the Central American and Caribbean countries with the aid technology transferred through South-south Cooperation." Development Issue 6 is the "strengthening of friendly relations between Japan and Mexico," which is not exactly a Mexican development issue but the Japanese expectation for Mexico. Its objective is "to further strengthen the friendly relations between Japan and Mexico through the implementation of Development Issue 1 to 5 and some original programs."

(3) Development Issues, Programs and Allocation of Aid Resources

In the five years from 1994 to 1998, Japan's assistance to Mexico (technical cooperation and grant aid) amounted to a total of 16.01 billion yen or the average of 3.2 billion yen a year. Annual assistance shows a trend of moderate increase from 1994 and reached to 3.64 billion yen in 1998. Taking into account Mexico's high GNP per capita, it is unlikely assistance will be further increased. Hence, it is relevant to estimate an average of 3.6 billion yen a year for another five years. The six development issues and fifteen programs summarized in Table 8 are expected to produce adequate outcomes within this limited aid. It is therefore necessary to prioritize the development issues and programs, considering which of them must be implemented, and how far and how deeply they must be carried out in view of Japan's resources and Mexican commitment.

Table 9 shows two types of aid resource allocation, namely the "base case" and the "policy case." When the total of 3.6 billion yen is divided into respective development issues in the proportions shown in the table, the amount of aid to be allocated to the programs addressing respective development issues, and whether those allocated resources are ample enough to attain the objectives of those programs need to be examined. Based on this study, the development issues and programs must be examined and prioritized considering the following: 1) which development issues to omit, if any, 2) if all the development issues can be adopted, which programs to undertake, and 3) if all the programs for the target areas are to be pursued, how to further sub-divide those areas.

For this examination and prioritization, definite perspectives of the Mexican side and collection and assessment of site information by the Japanese side are indispensable. And, based on them, the two parties must intensify the continuous dialogue. The Japanese Embassy and the JICA Mexico Office will play vital roles in these activities. It is therefore necessary to enhance their

functions and to create settings so that they will be able to fulfill their roles.

(4) Important Matters to Consider in "Development Issue Basis Approach"

1) Coordination of concept of technical cooperation

The traditional or mainstream concept of Japan's technical cooperation used to be "to transfer technology." However, when the "development issue basis approach" is adopted, it will be required to widely disseminate the technologies and systems that are supposed to be most suitable for the development issues. This is a paradigm-shift in technical cooperation from the conventional "aid scheme basis" to the new "development issue basis," which inevitably accompanies the transition of the basic concept from supply-side logic to demand-side logic. JICA's system reform to country-basis/region-basis is in line with this conceptual transition. Based on this new system, the "development issue basis approach" must be further enhanced.

Mexico is an upper-middle-income country, which will soon no longer be a recipient country, and has a strong capacity for planning and implementation to address its issues. Japan, therefore, can extend its aid to supplement weak areas in Mexico's self-help efforts. In this regard, Mexico is an ideal model country for Japan to start adopting the "development issue basis approach."

2) Step-by-step transition from the conventional approach to the development issue basis approach

(a) Improvement of the "impact" of ongoing programs/projects

Before applying the development issue basis approach, ongoing programs/projects have to be improved. For this purpose, the impact of the programs/projects, whose "impact" is low even though the "relevance" is high, must be enhanced.

(b) Prioritization of the development issues and the programs

The ongoing programs/projects planned to be terminated should not be handed over to the similar programs/projects, but should be transferred to the new "development issue basis approach". In order to make this happen, by starting early the dialogue with IMEXCI about the six development issues stated above, it is necessary to set priorities of the issues and prepare plans for shifting the approach to the new one. Then the development issues and the programs should be launched in order of priority and state of readiness.

(c) All the ongoing programs/projects in Mexico are

scheduled to terminate by the end of FY2003. It is therefore desirable to prepare for shifting the approach by the end of the year, and to start the development issue basis approach in full scale from FY2004.

3) Coordination of activities in the project cycle

A conventional project cycle generally starts from a bilateral policy discussion followed by a project formulation study, and then the cycle follows the sequence of "preliminary survey-implementation-operation-evaluation." In this case, a program /project is classified under the categories of "sector" and "aid scheme" from the very beginning. In addition, the counterpart organization of a recipient country is generally a central government organization, which is under the corresponding category of the sector, and people other than the counterparts rarely participate in the program /project. However, in the "development issue basis approach," it will be required to discuss the significant development issues of Mexico from the stage of policy discussion, free from the sector, the aid scheme and the counterpart organization, in order to identify the development issues and choose adequate programs to address them. The conventional approach, in which the Japan Ministry of Foreign Affairs and JICA headquarters take the initiative, will not be able to cope with the whole process stated above; and, hence, the Japanese Embassy in Mexico and the JICA Mexico Office are expected to play leading roles in the new approach.

The significant functions expected to be carried out by the Japanese Embassy and the JICA Office are: (a) to select development issues and programs, (b) to develop plans to utilize Japanese ODA to Mexico most effectively and efficiently for achieving the expected outcomes, (c) to implement these plans, (d) to monitor the outcomes of the programs/projects and (e) to feedback the monitoring results to the next fiscal year for better planning. In order to practice the "development issue basis approach," it is, therefore, a prerequisite to enhance the capacity of the Japanese Embassy and the JICA Mexico Office. In particular, the devolution of authority, flexible operation of budgets, and human resources development mainly concerning the local staff should be accelerated and strengthened. While "policy related matters" must be finalized based on the decisions of the Ministry of Foreign Affairs and/or the JICA headquarters, the decision-making over "operation methods" is best delegated to the Japanese Embassy in Mexico and/or JICA Mexico Office. The "policy related matters" are, for example, the finalization of the development issues to be addressed, the programs that compose the

development issues and the objectives of the programs; while the "operation methods" are determining "what is the most appropriate sector mixture and/or aid scheme mixture for the poverty alleviation of the specially selected areas," "how to monitor the outcomes," "how to feedback the monitoring results to the next year's plan," and "in what order the development issues/ programs should be executed."

(5) Requests to the Government of Mexico

Lastly, from the perspective of improving the outcome and impact of Japan-Mexico technical cooperation, the requests to the Mexican government, which emerged in the process of this evaluation study, are examined here.

1) Follow-up activities to heighten the project impact

According to the results of the aid scheme evaluation and the sector evaluation, the technical cooperation programs/projects implemented in the past were positively evaluated on the whole, except that their "impact" was evaluated relatively low. The impacts of the Development Studies were particularly poorly evaluated, and hence it is desired that the Mexican side work to improve this situation. Specifically, before making a request for a development study, the Mexican government is expected to study if the country has the right conditions for implementing a program/project after the development study is completed. And after the completion of the development study, it will be desirable to have a series of discussions preparing for the implementation not only with the counterpart organization but also with IMEXCI, which functions as the general liaison office.

2) Needs identification and monitoring for effective Third-country Training programs

Since the Third-country Training programs that have their base in Mexico are highly significant for both Japan and Mexico, the Mexican side is expected to make further effort to improve the training courses to satisfy the needs of the Central American, Caribbean and South American countries. Needs identification is the first step for their betterment, and the monitoring of the ex-participants is the second. It is desired to further improve the Third-country Training by strengthening the needs identification and monitoring systems by utilizing the networks of the Ministry of Foreign Relations and/or IMEXCI throughout the Central American, Caribbean and South American countries.



The Evaluation Seminar held in Mexico City in September 2001

3) Enhancement of the impact of the Japan Overseas Cooperation Volunteers programs

It is delightful that the Mexican side has highly evaluated the Japan Overseas Cooperation Volunteers (JOCV) programs, and this appreciation is expected to be maintained in the future. However, the results of the questionnaires revealed the struggles of the volunteers who were placed between community people and counterparts. For example, because of the low morale, low capabilities and high resignation rate of the counterparts who were in positions to deliver public services directly to community people, it was difficult for the volunteers to help build good relationships between the people and the counterparts, which resulted in poor outcomes of the programs. IMEXCI has proposed supporting the volunteers to produce further outcomes by grouping the volunteers and/or by letting them collaborate with other aid schemes. It is desired that IMEXCI incorporate the JOCV programs into its program of work and coordinate with the JICA Office.

4) Promotion of cooperation along the lines of Japan-Mexico Technical Cooperation Agreement

It is highly appreciated that IMEXCI and the implementing organizations, which function as the liaison organization of Japanese technical cooperation to Mexico and as counterpart organizations, respectively, are not only friendly and cooperative but also efficiently promote the implementation of aid programs/projects by assigning appropriate human resources. The remaining issue to be addressed is compliance with the clause of "exemption of tariffs, taxes and like charges." Regarding this matter, although the Japanese side has repeatedly requested compliance with the agreement, it has not been fully settled yet. Prompt settlement by the Mexican side is desired.²⁾

In addition, the Mexican side is expected to develop its system to phase in the "development issue basis approach" as a future direction. It is commonly observed that local governments follow the example of the central government in a sector basis system, and divide programs/projects likewise into sectors, leaving the local issues untouched. The multi-sectoral approach and the comprehensive approach have vital significance for addressing the poverty in local areas, and hence the system reforms aiming at those approaches are awaited.

8. Attempts to Feedback the Evaluation Results

Due to feedback of the results of this evaluation to related organizations of Mexico's side, an "Evaluation Seminar" was held in Mexico City on 18 September 2000 and in Veracruz on 22 September 2000.

Based on the results of this country-program evaluation on Mexico, JICA sorted out the prioritized fields for aid in the "JICA country-program implementation plan FY 2001." Further, the studies following the requests have been conducted by issue aiming at addressing the development issues in these prioritized fields.

²⁾ This matter was settled at present, according to Mexican Government's effort to compliance the agreement.