

## A study on one village one product project (OVOP) in Japan and Thailand as an alternative of community development in Indonesia.

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### Abstract

**Background:** The OVOP concept is a unique approach which has been very successful in the Japanese prefecture of Oita and has attracted and continues to attract wide international appeal, particularly in developing countries such as Thailand and Indonesia.

**Objective:** The objectives of the study are 1) to study the effectiveness of policies of One Village One Product (OVOP) project in Japan. 2) to study the effectiveness of policies of One Tambon One Product (OTOP) project in Thailand. 3) to study ways of developing communities in Indonesia and 4) to analyze the development options within the communities in Indonesia through One Village One Product (OVOP) project.

**Results:** The result of study was found that failure of the One village One Product project of Indonesia and Thailand caused by the three elements which are as follows: 1) the problems of not understanding the true philosophy and the approach of the OVOP project 2) The problems of the Top-Down policy, and 3) the quality of human resources. If Indonesia selected to use OVOP approach, it would have developed a community-based on the OVOP project, and then it must be bug the OVOP project in Thailand and Indonesia as a lesson and seriously use the philosophy of OVOP in Japan as a model for community development in Indonesia.

**Discussion and Conclusions:** In case of the Thai Model: One Tambon One Product has one main apparent weakness which is the overruling government's authority of general public. It can be seen that the government's ultimate goal is to win an election, not local communities' true sustainable development. Furthermore, it deems to be the government's nature to consistently have their policies enforced on the general public. This has resulted in the lack of self-reliance of local communities. The OVOP project in Indonesia will be success, if it is to keep on going with the original OVOP project.

### A study on One Village One Product Project (OVOP): a perspective on Japan and Thailand.

*One Village One Product (OVOP) concept.*

The OVOP concept is a unique approach to local development which was the brain of the Japanese former governor of Oita prefecture, Hiramatsu, who used his previous experience and exposure in the Japanese Ministry of Economy, Trade and Industry (METI) to aim for a solution to Oita's serious rural economic decline. This approach has been very successful in the Japanese prefecture of Oita and has attracted and continues to attract wide international appeal, particularly in developing countries, because of its potential to reverse local decay and decline. The countries that have embraced OVOP include Thailand,

Vietnam, Korea, China, Cambodia, Philippines, Laos, and Indonesia in South East Asia. (Oita International Exchange Promotion Committee, 2006)

The essence of OVOP lies in value addition to local products to generate higher incomes for local communities, as well as in transforming local environments to make them attractive to local residents and tourists. In that regard it runs in line with the new thrust towards local economic development and the value addition being promoted through programme. OVOP is a distinctive approach to rural community development in which latent local community creativity and potential is triggered, through effective local leadership and human resources development, and directed at community revitalisation through

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development of unique products that have strong market appeal. Its overall aim is to develop and consolidate local self-organising capability for sustainable local development and poverty reduction.

There are the three principles as follows: (1) self-reliance and creativity (2) human resources development, and (3) thinking locally but acting globally. Local people take the lead, independent of external prompting and largely on their own creativity and self-reliance, to make unique products from local resources for their own good and to capture markets external to their locality. In the process they develop their expertise through production of competitive products, their livelihoods improve due to enhanced incomes, and their communities develop closer bonds at the same time. The OVOP rural community development concept has been implemented in different ways where it has been introduced, depending on the overall objectives and the unique circumstances of each country. As a result, it was widely adopted by many local governments of Japan (Igusa, Kunio) and spread to the rest of the world

#### *One Village One Product (OVOP) Concept in Japan.*

The concept of One Village One Product (OVOP) was initiated in 1979; it has been a successful model for the development of Oita Prefecture and other parts of Japan. The Oita OVOP model is classic because it is the model that has been emulated in other countries with different variations. The Oita OVOP model developed from locally-led movements<sup>1</sup> which aimed at “gradual, long-term and intrinsic community revitalisation, to be pursued through the formulation of local leaders”. (Rika Fujioka, 2006) The impetus for this was the preceding rapid post-war economic growth and transformation in Japan which, while generating tremendous benefits for the country as a whole, concentrated most of these benefits in urban areas leaving rural areas desolate and quite unattractive, particularly for the young. The resultant disillusionment with too rapid industrialisation<sup>1</sup> led to a shift in national policy from concentration on economic growth to balanced socio-economic development, which provided the framework for interest in rural and community development.

In the case of Oita local movements sprung up, specifically in Oyama, in which local communities (strong local leadership) took various steps to rejuvenate their areas. These actions, which included community dialogues and networking, local leadership formation through after work school, promotion of culture and

sport, and enhancing tourism, were given support by the Oita prefecture. OVOP was intended to be the main or only socio-economic development strategy for the Oita prefecture, it was considered a substitute to attracting industries to Oita. Rather, it was meant to be a complementary strategy to other interventions, but with special focus on promoting economic and social well being of rural communities through leadership action. Emphasis was placed on economical use of resources and environmental conservation, owing to scarcity of natural resources in Japan generally. To deal with the problems of market circulation and sharpening competition, value addition focused on promoting product originality, uniqueness and diversity. Human resource development targeted leaders or those with potential to become leaders. (The Oita Prefecture One Village One Product 21 Promotion Council)

In terms of administrative structure, OVOP in Oita was coordinated by a section in the Oita prefecture government called the OVOP Promotion Council. This responsibility was transferred to the Oita International Exchange Promotion Committee. OVOP activities are financed by donations from the private sector such as Tokiwa Department Store rather than from the prefecture government.

OVOP in Oita depends a great deal on partnership among government, the community and the private sector. It targets local, national and external markets. At the local level hometown and roadside stations sell OVOP products within Oita prefecture. Beyond the local level, antenna shops and product fairs have been set up outside Oita prefecture and Tokiwa Department Store has a specific OVOP corner. All this is intended to enhance Gross National Satisfaction (GNS), and not just to expand Japan's Gross National Product (GNP). Emphasis has been placed on using resources within the community for the community benefit, so that there is a direct link between product development and community development. (The Oita Prefecture One Village One Product 21 Promotion Council) At international level, OVOP products have been marketed through careful analysis of international markets and emphasising in superior quality and effective distribution.

Moreover, Japan is willing to share and promote the initiative to other developing nations through international arena such as bilateral and multilateral cooperation frameworks. To promote the OVOP initiative to other countries, Japan, together with

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<sup>1</sup>Rapid industrialization led to extensive urban congestion and pollution, on the one hand, and, on the other hand, it drew people away from their land and community and left them ‘hanging’ in unfriendly urban centre.

Yoopin Claymone, Watunyu Jaiborisudhi

World Bank, has been actively cooperating with national and local government in each country through its agencies such as Japan International Cooperation Agency (JICA), Japan Bank of International Cooperation (JBIC) and Japan External Trade Organization (JETRO), Japanese Non-governmental Organizations (NGOs), local governments, and individual volunteers. (Annual World Bank Conference on Development Economics Global, 2007) The OVOP movement was also included in regional and global forum and institutions. One of them is in Japan's "New Development Initiative for Trade" which was presented at WTO Ministerial Conference in Hong Kong in 2005 Asian Productivity Organization (APO) also focused on the promotion of OVOP movement in its programme, Integrated Community Development (ICD) 2005-2006 for Mekong region. (Cambodia, Laos, Myanmar and Vietnam) (Asian Productivity Organization, 2007) In addition to the movement, Japan dispatch experts to help explore and improve the potential products and accept trainees from various countries to Japan with the aim of Human Resource Development. (Masaki, Hisane, 2000)

### **Background of One Tambon One Product (OTOP) in Thailand.**

Thailand has played a certain level of social and economic progress and integrated into the global economy through modernization since 1960s from the time when the first National Economics Development Plan (1961-1965) began. Being an agriculture-based economy, agricultural development in Thailand, was a strategy in the progress of rural development during the 1960s and 1970s. Then, it was followed by a shift in the mid-1980s away from agriculture to manufacturing and services sectors. There were problems in agricultural/rural sector in those periods. Unequal distribution of income and growth among urban and rural communities drove into poverty, and rural development was given top priority since 1970. Earlier policies on agricultural or rural development emphasized areas with a high concentration of resource allocation and development potential. It was because agriculture was the mainstay of the majority of the Thai population, and development effort was focus mainly on economic growth.

Only from the Fifth Development Plan (1982-1986) that social dimension was officially addressed and integrated into the Plan. Thus, "National Economic Development Plan" was changed to be "National Economic and Social Development Plan". The government

identified rural development as a primary sector in which to target poverty. In the Sixth plan (1987-1991), the poverty reduction policy addressed income distribution and the development in the rural areas. In the Seventh plan, the poverty issue was incorporated in the policy by enhancing the quality of life such as medical care program for the poor and etc. On the contrary, amid the 1997 crisis, the agricultural and rural sector has demonstrated its innate strength of Thai society to respond to the situation in term of increased production and in its ability to absorb high levels of reverse rural-urban migration. The rural sector was the shock-absorber that welcomed millions people from the big cities who, having lost their jobs and choosing to go back to their home town and their families. Even though big business in the urban areas had to close down, the rural sector survived due to its richness in natural resources as well as its social capital deeply rooted in the Thai culture. In addition, the rural sector was able to absorb the influx of great number of jobless people. Many of them turned to activities that their families practiced in everyday life, and perhaps injecting a little more creativity into them. For example, some tried producing bottled fruit juice of snacks from local and indigenous fruits. Some turned to handicrafts such as basketry, weaving and making gift items from silk and cotton. Other helped their families with farming chores. Knowledge in cooking, handicrafts and agriculture was so common in Thai life. The crisis began in the first year of the implementation of the Eighth National Social and Economic Development Plan (1997-2001). Thus, there was a need to revise the plan in order to deal with the national crisis. It was focused to citizen participation and was a major step toward the mobilization of people from all walks of life to play more active role in the process of national development. (Yuwanuch Tinnaluck, 2005)

At the same time that the government was trying to solve the problems in business and financial sectors, the rural sector was also given more importance. The government began to realize the more potential of the rural sector in absorbing jobless people from the big cities. Various projects were initiated to generate jobs and incomes in the rural sector. For example, the Social Investment Fund (SIF)<sup>2</sup> was a four-year project (1998-2002) funded by a 4.8 billion U.S. dollar loan from the World Bank. The village revolving fund was a national scheme for a one million baht lending fund to each of around seventy-two thousand villages across Thailand. And the famous government's One Tambon

(sub-district), One Product (OTOP) initiative is the major scheme to promote community or grassroots economy. This OTOP idea was borrowed from Oita—a Japanese village that creates unique products for the village as tourists' attraction in order to generate better income among villagers, but adapted to the Thai context at national scale.

The OTOP (One Tambon One Product) development policy was initiated by the Royal Thai Government (RTG) in 2000, under the leadership of Dr. Thaksin Shinawatra, the Prime Minister of Thailand at that time. The Tambon is an administrative unit in Thailand roughly equivalent to a district. 'One Tambon One Product' (OTOP) is Thailand's version of OVOP. The brain behind it was ex-prime minister Thaksin, a telecommunication business, who visited Oita with his senior officials several occasions to get first hand understanding of the revolutionary changes, and these visits led to coordinated government adoption and adaptation of OVOP to the specific circumstances of Thailand. The legacy of centralised administration in Thailand arising out centuries of absolute monarchism made a centralized approach to OVOP the natural choice. Although OTOP (like OVOP) has adopted a bottom-up implementation modality that hinges on government-community-private sector partnership, and is based on the same three principles (i.e. *Think Globally, Act Locally; Independence and Creativity; and Fostering Human Resources*), it is formulated and implemented by the Thai central government, with strict guidelines for product development and marketing. OTOP (like OVOP) is not promoted as the only or even main development strategy for Thailand; rather it is part of the Thailand's dual track development policy of "fostering the nation's competitiveness, while stimulating domestic consumption and empowerment of grassroots communities". (Rika Fujioka, 2006) OTOP is directed and coordinated from the top by the National OTOP Administrative Committee (NOAC), with sub-committees comprising officials from line ministries at national, provincial and district levels. OTOP activities are based on an annual project master plan, which is funded directly from the national budget. The budget for OTOP is managed by NOAC and is used to fund activities in the OTOP annual project master plan.

### **OVOP project on the success of Japan and failure of Thailand.**

"One of the finding was that OTOP seemed to

be different from original OVOP movement. OTOP aimed at poverty reduction in rural areas and also vitalization of grassroots economy and for achieving the goal, the government provided various supports to farmer groups in the form of subsidy as well as trainings." (JICA, 2008) Thai OTOP is under strong government initiatives, the movement is completely different from Japanese prototype OVOP. The movement was a central government policy not an endogenous movement. It is widely accepted by the product championship system with the five star grading. However, it is changing under the decentralisation process and strongly assisted by ICT including web site based marketing and technology exchange.

While OVOP is based on a gradual, long-term development strategy, OTOP aims at rapid development of community entrepreneurship. Among the measures promoted to achieve this is periodic designation of certain individuals or groups as "OTOP Village Champion" and assigning "number one" or five star status to certain products based on government-set selection criteria for value addition. In its origin and intent OTOP products are aimed at national and external markets rather than local community consumption or use, which is an important distinction from Oita's OVOP. OTOP focuses primarily on producing outstanding products that can compete successfully in urban and external markets. Community participation in the production of OTOP products is not that much important, unlike in the case of OVOP. Of more significance to OTOP are those individuals and groups that can produce such products. Thus, community self-reliance and creativity which is so central to OVOP is of secondary importance to OTOP. It is value addition that really matters. In short, the essential difference between OTOP and OVOP is that OTOP is primarily economic in outlook and intent, fundamentally targets urban and external markets, and is less concerned with development of the local community.

OTOP movement has its problem from 3 causes as follows: 1) global market concentration. OTOP policy mostly concentrates in global market level in practice. neglect of bases market as local market and national market, the market place of OTOP never been stable. 2) Government reliable. OTOP movement is Top-Down policy from Taksin government but after changing the government OTOP policy was not longer concerned. Individual entrepreneurs who lie on government are suffer from market failure

<sup>2</sup>Social Investment Fund - SIF was born out of the Social Investment Project – SIP that was designed to alleviate social impact due to the economic crisis. SIP was later separated into Social Investment Fund (SIF), and Regional Urban Development Fund (RUDF). The availability of SIP allowed NGOs to acquire fund to create projects aimed at meeting the Poor's basic needs

Yoopin Claymone, Watunyu Jaiborisudhi

because originally from its start, the government always offer them by finding support market. Without policy support scheme, OTOP movement is freezing. An Individual entrepreneurs should play more role as self-reliance not depended on Government support. 3) lack of suitability knowledge. It seems effected as the following government reliable problem. Since, in order to encourage an individual entrepreneur to play an important role in OTOP movement rather than lie on Government support, individual entrepreneurs must have an appropriate capacity. For example, one of the principles is to bring internet technology to villages and hope that this will be the starting point of the Tambon Internet project. But there are no human resources who know how to use internet in many Tambon. Hence, this kind of phenomena is a problem about suitability Knowledge for using technology.

In conclusion, Characteristics of OTOP project is a Top-Down policy unlike OVOP policy which is Bottom-Up. Moreover, there is a weak point in OVOP concept that adapted to the Thai community enterprise. It's a government with power over people. This power is based on the transformation policy of the campaign as a concrete political parties that initiated the OTOP. The goal of this project is to acquire the voice in the election next time. The OTOP project is counted as a populist.

A result of the project is not strengthening the community. Instead, focuses on productivity rather than to strengthen the community. Thus, the failure of the One Tambon One Product project of Thailand caused by the three elements which are as follows; the problems of not understanding the true philosophy and the approach of the OVOP project, the problems of the Top-Down policy, and the quality of human resources.

## **A Perspective on an Alternative of Community Development in Indonesia.**

Indonesia was the hardest nation hit by the Asian economic crisis in 1997 in which it was pushed forward by the First World countries to adopt the Financial Liberalization. As a result, Indonesian Rupiah had been made part of the currency speculation's system which it had a stock market acting as a gambling den or the so called "Casino Capitalism". Such system has induced upon a great opportunity for the Hedge Fund to take advantage of the Rupiah of which it came under a severe

attack. Consequently, Indonesia had lost a significant amount of its reserves resulted in a drastic Rupiah devaluation from 2,000 Rp. to 10,000 Rp. Per 1 US Dollar. (Lamoureux, Florence, 2003) an inflation rate of 77.63 percent (Thai Development Research Institute) a severe contraction of the industry sector by 50 percent and a negative 13.7 GDP. Such economic downturn faced by Indonesia is believed to be a result of its government's belief in the development process under the free-market capitalism of which the nation's stability was made to rely on the fragile financial market and unpredictable capital market. Furthermore, the deteriorating Asian economies had contracted the construction businesses leading to less demand of petroleum products in the region. This extensively impacted Indonesia's economy since it relied on income from petroleum exportation to quite a great extent. Hence, one effective solution to the economic crisis problem found in Indonesia or other development countries is to promote and sustain development in rural areas based on the Bottom-Up development principle. This will lead to less dependency on the First World countries' supports and assistance and more ability to become self-reliant and developed from their local communities. These three main principles of development are in coherent with the One Village One Product (OVOP) program which has been designed to bring about human capital development, self-reliance and local wisdom.

### *General description of Indonesia*

Indonesia is an archipelago with more than 17,500 big and small islands spread along Sumatera, Java, Kalimantan/Borneo, Nusa Tenggara, Sulawesi, Mollucas and Papua. The Indonesian territory is divided in 33 provinces with more than 250 million inhabitants. Indonesia has around 300 ethnics group, each with cultural differences developed over centuries, and influenced by india, Arabic, Chinese, Malay and European sources. Traditional Javanese and Balinese dances, for example, contain aspects of Hindu culture. As do wayang kulit (shadow puppet) performances. Textiles such as batik, ikat, and songket are created across Indonesia in styles that vary by region. Indonesia's size, tropical climate, and geography, support the world's second highest level of biodiversity. Based on exclusive economic-zone, Indonesia covers a territorial of 800 million hectares, the biggest part of it, about 76% hectares is territorial waters and the rest of it is land terrestrial. About 120.2 million hectares of the territorial land is in form of

jungle and the rest of the land with coverage of 70.8 million hectares terrestrially utilized for various farm cultivations such as paddy-field, rain-fed agriculture, estate; and non-farm cultivation such as mining industry, plantation, bush, and savanna.

### *Indonesia's local development method*

Despite of the high average annual economic growth of 7 percent. (Dick, Howard., 2001). After the adoption of new economic and social development policies under the New Order era with the 5-year rolling plans or Rencana Pembangunan Lima Tahun (Repelita) the between 1965 and 1997, the income distribution pattern was somewhat uneven among all population groups throughout the nation. Most of big projects and high profitable companies were owned by either multinational companies or President Soeharto's family, the so called Crony Capitalism. Additionally, Indonesia was facing with the problem of dualistic economy in which resembled high economic growth only in the urban areas and industrial zones and insufficient economic development in rural areas. This could be evident by the discrepancy of the average income between the urban and rural areas by 42 and 88 percent in 1970 and 1976 respectively. The income gap between the two areas increased to 92 percent in 1993 in which Jakarta had the highest income gap of 205 percent. (Dick, Howard., 2001) Such the unequal income distribution and economic growth resulted in labour immigration from the rural to urban areas.

Indonesia's community development method was motivated by the government's interference with local community's agriculture development as part of the New Order era's policies based on the prospective of having the agricultural sector as the main growth engine of the nation's development. This could be reflected in the government's supports of the local community development under the Green Revolution in 1972 through a number of measures such as insecticide, chemical fertilizer and seeds distributions, loans and credits to agriculturists and direct contacts with raw materials suppliers. (Anlov, Hans., 1996)

Furthermore, Indonesian government had initiated a number of development projects through local agencies or local villages formerly established by the government. It seems fair to say that the course of Indonesia's local community development policies from the past up to the present has reflected the Top-Down development style. This has implicitly led to the dependent behaviors of the public on

the government, in essence, when any problem occurred, local communities would look up to the government for solutions and assistance. The findings from the study on the government's local community development show that most projects aimed to help agriculturists failed to serve their purpose. Therefore, these local communities have not yet been able to become self-reliant and have to depend on assistance from outsiders. (Muktasam, A., 2000).

Currently, the same development method can still be found in some projects designed to tackle poverty and develop local communities with the attempt by the government in forcing the central government's policies upon local administrative bodies such as the Middle Term National Development Program (2004 -2009) by the Manpower and Transmigration ministry. The project's goal is not indifferent from any other local community development projects' goal from the past ranging from to tackle poverty, restore and support the agriculture sector, provide infrastructures and financial support, improve standard of living and promote the sense of community among the public. Under this project, regional governments are allowed by the central government to have authority and roles in their local community development with some major assistance provided by the Central government including financial assistance, infrastructure development and policy planning guidance. (Sri Wredingsih., 2010)

Despite of the attempt made by Indonesian administrative body to decentralize motivated by the idea that regional governments would be able to effectively response to the development's requirements for their local communities, regional governments are not local governments. Generally, regional governments do have a close relationship with the central government under the chain of command, making them more responsive to the policies given out by the central government than to the local communities' needs. On the other hands, local governments do have a stronger bond with their local people and are more able to respond to their needs than regional governments. Nevertheless, there are still a couple of challenges for local community development in Indonesia including discontinuity in local government's policies when there is a takeover of a new government and insufficient coordination between central and regional governments, causing disruption in existing development projects in local communities.

### **Lessons learnt from the failure of Indonesia's One Village One Product (OVOP) project.**

East Java province of Indonesia deems to be enriched with abundant natural resources. Agriculture, animal farming and fishery remain the prominent occupations of the majority of the locals. East Java province has been blessed with fertility of the soil which makes the province one of the main cultivation areas of Indonesia. The signature crop of the province is Tropical Apples which can only be cultivated in the province. (Wiwit Kuswidiati, 2008). As a result, the OVOP project or the Gerakan Kembali ke Desa project (Back to Village project) of East Java province has emphasized agricultural produce development and agro-tourism based on the province's existing natural resources.

As for agro-tourism industry of East Java province, it can be stated that the province has quite an outstanding reputation for such the industry. There are about 100 fascinating agro-tourist attractions throughout Indonesia, and 42 of them are located within the province. Consequently, this has made apple farms have the potential in coherent with the agro-tourism development. Additionally, agro-tourism has induced upon other tourism-related business in surrounding areas such as coffee shops, bike rentals and home-stay business. (Wiwit Kuswidiati, 2008)

Despite the East Java's Back to Village project was a good initiative of local community development, the project was ceased right after the governor Basofi Sudirman's term ended in 1998 owing to the following three reasons. (Wiwit Kuswidiati, 2008)

Firstly, it was the result of the discontinuity of related policy. By and large, usually when the new local government took over the old one, they might not be interested in the existing policies and projects. Consequently, these policies and projects would be interrupted and eventually abandoned. This problem is the so called egocentrism by government staff.

Secondly, the insufficient adequate support from the Central government was also another reason contributed to the unsustainability of the project. There was a lack of coordination from the Central government with local governments with more emphasis on providing assistance through the Top-down system. Additionally, the microeconomic development aspect was ignored by the Central government whose main intention was only paid to macroeconomic development aspect.

Thirdly, the unskilled human capital was also another major problem. The majority of Indonesian locals are generally low educated and there is no apparent incentive attracting them to participate in their community development process. Consequently, this has automatically made the Top-Down approach the main development policy for local communities in Indonesia.

It could be said that Indonesia's Back to Village project attempted to follow the development pattern of Oita's One Village One Product (OVOP) project of Japan. However, such the project was not successfully accomplished in Indonesia due to the aforementioned reasons. Thereby, the Back to Village project of Indonesia was not truly being developed incoherently with the principles and guidelines originally adopted by Japan's OVOP project leading to such the failure of the Back to Village project witnessed in East Java, Indonesia.

Nevertheless, the current Indonesian government has been showing its efforts in supporting small and medium businesses as reflected in the public speech given by President Susilo Bambang Yudhoyono, the first directly elected president from the public, in 2007 that Indonesia's economy ought to be developed and driven truly by the economy itself by supporting and developing small and medium businesses with the plan aimed to expand the economy as well as reduce unemployment rate and poverty. (JETRO, 2007) It could be seen that the ideology of having small and medium businesses developed is in coherent with the OVOP project's principle of local community development that has its main focus directed on household and community businesses.

### *The One Village One Product (OVOP) project as a crossroad or an option of local community development in Indonesia.*

Indonesia is considered to be blessed with a variety of enriched natural resources and endowments that are ready to be utilized and used as fundamental of the OVOP project development. However, when closely looking at the One Village One Product (OVOP) project's principles of Japan, the pioneer of this type of local community development, the lessons learned from Thailand's One Tambon One Product (OTOP) project and the failure of Indonesia's Gerakan Kembali ke Desa project (Back to Village project), it can be seen that the main common flaw of local community development in the Third World countries or Southeast Asian countries such as Thailand and

Indonesia is the problem of related policy planning and specification.

Japanese OVOP projects were initiated mainly based on 3 principles namely (1) Self-reliance and Creativity (2) Human Resource Development and (3) Local Yet Global. The following are an analysis of whether or not the OTOP project of Thailand and Back to Villages of Indonesia has been operated incoherent with such the principles as that of the OVOP project of Japan.

### *1) Self-reliance and Creativity*

Consequently, because the project was initiated and directed by the central government from the start, this has made the local communities lack of the realization that the project belongs to everyone. Most local people feel like they are not part of the project since they do not have any involvement with the project's activities including the project initiatives, discussions and debates of the problems of their own communities. Therefore, the people living in these local communities do not share the responsibility to operate the project together collaboratively. By having the project controlled by the local government, it creates the wrong incentives of each community. By and large, they all want to response to the government's policy and show the project's results as promptly as they can, some communities might copy products from other communities nearby. Hence, it is fair to say that a large number of OTOP products were not created using the wisdom of each local community. This is incoherent with the local community development principles that are based on the encouragement to local people to be self-reliant and are able to think for themselves.

For Indonesia, Indonesian government had initiated a number of development projects through local agencies or local villages formerly established by the government. It seems fair to say that the course of Indonesia's local community development policies from the past up to the present has reflected the Top-Down development style. This has implicitly led to the dependent behaviors of the public on the government, in essence, when any problem occurred, local communities would look up to the government for solutions and assistance. The findings from the study on the government's local community development show that most projects aimed to help agriculturists failed to serve their purpose. Therefore, these local communities have not yet been able to become self-reliant and have to depend on assistance from outsiders.

As for the Gerakan Kembali ke Desa (Back to Village project) of East Java province, Indonesia,

it was initiated by the local government of Java province. Such the initiation is different from that of the OTOP project of Thailand in which it was started off by the local government. Nevertheless, despite of its originality, the Back to Village project was still challenged and faced with the problem of the Top-down management approach which came from within the local government itself. Moreover, the project also face with other challenges mainly caused by the lack of commitment and coordination between Central government and Java local government regarding local community development of which eventually led to the failure of the project. On the whole, it can be said that the government's authority that overrules general public's authority has made the latter group become the whole system's bearers. This, hence, implicitly forces the general public to consistently rely on the government's policy and directions which has prevented them from being able to be self-reliant and self creativity.

### *2) Human Resource Development*

Besides from the Top-down management approach to local development policy problem that has led local communities not to be developed based on the foundation of local resources, the problem of the quality of human resource is another great challenge faced by the OVOP project in Indonesia, given that human resource development is one of the core three elements of the OVOP's principles. It could be said that the quality of human resources in the Third World countries such as Thailand and Indonesia still shows quite a big discrepancy from that of human resources in the First World countries such as Japan in terms of education levels, living standards, income as well as public consciousness. As a result, this has made human resources become one of the major obstacles of local community development projects namely the Back to Village project in Indonesia.

Closely looking at the problem of human resources quality in general and human resource development under the OVOP of both Thailand and Indonesia, similar challenges could be found. By and large, the problem arisen from local people residing in remote areas in the two countries is usually from those with low level of education attainment who lack the sense of public consciousness. Therefore, this has led to the lack of incentives for them to take part or participate in the development process of their community. Also, the administrative nature of government in these countries that are unable to continuously push forward related policies and assistance to local



communities and the government's authority trying to push the participated local communities to produce as a response to the markets' demands, are another factor contributing to the not-so-successful human resource development. Therefore, it can be said that the projects has problem with human resources quality and the aim to create products more than developing human resources.

### *3) Local Yet Global*

In terms of the Local yet Global aspect of the OVOP's principles, it is found that Thailand's OTOP project has been faced with the problem in government's related policies caused by the Top-down administrative approach, in which it requires local authority's force to push forward the project so that it can successfully meet the government's objective. Hence, local communities would rush to finish their product created under the project as quickly as they can, leading to the problem of product limitation between each local community as well as the problem of mass production that does not emphasis on product quality. These have prevented these local products to be developed in such a way that they could meet the global standard. As for Indonesia's Back to Village project, it also has been faced with the same challenge as that of Thailand's OTOP product in term of the Local yet Global aspect. The main reason behind such problem is believed to be caused by the lack in adequate coordination and support from the Central government to East Java province's local government.

## **Conclusion**

Conclusively, the reasons of the failure of the local community development project namely the OVOP in Indonesia and the OTOP in Thailand are contributed to the lack of a true understanding in the project's principles, the Top-down administrative approach and quality of human resources. Furthermore, the failure of Indonesia's OVOP project was also caused by the lack of adequate coordination and supports from the Central government in the Back to Village project, making it unable to be fully developed.

Therefore, given the success of Japan's OVOP project and the failure of Thailand's OTOP project and Indonesia's local community development project of the Back to Village project, they are a good set of examples and lessons to be learnt for local community development options and style based on existing resources for each community. If Indonesia is to keep on going with the OVOP project, it has to truly stick

with the project's principles as originally designed by Japan, with more emphasis on human resource development. Local community development project will be a success if human resources are higher quality and the development is truly and willingly driven local people's wisdom and knowledge, not by the central government's policies. Therefore, it could be said that both Thailand and Indonesia's One Tambon/Village One Product project implicitly tries to focus on product rather than human resource development, with more emphasis on pushing forward the project's success than having local communities sustainably developed. As a result, due to these characteristics found in local community development projects in Indonesia and Thailand, if they can be actually made successful it can truly lead to successful human resources developed as well as stronger local communities and public. This will eventually solve the problem of dependency of local communities on the government leading to the self-reliance and sufficiency among local communities as well as a country as a whole.

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- Social Investment Fund - SIF was born out of the Social Investment Project – SIP that was designed to alleviate social impact due to the economic crisis. SIP was later separated into Social Investment Fund (SIF), and Regional Urban Development Fund (RUDF). The availability of SIP allowed NGOs to acquire fund to create projects aimed at meeting the Poor's basic needs
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## Book Review

**Tai Ming Cheung (ed.). *China's Emergence As a Defense Technological Power, Strategic Studies special Issue, Vol. 34 No. 3, June 2011* (Oxan, U.K.: Hobbs the Printers, 2011).**

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In August 2011, when China introduces its first unfinished aircraft carrier to the world, global major mass medias have flashed out its picture and commend that it represents Chinese assertiveness and power aggrandization.

In June 2011 when U.S. Defense Minister, Robert Gates visited China, the Chinese People's Liberation Armed Forces also revealed to the public its first stealth fighter, J-20, the fifth generation fighter flying from Chengdu to Beijing. Mr. Robert Gates admitted that the United States has underestimated Chinese armed production development. In early of 2007, Chinese Second Artillery corps which in charge of Chinese missile and ballistic armed force also shot down one of its old weather satellite to demonstrate its anti-satellite capability. On top of these, China has also developed space technology and cyber warfare capabilities that are necessary for the twenty-first century warfare. The Western security and defense watchers, thus, are concerned of Chinese defense technology development and arms manufacturing industries. How large and modern of the Chinese space and defense industries? How long does it take China to keep up with the United States, the world most advanced and innovative arms manufacturing country. Most economists have predicted that China would take over the United States as the world largest economy in the next 10-15 years. What would happen if China could take place the United States as the world top largest economy and arms production nation?

Professor Tai Ming Cheung of University of California has edited a special issue for the *Journal of Strategic Studies* to answer these timely important security questions under the title of *China's Emergence As A Defense Technological Power* for the volume 34, Number 3, June 2011. This special issue composes of 8 articles.

As one of the most authoritative on Chinese defense and security issue, Tai Ming Cheung, in his introduction statement, confesses his uncertainty regarding Chinese strategic objective by saying that "China is beginning to flex its expanding military and strategic clout in the pursuit of its broadening national security interest. ...whether it is a temporary phenomenon or the beginning of a more deep-seated strategic shift are not yet well-understood." (p.295)

The demonstrations of Chinese modern technologies development in the past few years and its assertiveness against Japan, Vietnam and the Philippines over territorial claims of the Diaoyutai Islands and South China Sea Islands could have been driven by multifactors in Chinese apparatus such as leadership competition, surging nationalistic sentiment needs to protect its core interests and Chinese ambition to play more important role commensurate to its rising status. It would take some years before one could determine Chinese grand strategy. However, he is certain that Chinese defense technological development is visible. China's defense economy could catching up with the West by the beginning of the 2020s. China is also making steady progress in building up its innovation capabilities and has given high-priority on space and aviation. (p. 295)

The eight papers in this special volume offer three insight into the state of development of the Chinese defense economy. First, the technological development of the Chinese defense economy since late 1990s has been impressive. Second, the aviation and space industries are leading the way in the Chinese defense economy's transformation. Third, Chinese military technology capabilities today match or exceed those of Japan, South Korea and India but still lags far behind the US and Europe. Tai Ming Cheung's findings support Robert S. Ross's

conclusion in this latest article on “The Rise of Chinese Power and the Implications for the Regional Security Order” Ross contends that “China’s global economic reach is insufficient to transform regional or global security orders. The transformation of the PLA into a region-wide strategic power will require many decades.... The transformation of the PLA into a globalstrategic power is an even more distant prospect.” (p. 545) The reason is simply that the United States continues to maintain its maritime

power, to modernize its forces and to enhance cooperation with its regional allies. All Chinese watchers should read Tai Ming Cheung’s special edited issue in comparison to Robert S. Ross’s work and Pentagon’s pessimistic assessment of Chinese hi-tech weapon development. (Robert S. Ross, “The Rise of Chinese Power and the Implications for the Regional Security Order,” *Orbis*, Vol. 54 No. 4, Fall, 2010, pp. 525-545)