

## การศึกษาโครงการหนึ่งชุมชนหนึ่งผลิตภัณฑ์ของญี่ปุ่นและไทย กับทางเลือกในการพัฒนาชุมชนอินโดนีเซีย

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### บทคัดย่อ

การศึกษาโครงการหนึ่งชุมชนหนึ่งผลิตภัณฑ์ของญี่ปุ่นและไทยกับทางเลือกในการพัฒนาชุมชนอินโดนีเซีย เน้นการนำแนวคิดการพัฒนาท้องถิ่นผ่านโครงการหนึ่งชุมชนหนึ่งผลิตภัณฑ์ของญี่ปุ่นและของไทย ซึ่งนำแนวคิดปรัชญา OVOP ของญี่ปุ่นมาเป็นต้นแบบนั้น มีศักยภาพในการนำไปใช้เป็นทางเลือกเพื่อพัฒนาชุมชนในอินโดนีเซียเพียงใด ทั้งรัฐบาลไทยและอินโดนีเซียต่างเชื่อว่าการพัฒนาท้องถิ่นเป็นปัจจัยสำคัญในการลดความยากจนในชนบท บทความนี้นำเสนอในสามประเด็น ดังนี้ ประเด็นที่หนึ่ง คือ ปรัชญา OVOP และต้นแบบการพัฒนาหนึ่งชุมชนหนึ่งผลิตภัณฑ์ของญี่ปุ่น ประเด็นที่สอง การพัฒนาหนึ่งชุมชนหนึ่งผลิตภัณฑ์ของไทย OTOP และ ประเด็นที่สาม การพัฒนาชนบทในอินโดนีเซีย

คำสำคัญ: หนึ่งชุมชนหนึ่งผลิตภัณฑ์ การพัฒนาชุมชน ญี่ปุ่น ไทย อินโดนีเซีย

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## **A Study on One Village One Product Project in Japan and Thailand as an Alternative of Community Development in Indonesia**

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### **Abstract**

A Study on One village One Product Project in Japan and Thailand as an Alternative of Community Development in Indonesia focuses on the potential for adaptation of the Japanese “One Village One Product” concept to Thailand and local development efforts in Indonesia. Both Thai and Indonesia government believe that local development, especially in rural areas, is a key to poverty reduction. This paper is divided into three parts: the OVOP concept and the Oita Japanese Model, the Thai “One Tambon One Product” Model, and general description of rural development Indonesia.

**Keywords:** One Village One Product, Community Development, Japan, Thailand, Indonesia

## Introduction

This paper points out that the potential for adaptation of the Japanese “One Village One Product” concept to Thailand and local development efforts in Indonesia. Both Thai and Indonesia government believe that local development, especially in rural areas, is a key to poverty reduction. A major problem facing developing countries is how to develop local areas to be urbanized. The economic decline of rural areas due to the declining value of traditional agriculture forces many young people to migrate to urban areas in search of better opportunities, incomes and standards of living, but this causes further decline to the rural areas and contributes to urban congestion and all its attendant problems.

## The OVOP Concept

The OVOP concept is a unique approach to local development which was the wisdom 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.<sup>1</sup> 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 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: (i) self-reliance and creativity (ii) human resources development, and (iii) thinking locally but acting globally. Local people take the lead, independent of external prompting and largely on their own creativity and self-reliance, to

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<sup>1</sup> Oita International Exchange Promotion Committee (August 2006), ‘One Village, One Product’ Spreading Throughout the World.

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 objective and the unique circumstances of each country. Two examples are outlined below to provide some contrasts that should be of interest in determining how Indonesia should approach the subject. These are (i) the Oita Japanese Model (ii) Thailand's One Tambon One Product model.

### **The Oita Japanese Model**

The Oita OVOP model is classic because it is the model that has been emulated in other countries with different variation. The Oita OVOP model developed from locally-led 'movements' which aimed at "gradual, long-term and intrinsic community

revitalisation, to be pursued through the formulation of local leaders".<sup>2</sup> 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>3</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 (though 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.

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<sup>2</sup> Rika Fujioka, (2006). 'Learning from OVOP in Japan and OTOP in Thailand for the Application to CLMV Countries' (paper presented at the workshop on Integrated Community Development for the Mekong Region: "One Village One Product Movement in CLMV Countries") by Asian Productivity Organizations: December 2006), p. 1.

<sup>3</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.

OVOP was not intended to be the main or only socio-economic development strategy for the Oita prefecture, nor was it 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 wellbeing 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.<sup>4</sup> 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 between 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.<sup>5</sup> At international level, OVOP products have been marketed through careful analysis of international markets and emphasising in superior quality and effective distribution.

### **The Thai Model: One Tambon One Product**

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 Shinawatra, a telecommunication businessman, who visited Oita with his senior officials several occasions to get first hand understanding of the revolutionary changes, and

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<sup>4</sup> The Oita Prefecture One Village One Product 21 Promotion Council, One Village One Product 21: Bringing the Spirit of the Country to the City, p. 2.

<sup>5</sup> Ibid., p. 5.

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".<sup>6</sup> 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.

Contrary to OVOP which 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

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<sup>6</sup> Rika Fujioka, Ibid., p. 2.

concerned with development of the local community.

However, understanding the problems of Thailand economics crisis in 1997 and its major impact to Thai society are very essential to the study. 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. As being an agriculture-based economy, agricultural development in Thailand, was a strategy in the progress of rural development during the 1960s and 1970s. Then, in the mid-1980s the development strategy was shifted from agriculture to manufacturing and services sectors. There were problems in agricultural or 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 agricultural 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, a mid 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 years 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 on 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.<sup>7</sup> 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>8</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. These innovative efforts will be elaborated on further.

### **General description of Indonesia**

Indonesia is an archipelago with more or less 17,504 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 with the array of ethnics (more than 300 ethnics with different culture), each with its own cultural identity and natural resources. Based on exclusive economy-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

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<sup>7</sup> Yuwanuch Tinnaluck. (2005). Knowledge Creation and Sustainable Development: A Collaboration Process between Thai Local Wisdom and Modern Science, Universite de Poitiers.

<sup>8</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.



for various farm cultivations such as paddy-field, rain-fed agriculture, estate; and non-farm cultivation such as mining industry, plantation, bush, and savanna.

### **Rural development in Indonesia**

Rural development in Indonesia has been agricultural development, and agricultural sector remains as an important part of the Indonesian rural development. The experiences also highlight that rural development also equal to poverty alleviation. Thus, the following cases illustrate several rural development programs that to some extent have not only failed to improve peoples' income, but also unable to improved social, economic and environmental issues. In development and poverty alleviation programs, the Indonesian government provides financial assistance in various forms such as grant, revolving fund, and commercial credits. Rural development programs have also been implemented through community organizations with various levels of formality and activities. Studies found

that most programs failed and discontinued.<sup>9</sup> Research also found that most of government-created village organizations do not perform well to support rural development programs.<sup>10</sup> Rural development has been characterised by ineffective community groups establishment, top-down process, neglecting community participation, mostly focus on financial support with limited capacity building activities, lack of interagency coordination, project-based approach and lack of commitment, unrealistic targets, and lack of law enforcement in program implementation.

As a result, most rural development programs failed and discontinued. Community participation to rural development is low, most community organizations are inactive, lack of sense of belonging to development programs, increasing community dependency to outsiders' help and initiative, community perceives development as financial support and development discontinue. Therefore, top-Down development policies are still problem to obstruct rural developing in Indonesia.

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<sup>9</sup> Muktasam, A. (2000). Role of Groups in Indonesian Rural Development, (Ph.D. thesis, The University of Queensland).

<sup>10</sup> Muktasam, A. and Mengestuti, A. (2007). Empowering Rural Communities through Community Organisations and Traditional Medicinal Plant Development (A research carried out as an *Asian Public Intellectual* or API Follow-up Project, A Report Draft)

## **Back to Village Project (Gerakan Kembali Ke Desa): OVOP Case in Indonesia**

Indonesia is one of country in Southeast Asia that adopted OVOP in the Gerakan Kembali Ke Desa (GKD) or Back to Village Project. Back to Village Project was initiated by Basofi Sudirman who was the governor of East Java until 1998. The aim of Back to Village Project initially crated to reduce migration by developing their own resources and also their Local community. However, Back to Village Project couldn't be existed after the period of Basofi finished by 1998. There are three constraints to keep this project from being sustained.<sup>11</sup>

1. Generally in Indonesia, most of policy which have been issued were not sustained, even though they were good policy because of changed government leader.

2. Back to Village Project is lack of attention from the Indonesia central government.

3. In Indonesia, human resources are undeveloped because most of local people in rural area are uneducated.

As mentioned above, rural development in Indonesia failed because of lack

participation of the rural community and undeveloped human resources. On the other hand, Top-down management is still the main policy of Indonesia central government toward rural community development. Unfortunately, that development project should be called “The end of Back to village and return of the state” in East Java. However, the Indonesia OVOP project recovered in 2006 when Vice President Jusuff Kalla met JETRO President in Tokyo. The Indonesia OVOP pilot project was held in Yogyakarta, and promoted handicraft products such as silver product and batik textile.

## **Conclusions**

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. In case of the Thai Model: One Tambon One Product, 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. As for Indonesia, most rural development

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<sup>11</sup> Wiwit Kuswidiati. (2008). A Case Study of Participatory Development in the OVOP Movement : Green Tourism in Ajimu Town, Oita, Japan and Agro Tourism in Pasuruan, East Java, Indonesia (Research Paper, Graduate School of Policy Science Ritsumeikan University)

programs failed and discontinued. Community participation to rural development is low, most community organizations are inactive, lack of sense of belonging to development programs.

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