

Capitalize Local Resources with the OVOP Model: Concepts and praxis and beyond

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Abstract—The article discusses how to use the Village Funds as a trigger for productive economic activities in rural areas in Indonesia. From the perspective of the collaboration concept, it takes the active role of various parties to work on this "project". One model of village economic development is the OVOP (One Village One Product) model. The OVOP model has been successfully developed in Japan, then in Thailand and other countries. Conceptually, this model is to strategy for optimize all resources in a village or sub-district area. The role of the stakeholders greatly determines the success or failure of this model, including the role of the government and the private sector, in addition to the villagers themselves. It is assumed, Village Funds and local resource potential can be capitalized as initial capital to develop village featured products through the OVOP model that is synergized with the development of BUMDes (Village-Owned Enterprises). This has been empirically witnessed in several villages that have successfully used village funds to develop village potential. But in general, the synergy is apparently still faced with various obstacles that make it difficult to realize the target of rural economic development programs. The analysis in this article helps expand our perspective on the implications of a policy that only oriented on output, but not paying attention to outcomes. The results of this analysis have implications for building future village development policies, and for understanding the differential impact of different resource potentials which tends to be different in each village in Indonesia.

Keywords—BUMDes; collaboration concept; OVOP model; village featured products; village funds

I. INTRODUCTION

In Indonesia, rural development is projected as an effort to condition the independence of rural communities, by optimizing all the economic and socio-cultural potential of the local community, so that they are not expected to be tempted to leave the village to improve their welfare. To achieve this goal, since 2015 the Government of Indonesia has demonstrated its commitment in the form of Village Fund policies, to finance infrastructure development and empowerment activities for rural communities. Village funds intended to finance village development come from the state budget. The realization of the Village Fund budget for the 2015-2017 period was recorded at IDR 127 trillion. Whereas in the 2018 budget year, the Village Fund is allocated IDR 70 trillion, with an allocation per village of around IDR 1 billion per year.

As the implementation of the Village Fund policy, up to the first three years the Village Fund tends to be prioritized only to finance infrastructure development, and the aspect of empowering the village community is less attention. The "opportunity" to use the Village Fund budget to support productive economic activities has only recently emerged, after the Village Ministry realized that this was important. For example, it can be seen from the instructions the Center Government to establish a center for the development of rural economic areas. With the Ministry of Village's sponsor (and implementation guide), then prioritized development rural economic zones spread across 60 regency in Indonesian, among others in the provinces of Aceh, Banten and Central Sulawesi. The area is determined based on the availability of natural resources and the commitment of the local government [1].

On the other hand, there is the practice of using the Village Fund which has succeeded in empowering local communities by involving them in productive economic activities. For example, what was done by residents of Ciawigajah, Beber district, Cirebon regency, West Java? The local village community uses the Village Fund to treat clean water into bottled water, and marketing is carried out by BUMDes (Village owned enterprise). According to the Village Head Ciawigajah, if it goes according to plan, the village income can be IDR 1.2 billion per year from the bottled water business. Even though the Village Government also uses the Village Fund to develop the village into a sweet potato center, with production of 200 tons - 300 tons of sweet potatoes per year [2].

The question is, how to use the Village Fund sourced from the National Budget (State Budget) so that it can truly be relied upon to empower the community in accordance with the scenario of increasing the welfare of the villagers? In the following article, will be discussed how to optimize the Village Fund by involving collaborative patterns from various parties, especially by relying on the OVOP (One Village One Product) model.

II. LITERATURE REVIEW

There were many models of village development implemented in Indonesia. One of them was the OVOP model, following a model that has been successfully developed in

Japan and Thailand. This model began to be introduced in Indonesia to develop small and medium enterprises since 2007, and in 2009 became a national movement to move the people's economic pillars in rural areas.

Theoretically, it has long been realized that in order to increase the productivity of the village community they should need to carefully recognize all the local economic potential that can be developed. This is to provide direction so that do not let the village community to manage economic resources that are subsistence in nature and are unprofitable in business. Economically beneficial factors are the key words, if the village development goals are to increase the income of the community, and that is what should have intertwined every rural economic development policy [3].

The basic assumption of the beneficial economic activities of rural communities is that each product produced by the farmer must be a featured product that is marketable and guarantees sustainable production. Conceptually, it is this pattern of developing featured commodities from a community that underlies the OVOP (One Village One Product) concept. This concept has been successful in Japan with the term *Ippin Undo*. The OVOP model was first initiated by Morihiko Hiramatsu [4], when he became Governor of the Oita Prefecture in 1979. According to Morihiko [4] in Schumann, OVOP has three main principles. First, global local yet, which means producing products or services that are locally valuable and globally acceptable, implemented by improving product quality through a process of technical training to improve production and design quality. Second, self-reliance and creativity, which means utilizing creatively owned potential with independent businesses. Third, human resource development, which has the meaning of developing the capacity and competence of the community to have the spirit to be creative and be able to face various challenges of the times.

Starting from Japan, the OVOP model was later introduced in Thailand, Malawi and Nepal. The OVOP model is adopted with various versions. In Japan, the same model has been introduced, but its orientation is to develop featured commodities, namely OVOC (One Village One Commodity). In Thailand, when the regime of Prime Minister Taksin Sinawat came to power in 2001-2006, OVOC was modified to become OTOP (One Tambon One Product), where the term Tambon refers to District or sub-district. Even the term ODOP (One District One Product), is considered more suitable to be applied in several countries, such as in the state of Uttar Pradesh, India.

In this connection it is assumed that rural communities in Indonesia cannot simply implement the OVOP model as required by Morihiko Hiramatsu. Indeed, what is meant by "products" in the OVOP model is not limited to agriculture, but rather what products are the advantages of a village area? Even if the village's potential is in the field of tourism, what is "sold" is tourism objects and souvenir items. But to produce products or services that are locally valuable and globally acceptable (local yet global), of course, must choose the type of commodity that is in accordance with the wishes of consumers. This may be somewhat impossible for the village community

to produce it's because is low in education and there is tend to ignores the quality aspects of the products produced.

III. RESULTS AND DISCUSSION

A. Praxis Example

Assuming in the future every village is a prosperous village, its people prosper, and the products produced by the village are so abundant and can meet the needs of the community as wide as the country, is a dream in the present. But a dream that is not impossible becomes a reality. One thing that might be offered to realize this dream is to create 'politan-village', and making this village a center for export-oriented food products.

The concept of 'politan-village' is not a new concept in the repertoire of village development theories. This concept is a modification of the 'agropolitan' concept which presupposes an agricultural village as if it were an 'independent city' that is capable of developing economically local resources [5]. However, a number of parties often reduce the concept, so that similar terms emerge, such as 'mina-politan', to show that a (rural) area has been developed as a center for fishery products. Whereas when referring to Friedmann and Douglass [6], as one of the initiators of the agropolitan concept, the concept is operationally actually to show a condition in which a vast agricultural area has provided infrastructure that enables the implementation of agricultural industrialization from upstream to downstream. Such a concept, given the objective conditions, it seems rather impossible to be realized in Indonesia.

Therefore, the concept of 'politan-village' does not have to be imagined like the agropolitan concept version of Friedmann and Douglass [6]. What was done by the people in the villages of Jomboran, Jimbang, and Krakitan in Klaten Subdistrict, Central Java, might be used as an example. With the help of thinking from a Professor at Gadjah Mada University, they can develop innovative 'village-tourism' areas, and become best practices for the use of Village Funds to advance the village economy [7]. With the concept of 'politan-village', the villages in Klaten may be an example of the most likely modification of the agropolitan concept.

As another illustration, it is reported that patin (*pangasius*) from Indonesia can be exported to the Middle East, supply the needs of Saudi Arabia and the United Arab Emirates, with an estimated export value of US \$ 5 million per year [1]. The leading patin commodities for export include meat slices (filet) and pangasius steaks. Indonesian patin products are superior, among others, because they are developed with probiotics. In addition, pangasius in Indonesia is cultivated in ponds with clean ground water and lower densities compared to other countries. To export patin, of course, must meet a number of international standards in order to be competitive in the global market. Patin for export must have a product certificate. Whereas patin that fulfill the product certificate requirements include, at least 700 grams of weight, are free of antibiotics and other chemical drugs, come from certified farms, and have origin certification (HACCP) and certificate of processing eligibility. In addition, the color of the flesh is natural white,

does not smell of mud, and the water content is less than 20 percent.

In other words, the requirements for product certificates are certainly not easy to fulfill. But from the export opportunities of patin, it is a lesson that any village product can actually be used as an export product, as long as it meets the criteria and conditions. Why it does not suppose that the export product is in the form of other types of fish that usually fill the farmer's ponds. Or fruit and produce products from rural areas of Indonesia which are known to be very rich and varied in number.

To realize this, the OVOP model should be integrated into the creative economy development model. Integration must be done as a strategy to develop local economic potential, because the OVOP philosophy is different from the philosophy of developing creative economy. OVOP's philosophy is to develop the economy potential of groups of people, while the creative economy is more about developing personal potentials or people. On the other hand, the production management developed must be product oriented that is suitable for export needs. For this reason, what is needed is not only the role of the government, but also the role of the private sector, and it would be better if it could involve higher education academics who are considered to master research results patents that are useful to be developed in processing industry activities.

B. Collaborative Role of Stakeholders

Creating and producing village featured products cannot solely depend on the village resources, but collaborating among stakeholders, such as companies, academics, or regional government is also needed. The suitable concept to explain this cooperation is called partnership models.

The partnership term is the cooperation of two equal parties and its presence is complementary. But operationally it can mean work relationships in the form of coordination and collaboration (see for example Balloch and Taylor) [8]. The partnership concept in its praxis can be aimed at working on large projects, such as highways, railroads, procurement of electricity, telecommunications, seaports and airports — which the Government cannot usually do (and financed) itself.

In terms of the use of the term "collaboration", its relevance is more to the functional aspect, that the parties that are collaborating do not have to be equal because what is important is the achievement of goals maximally and the results are beneficial to all parties, in accordance with the contribution of their respective roles. That there is one party that tends to behave "exploitatively" does not need to be a problem as long as the rules of the game are clear. The point is: substantially no party involved in the collaboration may be harmed [9].

In that connection, it is worth offering the 'triple helix' model. The triple helix model presupposes the dynamic interaction between academia-industry-government (AIG) as the key to innovation in a knowledge-based society. This triple helix intersection of relatively independent institutional spheres generates hybrid organizations. The Triple Helix describes this new innovation model in addressing such questions as: How do we enhance the role of universities in regional economic and

social development? How can governments, at all levels, encourage citizens to take an active role in promoting innovation in innovation and, conversely, how can citizens so encourage their governments? How can firms collaborate with each other and with universities and government to become more innovative? What are the key elements and challenges to reaching these goals? [10].

Although the triple helix model cannot be practiced seriously as a state policy to develop the economic potential of rural communities in Indonesia, but learning from how to practical cases and experiences from Africa, Latin America and Asia [11], it is not impossible that this model can also be alternative patterns of development of rural economic resources in Indonesia. In the Indonesian context, triple helix has been known as a non-linear mechanism to promote innovation and science policy along the joint partnerships in the 1990s. However, the progress has been considered to be relatively slow due to lack of communication and understanding among the actors involved. There have been attempts to implement this concept in order to bridge the gaps between small and medium enterprises (SMEs), large enterprises (LEs), local authorities (LAs), university and government [12].

In the context of the main issue of this article, the scenarios that can be offered are as follows. Villages or sub-districts that have certain featured economic resources are directed to develop a product that has competitive advantage. The Village Fund, should be used to develop and revitalize the role of BUMDes. District and provincial governments, through APBD (Regional Development Budget) funds, help expand the OVOP development area. Whereas the banking sector, provided capital to develop village featured products. On the other hand, local university should mobilize its academics who have certain expertise to assist the community in developing featured products. And, the private sector, with its managerial superiority, can play a role in ensuring product quality and providing access to product marketing. In other words, the village community should not be left alone to develop themselves and their village potential.

IV. CONCLUSION

The OVOP model is one of the strategic policy pattern it should be able to mated with the how to use of the Village Fund for effectively. Of course the OVOP model cannot be applied to all villages, because the conditions must be that local resources have the potential and can be directed to be developed into productive economic activities. But by taking the example of the development of 'politan-villages', the choice of productive economic activities is not limited to just one object. But according to the OVOP principle, it would be nice if the object of development was oriented to featured products that were "global local yet" nature. In this connection, the Village Fund should be able capitalized to become the basic capital for the development of a village featured product, by utilizing the synergistic relationship that can occur when business development also involves entrepreneurs and academics.

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