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—Insights from Malawi, Japan and Thailand—

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## **Challenges for the OVOP Movement in Sub-Saharan Africa: Insights from Malawi, Japan and Thailand**

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### **Abstract**

This paper compares the One Village One Product (OVOP) movements of Japan, Thailand, and Malawi to examine their similarities and differences and to provide Sub-Saharan African countries that are adopting the OVOP approach with measures necessary to overcome existing constraints. The OVOP movement encourages the mobilization of local human, material, and cultural resources to create value-added products and services for domestic and external markets. However, the Thai and Malawian OVOP efforts differ from the Japanese OVOP programme in that the initiative spurring their adoption was taken by their central governments and in their emphasis on economic, rather than social purposes. We assess and compare the effectiveness of OVOP approaches in the three countries. With respect to Malawi, we find that OVOP has helped to improve productivity in some cases, changed the value chain structure in other cases, provided market access through labelling and reached many thousands of households. This study suggests that, in order to make OVOP take off in Africa, prompt action is necessary on several fronts. First, spatial connectivity needs to be improved so that OVOP producers can participate in national and global value chains. Brand-making and e-commerce could also be promising areas as demonstrated by Thai success. African countries will need further foreign cooperation in financing and management training. In order to use limited resources effectively, however, stakeholders must coordinate their activities closely. Finally, we need to introduce social indicators (such as women's empowerment), in addition to economic ones to assess the effectiveness of the OVOP movement.

**Keywords:** community development, local resources, value-added, brand-making, social indicators

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## **Acronyms and Abbreviations**

BAAC: Bank for Agriculture and Agricultural Cooperatives, Thailand

BDS: Business Development Services

CD: Capacity Development

CDD: Community Development Department, Ministry of Interior, Thailand

CFA: Confirmatory Factor Analysis

DFID: UK Department for International Development

EIB INFAC: European Investment Bank Investment Facility

G8: The Group of Eight is a forum, created by France in 1975, for governments of eight nations of the northern hemisphere: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United States

GTZ: Deutsche Gesellschaft für Technische Zusammenarbeit

HRD: Human Resource Development

ILO: International Labor Organization

JETRO: Japan External Trade Organization

JICA: Japan International Cooperation Agency

KOICA: Korea International Cooperation Agency

MDGs: Millennium Development Goals

METI: Ministry of Economy Trade and Industry, Government of Japan

MITI: Ministry Of International Trade and Industry, Government of Japan

MOFA: Ministry of Foreign Affairs, Government of Japan

MPRSP: Malawi Poverty Reduction Strategy Paper

OVIC: One Village Industrial Cluster

OTOP: One Tambon One Product (Tambon=village in Thailand)

OVOP: One Village, One Product

PCA: Principal Component Approach

SEM/LV: Structural Equation Mode with Latent Variables

SMEs: Small and Medium-sized Enterprises

TICAD: Tokyo International Conference on African Development

UNCRD: United Nations Centre for Regional Development

UNDP: United National Development Programme

UNIDO: United National Industrial Development Organization

WTO: World Trade Organization

## **1. Introduction**

### 1.1. Background and objectives

There is an urgent need to reduce poverty by revitalizing the regional economy in Sub-Saharan African countries. The One Village One Product (OVOP) movement, which originated in Oita prefecture, Japan, is one example of a successful regional development policy. In 2006, the Japanese government launched the OVOP Campaign at the WTO's Hong Kong Ministerial Conference as part of its Aid for Trade initiative. In 2008, at TICAD IV and meetings of the G8 countries, the Japanese government reconfirmed its commitment to African development, including its support of OVOP programmes. So far, twelve African countries -- Kenya, Ethiopia, Mozambique, Uganda, Tanzania, Nigeria, Zambia, Madagascar, South Africa, Senegal, Ghana, and Malawi – have adopted the OVOP approach. In these programmes, people are encouraged to identify local material, natural, or cultural resources and to devise methods to add value to them.

In spite of positive promotion by the Japanese government, donors, as well as partner countries, continue to lack complete understanding of the OVOP approach. The objectives of this paper are first to clarify the uniqueness of the OVOP approach as initially implemented in Japan, to examine how it has been applied to Thailand and Malawi, and understand the effects and challenges of the OVOP approach.

Thailand and Malawi were selected because they were the first non-Japanese countries to adopt the approach. This turn of events is due to an international initiative taken by Dr. Morihiko Hiramatsu, who was the governor of Oita prefecture between 1979 and 2003, and the founder of the OVOP movement. He was enthusiastic about international cooperation and organized the “Asia Kyushu Regional Exchange Summit” in 1994. Officials from Thailand and Malawi were among the invitees. They were so impressed by the OVOP approach that they promoted the idea in their countries. This led to the official launch of the OVOP movement in the two countries in 2001.

The ultimate purpose of this paper is to extract lessons from Thai and Malawian OVOP activities and explore best practice measures for Sub-Saharan countries to use in tackling the challenges and constraints they face in implementing OVOP programmes.

## 1.2. Previous studies on OVOP

There are a number of studies on the Japanese OVOP movement, but most of them are written in Japanese. As OVOP becomes an internationally recognized regional policy, however, studies in English are increasing. They can be categorized into three different types.

The first type of study discusses adaptability and the positive impacts of the Japanese OVOP approach in other countries. For example, Igusa (2008) argues that the Oita model is applicable to Asian countries. Kurokawa (2008) describes the OVOP movement as a development policy for developing countries but points out clear differences between the original OVOP programme and overseas OVOP approaches. Reviewing the trajectory of Japan's National Development Plans from the 1960s to the 1990s, Yoshimura (2004) from the UNCRD stresses that the most important task for sustainable regional development efforts such as OVOP activities is to promote community-oriented economic and industrial policies by utilizing local resources (including nature, culture and history). Hayashi (2007) also emphasizes the importance of the community-oriented nature of any regional development policy. In addition, he mentions the importance of agglomeration, clustering and an innovative environment.

The second kind of research is concerned with case studies of specific OVOP activities. Stenning (2008) examined the origin of the OVOP movement in a small town called Oyama-machi in Oita prefecture and found the essence of the movement to be networking activities. Yamagami (2007), however, argues that the real essence of the development plan of the Oyama town lies in its diversity.

The third type of study focuses on brand values of local products. Okura (2007)

conducted an interview survey among Oita consumers and found out that they recognize brand values in OVOP products. He concludes that the success of the OVOP brand depends on continuous support from local governments. Fujita (2006) also discusses OVOP brand values from the viewpoint of spatial economics and endogenous growth theory. He depicts two uniquely Japanese concepts -the OVOP idea and Michi no Eki (Roadside Stations) - as potential tools for bridging the gap between cities and rural areas. He considers both OVOP and Michi no Eki as rural development strategies of a broader nature based on “brand agriculture.” This represents a general strategy for community-based rural development that identifies, cultivates and fully utilizes local resources for the development of products or services unique to each village.

Studies of non-Japanese experiences are still limited. Fujioka (2006) examined the Thai One Tambon One Product (OTOP) programme and found out that it is different from the Japanese prototype in the sense that the Thai OTOP is a top-down scheme led by the central government while the Japanese OVOP approach is bottom-up. On the other hand, Yoshida (2006) found out that the Malawian implementation of the OVOP concept is a proposal-based community project complemented by low interest-rate loans.

Comparative studies on the original and overseas OVOP programmes have provided limited insights. Our study attempts to contribute to OVOP studies by comparing the original Japanese OVOP scheme, the Thai OTOP implementation, and the Malawian OVOP implementation, elucidating similarities and differences among the three cases, and by extracting lessons from the comparison for the future application of the OVOP approach to Sub-Saharan African countries.

### 1.3. Research and data

In the following sections, OVOP experiences from Japan, Thailand, and Malawi will be examined individually and comparatively. The section on the Japanese OVOP programme is

mainly based on case studies of local towns (such as Oyama and Takeda) in Oita prefecture. The sections on Thailand and Malawi are based on field surveys conducted in 2008 and 2009. In Thailand, direct observations and interviews with government officials and OVOP leaders are complemented by a household survey conducted with the help of Khon Kaen University. In Malawi, information was gathered mainly from group leaders with the help of the OVOP secretariat and Japan International Cooperation Agency (JICA) experts. Since many OVOP groups still lack the capacity to keep adequate sales records and financial statement in Malawi, only a few groups could be studied in depth.

## **2. Basic Characteristics and Achievements of the Oita OVOP Movement**

### **2.1. Origins of the Oita OVOP movement**

The original OVOP movement was launched in 1979 in Oita prefecture by then-Governor Dr. Morihiko Hiramatsu. He encouraged residents in villages and towns to select a possible product or industry distinctive to their village or town and foster it to be nationally, or even globally, marketable.

Dr. Hiramatsu's idea, however, had an antecedent in his prefecture. Back in 1961, Mr. Yahara, the mayor of Oyama Town, launched a New Plum and Chestnut (NPC) strategy which aimed at transforming local agricultural production from rice to more promising plums and chestnuts and thus improve the livelihood of his hilly town, which was the poorest in Oita Prefecture (Adachi 2005). Previously, local people had worked as woodcutters or seasonal migrant labourers to make ends meet. The challenging attempt of Oyama Town, whose motto was "let's plant plums and chestnuts to go to Hawaii!" proved to be successful. As their income increased thanks to the new products, local people really visited Hawaii in 1967. The name and nature of the NPC movement were later changed from an economic initiative to a social project: first to New Personality Combination (NPC), followed later by New Paradise Community (NPC), which aimed at human and community improvement.



The success of Oyama Town stemmed primarily from the self-reliance and creativity of the people themselves. Hisamatsu's OVOP movement inherited this spirit and called for people to take positive initiatives for themselves instead of expecting benefits to come down from the government. Regardless of whether the idea is called OVOP or given another name, the basic message of the Oita experience is that local societies can be revitalized through community-based endogenous movements. The movement that started in Oita prefecture has spread to other rural Japanese areas that have been left out of the nation's economic development and suffer from out-migration and an aging population.<sup>1</sup>

## 2.2. Three principles of the OVOP movement

According to the Oita OVOP International Exchange Promotion Committee, there are three principles in the OVOP movement: (i) creation of globally acceptable products/services based on local resources, (ii) self-reliance and creativity, and (iii) human resource development (JICA-ODI 2008[7]). The feature common to all three is an emphasis on local ownership.

The first principle is best expressed through the motto "Think Globally, Act Locally." Local residents are expected to create globally marketable products and services that embody people's pride in the material and cultural richness of their home areas. The "story" behind any product or its development helps attract consumers' attention. Such local flavour adds value to local products while the use of local human and material resources will help make economic activities sustainable.

To come up with marketable products or services, self-reliance and creativity are crucial since local knowledge and instinct can aid the discovery of local "buried treasures". Everything local is potentially valuable, but whether that potential becomes a reality depends on the initiative and effort of local people. An excellent example is the Kabosu lime. It was

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<sup>1</sup> Even in developing countries like China and Thailand, rapid urbanization and aging are becoming major constraints in rural areas. This is one of the reasons we should take a fresh look at the One Village One Product movement as a universal rural development policy.

neglected as a useless plant and every farmer preferred planting ordinary oranges. In response to Hiramatsu's OVOP call, the farmers in Takeda Town and other villages decided to explore the potential use of Kabosu limes for cooking. Kabosu juice, with citric acid and vitamin C, is medicinal and gives added flavour to certain dishes, desserts and drinks. It successfully captured the minds of Japanese consumers and became a product that represents Oita.

The third principle of the OVOP movement is its emphasis on human resource development. Japanese regional development policy has traditionally focused on infrastructure development like construction of roads and bridges. The OVOP movement, in contrast, emphasizes visionary local leadership with a challenging and creative spirit. The success of any OVOP product or service largely depends on its quality, developed and improved by local people themselves. The OVOP concept shares its focus on quality with other Japanese concepts like Kaizen or the 5S process.

### 2.3. The role of local governments

Notwithstanding the importance of the initiative of local people, the prefectural and municipal governments of Oita played an important facilitating role, especially in technical development, producer promotion, and product marketing. Yujiro Okura, one of the most prominent analysts of the Oita OVOP movement, points out that the success of OVOP was due to the continuous support given by local governments (Okura 2007).

Research institutes belonging to the prefectural government, such as the Agriculture & Fishery Research Centre, the Mushroom Research Institute, the Floricultural Research Centre, and the Oita Prefectural Bamboo Crafts Training Guidance Centre provide technical support to help improve the quality of local products and offer training programmes to local producers.

The granting of awards or prizes by the prefectural and municipal governments contributes to heightening the motivation of local residents. No one before Dr. Hiramatsu thought of praising rural women for their cottage industry-type activities such as sweets

production. Awards and prizes offered in recognition of their effort and products by the Governor, mayors and presidents of local chambers of commerce and industry are enthusiastically welcomed by OVOP groups and contribute to enhancing participation and commitment by local people to the OVOP movement.

The Oita prefectural government helps market OVOP products by periodically holding an Oita Fair/Product Exhibition. It further promotes Local Produce Consumption Promotion Campaigns such as the Toyo-no-kuni Fresh Produce Campaign (which was given Oita's traditional name, which literally means the land of abundance) and the "One Village One Fish" Fair.<sup>2</sup>

Even national public entities help strengthen the OVOP movement's promotion and marketing. Michi-no-Eki (roadside station) is one such initiative. Launched in 1993 as a joint project between national highway administrators, regional governments and local groups, it aims to facilitate travel and tourism in the era of motorisation. Local communities along main highways desired to provide retail goods and dining services to motorists who pass by their communities. For this purpose, local governments cooperated with public highway administrators from both national and local governments to construct and maintain roadside stations where local goods, rest facilities, and information are provided. As easily imagined, the roadside stations serve as outlets for OVOP goods and as entrance points for OVOP services such as cultural events and eco tourism.<sup>3</sup> As of July 2009, there are 917 Michi-no-Eki stations in Japan.<sup>4</sup> According to the World Bank, while "a Michi-no-Eki is not a large scale public-private partnership such as a toll road, it is a unique kind of facility with the potential

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<sup>2</sup> In addition, as many as 34 local private companies sympathetic to the OVOP movement have established a joint stock company called Oita One Village One Product Co. Ltd. to promote OVOP products nationally through direct and internet marketing

<sup>3</sup> According to Prof. Sakurai of Chiba University, "over-urbanization has prompted the re-evaluation of rural life. Not only villagers but also some urban residents are interested in rural resources and are trying to make good use of them. This trend presents opportunities to utilize rural resources for community-based socio-economic activities" (Sakurai 2005).

<sup>4</sup> Information downloaded from [http://www.mlit.go.jp/road/station/road-station\\_hist.html](http://www.mlit.go.jp/road/station/road-station_hist.html) (accessed February 10, 2010).

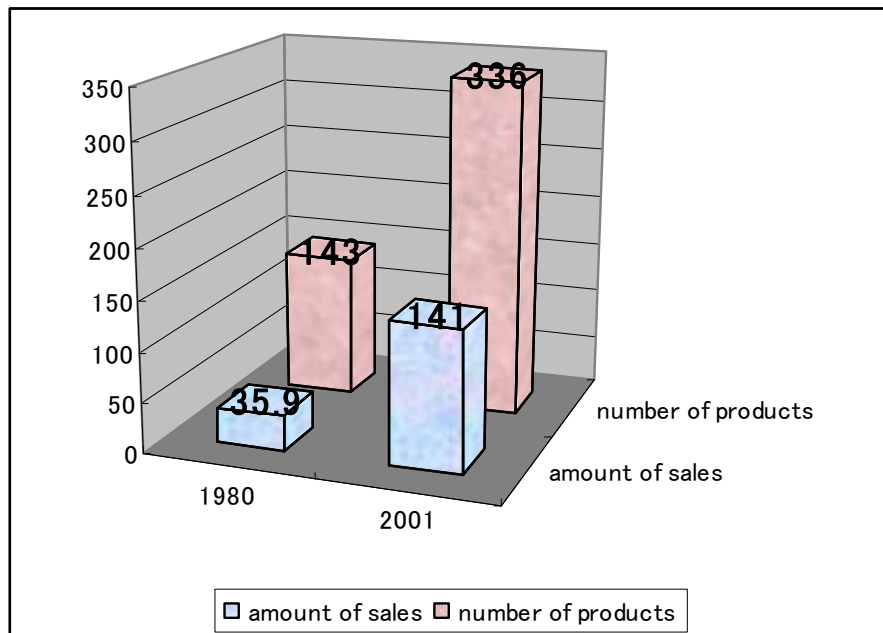
for enabling the development of public-private partnership in economic activities at the local level” (World Bank 2004).

#### 2.4. Achievements of the Oita OVOP movement

According to the Oita OVOP International Exchange Promotion Committee, by 2002, a total of 810 OVOP-related products, facilities, events, and activities had been recorded: 338 local specialty products, 148 facilities such as community centres, 133 cultural items, 111 local economic activities such as food contests, and 80 activities related to environmental protection. The OVOP movement thus covers broad areas extending from food production to environmental protection.

A large increase in both the number local specialty products and their value occurred between 1980 and 2001, as demonstrated in Figure 1.

**Figure 1.** Increase in local products and sales (in billion yen)

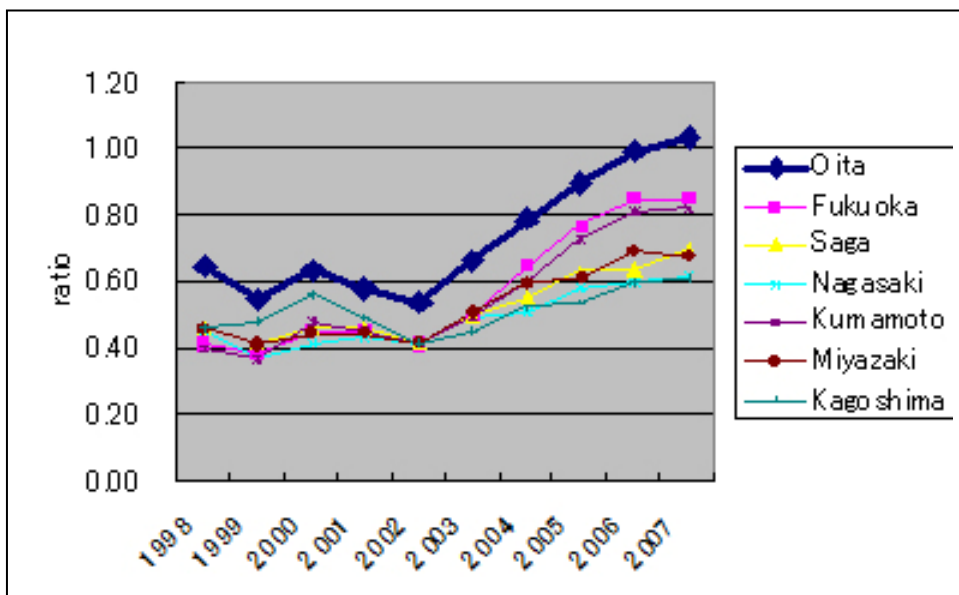


Oita is also prominent for its expansion of the Michi-no-Eki system. Oita, with a population of 1.2 million, has 22 road stations while Fukuoka, which is the most urban and populous prefecture on Kyushu Island with 5 million people has only 18 stations. In every respect, Oita continues to be a vanguard of the OVOP movement.

It is not easy, however, to make an accurate measurement of an overall OVOP impact on the prefectural economy. The prefectural government of Oita uses employment figures as a proxy for that impact when it explains the utility of the OVOP movement to the residents.

As shown in Figure 2, the ratio of job offers to job seekers is the highest in Oita of all the Kyushu Island prefectures. This means that Oita is the best place to look for jobs.

**Figure 2.** Job offers per seeker in Kyushu, Japan



Source: Ministry of Health, Labour and Welfare, Japan

## 2.5. The Japanese OVOP model

The most important ingredient of the Japanese OVOP model is the initiative and practical innovation of local residents. Daily activities, nature and local entertainment can be turned into valuable products or services to be marketed. Activities such as “big voice” or

shouting contests in Yufuin town and pond cleaning in Ajimu town attract people from outside Oita. Sometimes, ideas from outside are implemented as local events or activities that fully or partially make use of local resources, both material and human. Public offices, mainly local governments, but sometimes even national public entities, serve as facilitators of OVOP activities by helping with technical innovation, production, and marketing.

### **3. The Thai OTOP Movement**

#### **3.1. Commonalities and differences between the Japanese OVOP and Thai OTOP concepts**

The tambon is the basic administrative unit in Thailand. Therefore, OTOP is more or less equivalent to the Japanese OVOP although the “village” in OVOP is not necessarily confined to an administrative unit and therefore can be geographically more flexible.

The Thai OTOP, like its Japanese predecessor, aims at encouraging the development of rural economies through the use of local resources with community members’ participation. One Thai observer writes: “The benefits of OTOP have not only been economic. Local community leadership and pride have also grown as a result” (Wattanasiri 2005). Indeed, existing traditional craft groups (such as the Mudmee silk producers in the Northeast district and makers of processed foods such as fish sausage and peanut crackers) have been recognized as producers of OTOP five-star products and encouraged to take advantage of the OTOP policy to improve their marketing.

We observe a marked difference between the Japanese and Thai models in the role played by the central government. Fujioka (2006), who conducted a comparative study of Japanese OVOP and Thai OTOP implementation, concluded that the former operates from the bottom up while the latter is run from the top down.

The government under Prime Minister Thaksin initially launched the official OTOP Development Policy in 2001 as a measure to revitalize and diversify the rural economy as a

part of national economic restructuring.<sup>5</sup> The central government played an active role in providing funds, awards and training, conducting OTOP product championships for brand making, and building web sites for OTOP groups.

The basic motivation of Thaksin was twofold: to get support from the farmers and to foster coordination among government programmes. He visited many OTOP groups and encouraged rural people just as Dr. Morihiko Hiramatsu had done in Oita. In addition, since there are many government agencies and programmes aiming at cottage-industry promotion, close intra-governmental coordination was needed for a successful mobilisation of local human and material resources. As knowledge of local conditions is only available at the local level, the role of OTOP subcommittees formed under the auspices of the Ministry of the Interior in the process of de-centralisation has been crucial.

The following is a list of the most important subcommittees under the OTOP National Administrative Committee and their functions (The Office of Small and Medium Enterprises Promotion, Ministry of Industry 2008).

(1) Management subcommittee

- Executes and coordinates plans and strategies agreed upon by the OTOP National Administrative Committee
- Coordinates with concerned authorities in relation to operations planning and budgeting of the set plans and strategies
- Develops an OTOP database and creates information systems with parties involved in the OTOP project
- Provides monitoring and evaluation

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<sup>5</sup> There are, however, many cases in which endogenous cottage industries had started to develop before the introduction of the OTOP programme. Ikemoto conducted a field survey in a Yasothon Province village where the now-famous triangle pillows are produced. Ikemoto dug out the history of the industry, describing how a cluster with its agglomeration effects developed as the production group in a village expanded its production network into neighbouring villages (Ikemoto 2000).

(2) Marketing subcommittee

- Lays down marketing policies, action plans, and marketing directions
- Identifies distribution channels and considers appropriate locations for the setting up of domestic and international distribution outlets
- Protects OTOP products' intellectual property rights

(3) Production promotion subcommittee

- Fosters quality enhancement, production development factors, production process improvements, and the promotion of local content usage.

(4) Product standard and quality development subcommittee

- Fosters, facilitates, and provides guidance to promote product standard and quality enhancement by, among other services, giving advice on production techniques and methods of upgrading product.

(5) Regional and provincial subcommittee

- Formulates policies and plans essential for the strengthening of local communities
- Promotes networks among communities to improve producers' competitiveness
- Enhances producers' knowledge, skill, and expertise

The OTOP subcommittees have elaborated and implemented innovative policies to promote cottage industries. Two prominent measures for marketing OTOP products, OTOP brand making using a common logo and Internet marketing, will be examined here.

### 3.2. Product championship and OTOP-branding strategy

The OTOP championship is an innovative product contest initiated by the OTOP National Administrative Committee and the Ministry of the Interior. Community groups, SMEs and individual entrepreneurs must register as manufacturers of OTOP products to participate in this contest. Only one product can be submitted by each producer. The general criteria for the contest are: (i) the product is exportable and has a brand quality, (ii) production can be



sustainable with consistent quality, (iii) the product can provide customer satisfaction, and (iv) the product has an impressive background story. Each product is graded at various administrative levels according to established official procedures. First, product quality is given a score of up to 30 points at the local level. Second, the marketing capability measured by the number of markets obtained and the period of group activities is given up to 30 points. Finally, up to 40 points are awarded at the national level by the use of the same criteria of quality and marketing. The five-star certificate is granted only to those products that obtain more than 90 points (see Table 1).

**Table 1.** OTOP grading system

5 stars	90 points and above	Good quality. Exportable
4 stars	80-89 points	Fairly good quality. Nationally recognized. Exportable upon improvement.
3 stars	70-79 points.	Average quality. Able to attain 4 stars upon improvement.
2 stars	50-69 points	Able to attain 3 stars. Periodically assessed.
1 star	below 50 points	Product is unable to attain 2 stars due to its many weaknesses and development difficulty.

Source: Adopted from <http://www.pcthailandgigs.org>.

As a means to build a brand, the OTOP logo with stars (as shown in the figure on the next page) was introduced in 2003, two years before Japan enacted necessary regulations for brand-based marketing by local groups.

**Figure 3.** Products with the OTOP 5-star logo



The certification is closely associated with financial and other benefits. Four-star or five-star awardees have a better chance of obtaining public subsidies or being sent overseas for training. Access to bank credit is also enhanced by higher certification. In 2001 the BAAC (Bank of Agriculture and Agricultural Cooperative) started a new lending scheme for OTOP members.<sup>6</sup> Previously, bank loans were only offered in proportion to the value of collateral (land). Funds were therefore directed to household heads who were mostly men. In 2001, the BAAC mitigated this policy. As a result, “in the year 2004, the total amount of credit provided reached 6,316.85 million baht, of which 87.59% of the beneficiaries were women” (Sutthawaree 2006).

### 3.3. Web-based marketing

Thai OTOP activity is also characterized by the positive use of ICT (information and communication technology) for sales strategies. The Thai government has promoted development and use of websites for administrative and economic activities since early 2000. For the purpose of promoting OTOP, “Thai Tambon dot com” has been developed jointly by the Ministry of the Interior, Ministry of Commerce, Ministry of Agriculture and Cooperatives, Bangkok Metropolitan Authority, and Internet Thailand, Ltd. This website

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<sup>6</sup> The Japan Bank for International Cooperation offered a concession loan to this scheme.

(<http://www.thaitambon.com/English/AboutTTB.htm>) is a non-profit venture which offers information on Tambon based on a large and comprehensive database.

The information includes location maps, features of local occupation groups, OTOP products, and links to thousands of export companies. It has introduced e-commerce for OTOP products. As of December 2006, it listed 23,470 OTOP products (63,650 items) from 7,405 Tambons. As shown in Table 2, nearly 44% of OTOP products winning 5 stars in 2006 have English websites.

There are 102,900 total web pages and 2,587 B to B links to exporters. Additional information on tourism, hotels and restaurants in each Tambon is also provided.

**Table 2.** Number of OTOP 5-Star (top grade) products

	Products with English websites			All 5 Star products		
	2003	2004	2006	2003	2004	2006
Food	139	123	94	208	253	262
Drink	27	18	19	31	31	37
Textile Fashion	38	57	115	123	120	251
Ornaments	76	66		107	86	
Gifts & Arts	86	24	124	104	32	162
Herbs	22	7	5	29	37	103
Total	388	295	357	602	559	815

Source: Adopted from Thai Tambon Dot Com (<http://www.thaitambon.com>)

### 3.4. Previous assessments of the OTOP movement in Thailand

JICA published an evaluation report of the OTOP movement in 2003 in which it calculated economic impacts by using macro Input/Output tables. The report says that OTOP activities contributed about one percent to the Thai GDP (JICA Thailand 2003). This analysis,

however, is inaccurate because it included data for Bangkok in spite of the rural nature of the OTOP movement. Takanashi (2009), through recalculation based on data for the provinces only, concluded that the OTOP contribution was a 2% increase in Regional GDP and a 6% enhancement of employment opportunities in Northeast Thailand where OTOP schemes are quite popular.<sup>7</sup>

Takei (2007) and Kaewmanotham (2008) also recognize the notable success of OTOP activities in the villages where they conducted field research. Takei collected 80 interview sheets in a basketry village of the Ang Thong province while Kaewmansothan conducted a similar survey in the Baan Tawai village of the Chiangmai province. Both authors, however, observed an expansion of income differentiation as a result of the OTOP activities between landowners and small peasants in Takei's village and between newcomers and traditional villagers in Kaewmanotham's village.

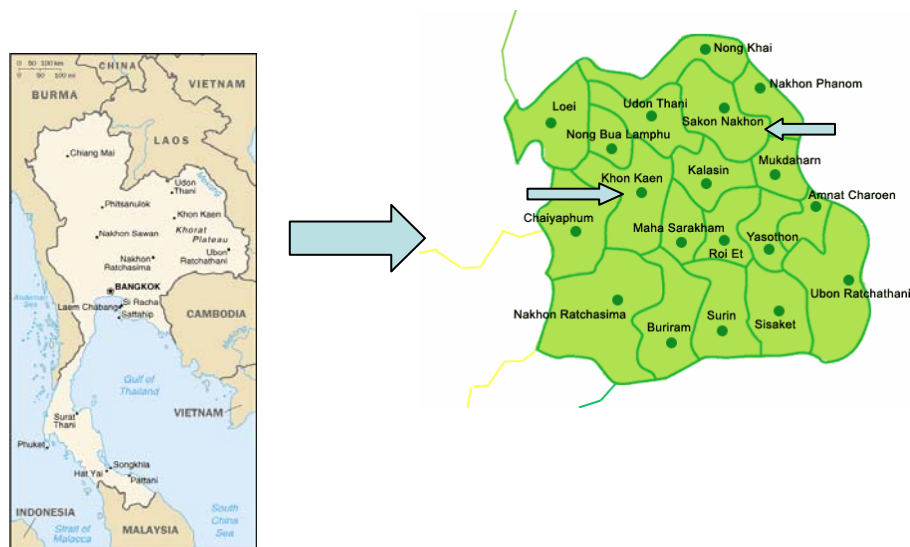
### 3.5. Findings of our own field survey

Considering the scarceness of systematic OTOP assessment, we decided to conduct a new survey of OTOP activities. The questionnaire was prepared on the basis of our field-research experience of July 2008 and the survey itself was conducted in November of the same year. We collected data from managers and members of OTOP groups in two provinces (Khon Kaen and Sakon Nakhon) of the Northeast region. We chose these provinces because they are among the poorest in Thailand and are known as home of cottage industries producing textile and wood items. The locations of Khon Kaen and Sakon Nakohn are shown in Figure 4.

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<sup>7</sup> Boonmathya (2003) points out that the popularity of the OTOP movement reflects the historical and cultural uniqueness of Northeast Thailand.

**Figure 4.** Field survey areas



Based on OTOP managers' responses to the survey, we have summarized the basic characteristics of the sample groups in Table 3. On average, producers' groups were established two years before the official OTOP program launch and four years before their OTOP.

**Table 3.** Characteristics and economic status of OTOP members

	Q1							Q1-8						Q2-1		
	Number of observations	Average age	Sex (Female)	Education P4 level (Primary school)	Family number	Total annual income (Thai Bhts)	Refrigerator	Television	Radio	Motor cycle	Car or truck	Personal Computer with internet.	OTOP income(%)	Non-Agricultural income	Agricultural income	
Khon Kaen Province	251	50.03	96%	52%	4.47	121,648	94%	98%	81%	93%	24%	7%	28.63%	44.43%	28.14%	
Sakon Nakhon	141	49.62	89%	52%	4.17	81,688	91%	99%	96%	91%	26%	2%	23.13%	38.13%	38.76%	

The present evaluation from the survey can be summarised in Table 4. In Sakon Nakhon, three quarters of the respondents provided positive answer regarding the effectiveness of OTOP initiative.

**Table 4.** Share of people who evaluate the effectiveness of OTOP positively (%)

	Family Income		
	Above average	Below average	All
Khon Kaen Province	59.2	54.1	55.7
Sakon Nakhon Province	77.4	73.9	75.2

### 3.6. The Thai OTOP model

In the Japanese OVOP model, improvement of people's social life and community revitalisation were among the primary goals. Thailand adopted the OVOP approach but with more emphasis on economic development. Instead of waiting for local initiatives, the central government intervened from the beginning to finance and brand OTOP products. Since OTOP has been so successful, many developing countries, including some in Sub-Saharan Africa have adopted the Thai model. However, we should not be blind to the fact that the OTOP model shares with Japan's OVOP concept an emphasis on the use of local knowledge and resources to create globally acceptable products. The Thai government increasingly attempts to nurture a spirit of self-reliance among local residents.

## 4. OVOP Challenges in Malawi

### 4.1. Basic features of the Malawian OVOP movement

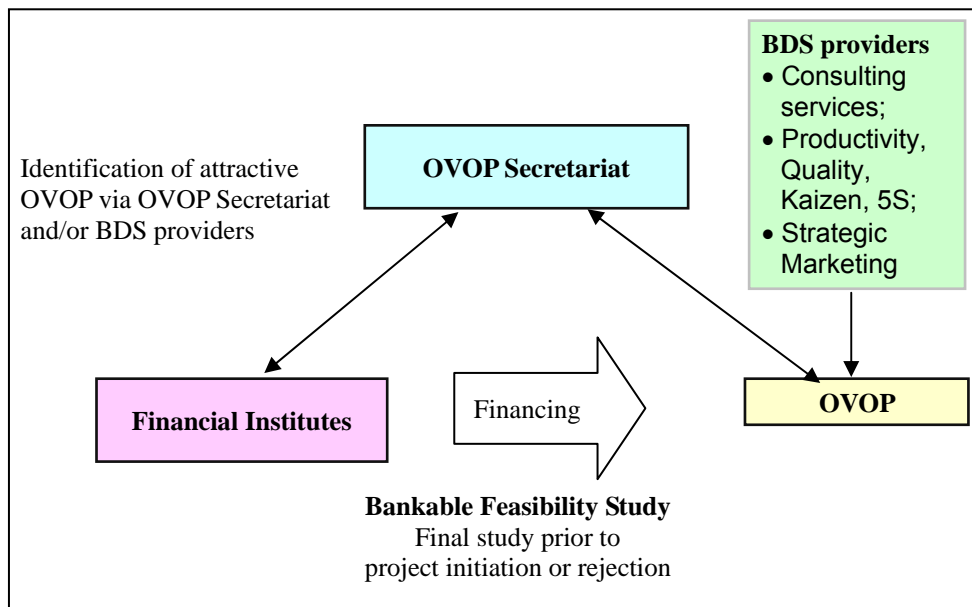
Malawi, with JICA's cooperation, introduced the OVOP approach in 2003. It was the first country to do so in Sub-Saharan Africa. As in Thailand, the central government took the initiative to start the OVOP movement and integrated it as a pillar programme in the government development plan. It was expected to support economic empowerment of rural communities and contribute to attaining MDGs through helping to add value to local raw materials and promote import substitution wherever it could be achieved efficiently.

Different from the Thai experience, however, the primary role of the government in the

Malawi OVOP movement is technical assistance for planning and managing. Its marketing help is limited since it has not yet been capable of supporting the branding strategy of the Thai style or of organizing frequent fairs and OVOP product exhibitions as in Japan. The Malawi government, however, established an antenna shop at Lilongwe where sales reached MK420,140 in August 2009 alone. There were 238 customers: 134 Malawian male (56%), 46 Malawian female (19%), 17 Japanese male (6%), 23 Japanese female (10%), 9 other nationality male (4%), 9 other nationality female (4%).

The financial function of the Malawi OVOP movement is also limited. The financial resources available for government use was no more than 500,000 dollars over the first five years, of which 80% was born by the Malawi government itself and the rest was provided by JICA. A major part of OVOP financing is expected to come from quasi-governmental financial institutions. The approval of OVOP proposals by the government hopefully facilitates producer groups to get access to the institutions such as the Micro Financing Association.

**Figure 5.** Malawi’s OVOP model



The National OVOP Secretariat, set up under the Ministry of Local Government and Rural Development, manages the OVOP policy with the assistance of regional advisors, donor-funded NGOs, and JICA volunteers (Japan Overseas Cooperation Volunteers). It helps local producer groups to write OVOP proposals for approval and offers training in accounting and other management skills. It helps producer groups get access to financial resources by officially certifying their OVOP projects. The business model is shown in Figure 5.

In 2007 alone, more than 280 OVOP proposals were filed, but, as of August 2008, only 47 projects had been approved by the Malawian OVOP Programme. The limited number of ongoing projects is probably due to unfavourable market conditions and financing difficulties.<sup>8</sup> The projects, however, cover broad productive activities ranging from dairy processing, fish processing, vegetable production and processing, rice milling, and honey production to mushroom production.

#### 4.2. OVOP projects in Malawi

Table 5 below shows 47 OVOP projects officially approved by the National OVOP Secretariat (Project 4 and Project 34 are run by the same group). A notable feature of the Malawi OVOP groups is their concentration on the production of processed agricultural goods. 41 out of 47 groups (87.2%) fall in that category. In Thailand, the equivalent OTOP figure for 2007 was 33.5%.

Another feature of Malawian OVOP groups is their size. The average group has 275 members in contrast with 30 in Thailand. But a close look at Table 5 will show that, in 29 out of 43 groups for which information is available, there are fewer than 200 members. These 29 groups have 31 members on average, similar to the groups in Thailand. There are nine groups

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<sup>8</sup> When JICA cooperated with the Malawi government to institute the OVOP scheme, microfinance services were not included. However, Yoshida (2005) found in his field research that local people expected the OVOP programme to provide a “structure that makes low-interest loans available.” Yoshida’s observation, however, was made in the early stages of the OVOP movement and needs additional research to be reconfirmed.



with more than 500 members and five with 200 to 500 members.

**Table 5.** Malawian OVOP groups and membership numbers

1	2	3	4	5	6	7	8	9	10
Chiyambi Chanzeru Dry Fish Group	Chalera Mushroom Group	Chikunkhuro Vegetable Project	Bvumbwe Milk Coop.	Mbadzi Dairy Club	Iponga Cotton Production & Ginning	Kunthembo Nsinjira Processing	BCA Carpentry Group	BCA Concrete Block Makers	Mwaiwathu Poultry Club
28	29	40	570	10	500	20	17	28	N.A.
11	12	13	14	15	16	17	18	19	20
Chinangwa Growing Club	Mwai Dairy Farmers	Chinawamwe Dairy Club	Musaononge Rice Club	Hara Water Users Association	Bvumbwe Vegetable Growers Association	Khumbo Oil Refinery	Mloza Bee Keeping	Bwanje Valley Rice Group	Mitundu Agro-Business Processing
10	6	5	10	631	350	2,100	70	2,063	488
21	22	23	24	25	26	27	28	29	30
Benga Rice Producers and Marketing Cooperative Mill	Kasitu Rice Milling Group	Nankhaka Cassava Group	Wowve Water Users Association	Lufilya Rice Group	Kaporo Oil Palm Farmers Association	Limphasa Rice Scheme	Rumphi Cassava Producers and Marketing Association	Muona Rice Milling	Mmbuazi Rice Mill
20	136	30	1,500	1,046	100	586	225	11	10
31	32	33	34	35	36	37	38	39	40
Likangala Rice Mill	Zumulu WUA Rice Mill	Katengeza Cane Furniture Group	Village Factory (same as No.4)	Tikoleraneko Paper Works	Mkondezi Wine Making Project	Zipatso Orange Juice Group	Biriwiri Potato Chips Making	Tiwirizane Bee Keeping	Malabada Concrete Block Making
1,300	270	15		10	10	418	12	20	20
41	42	43	44	45	46	47			
Talandila Women's Group	Kamwendo Cooking Oil	Gemstone Cutting Mating	Chitheche Cassava	Chilonbo Macadamia	Thyolo Tomato Processing	Mloza Oil Refinery			
15	50	16	20	128	N.A.	N.A.			

Source: ODI-JICA field survey in August 2008

These figures indicate that among the Malawian OVOP participants there are several unusually large groups. Many of them are producers' cooperatives organized with the help of the Cooperative Facility for Africa (CoopAfrica) before the introduction of the OVOP approach. The Malawian government approves huge cooperatives as OVOP groups, a practice that differs from the Thai policy, which is based on small community groups. The participation of cooperatives in the OVOP movement in Malawi seems to contribute to improving value-adding processes with relatively small financial inputs and benefits a large number of participants.

The large size, on the other hand, may have negative impacts on leader-follower

relations and women's participation in OVOP groups. The exact ratio of women's participation in Malawian OVOP projects is unknown, but on-site observation shows that the ratio is not as high as in Thailand and Japan. Since, according to the Welfare Monitoring Survey (WMS) for 2006 in Malawi, more females (83 percent of the entire female workforce) than males (68 percent of the male workforce) were engaged in agriculture, forestry, and fishery during the survey period, the ration of women's participation would be higher if the OVOP activities were more closely community-based. In practice, men tend to dominate the management of large cooperatives and consequently lower the participation rate of women.

#### 4.3. Assessment of achievements of the Malawian OVOP activities

Since the OVOP movement started quite recently in Malawi, it is too early to make a definite impact assessment. Furthermore, assessing OVOP achievements is highly complicated as their impacts on efficiency, productivity and community development depend on a wide range of factors in addition to OVOP-provided support. These factors include (i) the type of product (demand for the product, role of the product in the participant's livelihood, quality and seasonality, value chain aspects), (ii) location characteristics (level of average income, institutional capacity, infrastructure provisions), (iii) organisation-specific characteristics (access to formal credit, exporting, ownership, skills, technology, sales, use of raw materials, employment), (iv) household-specific characteristics (gender, age, head-of-household status, household size and number of active people, land tenure system, size of land holdings), and (v) non-OVOP support infrastructure (BDS, extension services, research, policy environment, other links).

For these reasons, we have opted not to try a quantitative analysis but to examine the degree of the programme's outreach, general improvement (or decline) of sales, some initial improvements observed in productivity, marketing and management, and sustainability of the projects.

## ***Outreach***

As already mentioned, the budget for the Malawian OVOP programme was a mere 500,000 dollars over the first five years. This is a tiny amount compared with the nearly 15 million dollar programme announced by the WB in 2008 aimed at supporting private-sector development. Consequently, excessive expectations with regard to the impact of OVOP projects on the national economy are not warranted. Still, the OVOP programme has reached a large number of communities and households. Approximately 13,000 people have benefited from OVOP activities, even with funding of only 418,721 dollars as shown in Table 6.

**Table 6.** OVOP projects in Malawi

Fiscal year	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Number of Groups	14	4	14	7	7	46
Group Members / Beneficiaries	1,273	3,151	7,785	505	229	12,943
Funded Amount (1000MK) (US\$=MK140)	9,891 (70,650)	1,176 (8,400)	14,259 (101,850)	14,993 (107,093)	18,302 (130,729)	58,621 (418,721)

## ***Sales***

Table 7 below shows the amount of sales and loans granted to ten OVOP groups we collected information on in the field in 2008. This small amount of information became available only recently thanks to excellent bookkeeping practices by several OVOP groups that received training and assistance from JICA volunteers.

**Table 7.** Sales and loans per member in several OVOP projects

	Sales per member (MKw)		Groth in sales (%)	OVOP loans (MKw)	Number of members	Loans per member
	Start 2007	End 2008				
BCA Carpentry	1,250.00	1,800.00	44.00%	300,000	6	50,000
Bvumbwe vegetable	24.2	29.7	22.90%	30,000	389	77
Bwanje rice	202.7	164.5	-18.90%	1,576,031	2,067	763
Hara rice	182.1	304.1	67.00%	500,000	631	792
Khumbo oil refinery	1,100.30	3,833.30	248.40%	606,000	12	50,500
Kunthembe nuts	1,000.00	1,713.10	71.30%	200,000	12	16,667
Mapanga honey	3,050.00	3,550.00	16.40%	40,000	100	400
Mitundu oil	50	38.4	-23.10%	300,000	480	625
RUCPMA Cassava	5,082.30	6,296.40	23.90%	60,000	110	546
Tikoleraneko Post Cards	1,771.60	3,767.80	112.70%	-	9	-

Of the ten groups listed in Table 7, eight had increased in sales per member between 2007 and 2008 (more accurate figures could be produced by adjusting for inflation, which was less than 20% in 2007-2008). Furthermore, except for the Bwanje rice project and Mitundu oil project, those sites receiving larger OVOP loans experienced faster sales increases.

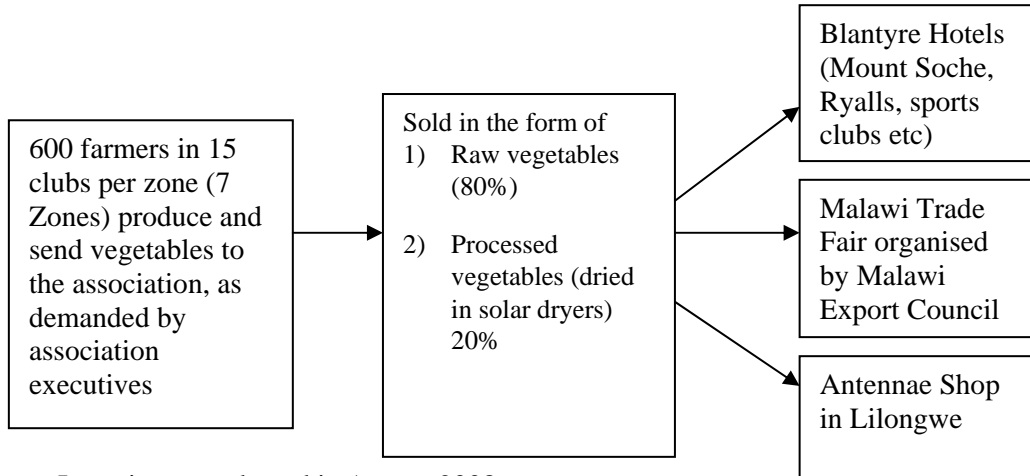
One concrete example is the Kunthembe group, whose 12 members obtain 50% of their income from the processing of groundnuts. Judging from the doubling of peanuts purchased from outside of the group (from 1250kg in 2003/4 to 2550kg in 2008), we can infer that group turnover has increased accordingly. The OVOP programme provided working capital and helped improve labelling and packaging of their products.

### ***Productivity***

Although still anecdotal, there are several cases in which clear signs of productivity improvement are observed. One such example is the Bvumbwe Vegetable Growers Association, one of the OVOP groups that started their activities on the basis of existing cooperatives. It received training in management and leadership under the OVOP programme. It also obtained credit to buy solar dryers to produce processed vegetables. The dryers reduced processing times from one week to two days in good weather, which has led to large cost savings in dried

vegetables. Figure 6 shows the association's products and customers.

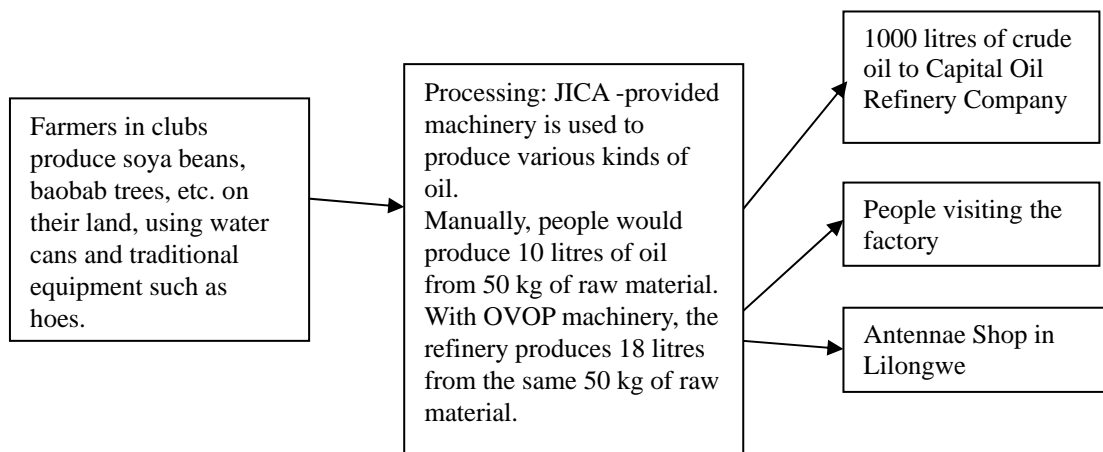
**Figure 6.** Bvumbwe Vegetable Growers Association



Source: Interviews conducted in August 2008.

Another example is the Khumbo oil refinery group, whose members used to produce raw materials (vegetables) to extract oil. Now, the refinery uses simple machinery provided by JICA to produce various oils. The introduction of the machinery improved productivity from 10 litres to 18 litres of oil per 50 kg of raw materials. Figure 7 details the refinery's operations.

**Figure 7.** Khumbo Oil Refinery

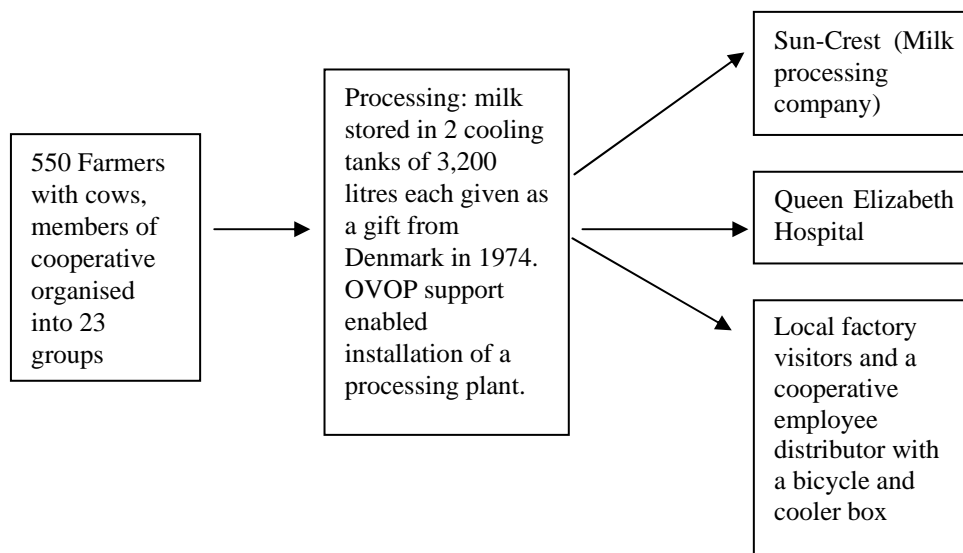


Source: Interviews in August 2008.

### *Value chain effects*

Compared with the two previous cases where cost reductions were achieved for existing products, the Bvumbwe Milk Cooperative demonstrates that introduction of processing machinery can contribute to changing a group's location in the value chain. This cooperative used to collect and sell raw milk to a Sun-Crest plant in Blantyre where milk is processed for marketing. By installing a milk-processing plant with OVOP assistance, the cooperative now processes, packages, and sells locally 5% of all milk collected. Figure 8 shows its current operation. The price of processed milk is 60% higher than raw milk. This case demonstrates the possibility of reconfiguring value chains through a simple OVOP programme, although the amount of processing is still limited and the scheme may be compromising market efficiency (in the milk industry as a whole) in the short run.<sup>9</sup>

**Figure 8.** Bvumbwe Milk Cooperative



Source: Interviews in August 2008

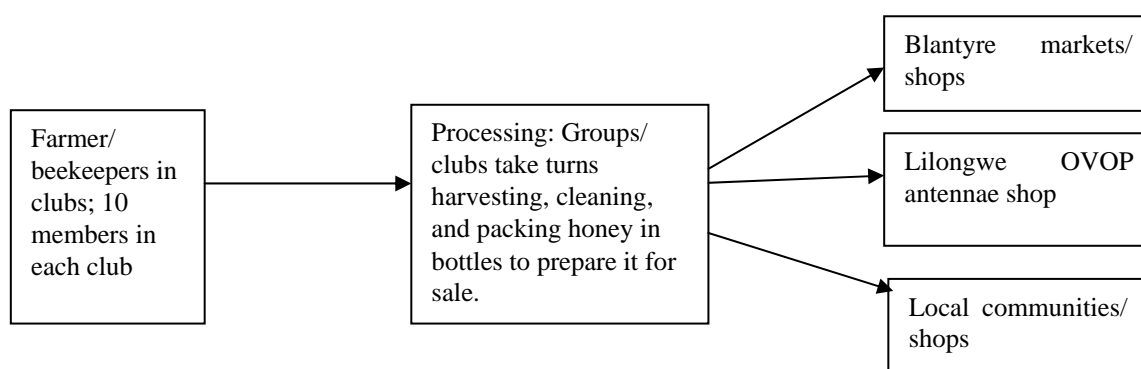
<sup>9</sup> The national milk market is highly competitive since large-scale South African companies export cheaper and higher-quality milk products to Malawi.

## Marketing

Although the marketing component is still weak in the Malawian OVOP movement, the Mendulo Beekeeping project offers a promising example of a group that has benefited from an emphasis on marketing.

This group started a beekeeping business in 2003 with GTZ's technical assistance and obtained OVOP approval in 2006. Initially, 20 beehives were provided by GTZ, increasing to 450 by 2008. They are tended by 102 beekeepers belonging to 10 clubs. Today, honey provides around 60% of members' household income. The group makes the best use of the sole OVOP antenna shop in Lilongwe, selling 80% of its products there. It is also pursuing a branding strategy. Product quality certification by the Malawi Bureau of Standards (MBS) is expected to enhance sales once new machinery is installed in their plant.<sup>10</sup> The certification process, however, is complex and costly. Figure 9 describes the group's operation.

**Figure 9.** Mendulo Honey Group



Source: Interviews in August 2008

## Management

Several OVOP groups have received training in various management skills and have consequently greatly improved their bookkeeping capacity. The best example is the

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<sup>10</sup> Another quality assurance example is the Bwanje Valley Rice Cooperative, which benefits from OVOP labelling and marketing schemes like package-size diversification.

Kunthembe Nsinjiro group mentioned above. It never did any book-keeping before. Now, its financial management is excellent in spite of its small size.

### *Sustainability*

One big concern in the Malawian OVOP movement is its sustainability. Of 47 approved OVOP projects, only 16 were still active as of August 2008. Key questions to be examined and answered are whether processing machinery is maintained properly, whether group organisations established with OVOP assistance are still in operation, and whether bookkeeping and other management training has had sustainable effects.

#### 4.4. The Malawian OVOP program as compared to the Japanese and Thai experiences

The basic philosophy of the OVOP movement, wherever it is promoted, is to mobilize local human and material resources for value-added activities to create marketable goods and services. All three cases analyzed above share this spirit. However, the purpose of the movement varies from one country to another in reflection of the different stages of economic development at the moment of OVOP program initiation. For the Oita OVOP movement, the purpose was to revitalize local communities left behind in the nation's development process. The Thai OTOP is much more inclined to the economic purpose of national restructuring (see Table 8). The Malawi OVOP is somewhere between these social and economic objectives. It aims at both improvement of social conditions and economic development.



**Table 8.** Comparative features of three OVOP movements

	Japan (Oita) OVOP	Thai OTOP	Malawian OVOP
Basic objective	Community revitalization	Local economic development as a part of national economic restructuring	Attainment of MDGs and local economic development
Initiator	Local governments	Central government (OTOP National Administrative Committee)	Central government (National OVOP Secretariat)
Actors other than the initiator and OVOP groups	Cooperatives, Central government agencies	Central government agencies, Local governments, Universities	Local governments, donor agencies, NGOs
Qualification for participation	None	OTOP Registration at CDD, Ministry of Interior	Proposal-based
Technical assistance	Product development	Product development: training in quality control, management, labelling, packaging, and marketing	OVOP concept training, management, including basic bookkeeping and packaging
Financing	Local banks, cooperatives	BAAC, Miyazawa fund	Small government and JICA funded equipment; quasi-government financial institutions
Marketing	Top sales promotion, trade fairs, exhibitions, product competitions	OTOP shops, product championship and qualification, web-based marketing, export promotion, Michi no Eki	Antenna shop; some qualification

The initiators of the movements in the countries were also different. In Japan, the initiators were prefectural and municipal governments while the central government played a key role in Thailand and Malawi. This difference is nothing enigmatic. In Japan, the Oita movement was an endogenous one without any precedent. For Thailand and Malawi, in contrast, there was a model to be adopted by conscious efforts that only the central government had the capacity to make.

The qualifications necessary to participate in OVOP activities are also different in each case. In Japan, there are none. OVOP programmes are open to local residents' initiatives. In

contrast, any group hoping to do business under the OTOP name in Thailand is required to register with the local OTOP subcommittee. In Malawi, producers are required to present project proposals and to be accepted by the National OVOP Secretariat to get access to technical and financial assistance.

The three OVOP movements share certain common characteristics in the technical assistance they offer to participants. All three are active in helping producer groups improve their management capability. Japan and Thailand share OVOP assistance to help develop or improve products and production processes. In this regard, research institutes belonging to local governments played an important role in Japan, while in Thailand, local research institutes such as Thai Sericulture Institutes and universities helped OTOP groups.

As for financing, the Thai OTOP is the most active in connecting its programmes with BAAC credit in addition to low interest loans from government saving banks and direct government subsidies. BAAC started a new credit scheme (group joint liability credit) when the OTOP programme was officially launched.<sup>11</sup> The number of groups benefitting from BAAC credit exceeded 280,000 as of March 2003.

OVOP groups in Japan mainly rely on private credit offered by local banks and cooperatives. In Malawi, a small amount of credit and subsidies are provided by the government and by donor agencies. More substantial financing is expected to come in the future from the Malawi Rural Development Fund (MARDEF).

Marketing assistance is an important area of OVOP activities. In Japan, prefectural governors serve as promoters of local products. The local governments sponsor trade fairs, exhibitions, and antenna shops. They also organize championship events and offer prizes to winners. In Thailand, the championships are national in scope. Championship winners are given opportunities to go abroad for training tours. In addition, brand creation is most notable

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<sup>11</sup> BAAC later introduced the Asset Capitalization Project, which extended collateral conditions to cover machines, land use rights, and the holding of leases.

in Thailand. The OTOP logo, with its qualification marks, was created by the government and five-star goods are promoted for export.

The Malawi government has not yet created an OVOP logo with OVOP-specific qualifications. Neither has it promoted the export of OVOP products. The deployment of antenna shops is still limited in Malawi.

As a whole, the OVOP movement in Malawi is still in the embryonic stage. Although attempts have been made to promote value-added activities that make use of local resources, their sustainability is not necessarily high. It is yet to be seen if increased technical, financial and marketing assistance can improve the performance of OVOP projects in the near future.

## **5. Challenges for Sub-Saharan Africa**

Many African countries in addition to Malawi have expressed a strong interest in OVOP programmes. At the TICAD IV meeting held in Yokohama, Japan in May 2008, as many as 40 African nations made formal requests for Japanese assistance in implementing OVOP programmes, and JICA has pledged to cooperate with at least twelve of these countries. In this section, we examine the challenges African countries face in implementing OVOP programmes and make policy suggestions to help them tackle those challenges.

### **5.1. Marketing of OVOP products and services**

The success of the Japanese OVOP programme has been based on close urban-rural economic links through consumers and tourists. Thai OTOP producers also benefit from their links with urban consumers. In the Thai case, however, some OTOP products have succeeded in making inroads into external markets (including the U.S., Europe and Japan). In the Malawian case, even the domestic rural-urban links are limited. Table 9 shows that the constraint most frequently mentioned by one OVOP group in Malawi was “access to markets.”

**Table 9.** Constraining factors at Bvumbwe Vegetable Growers Association

<b>Reason</b>	<b>Frequency</b>	<b>Relative percentages</b>
Access to market	32	80.0
Access to credit	28	70.0
Value adding technology	24	60.0
Training	22	55.0
Access to machinery	20	50.0
Storage facilities	15	37.5
Access to extension	13	32.5
Processing facilities	12	30.0
Quality control	8	20.0

Source: survey data (April, 2006)

One of the reasons for this limitation, which is shared by many other African countries, is inadequate transport infrastructure that obstructs OVOP producers' successful participation in national and global value chains. A value chain includes the full range of activities required to bring a product or service from conception through the intermediary phases of production (transformation and producer services inputs), to delivery to final consumers and ultimate disposal after use (Gereffi, 1999; Kaplinsky, 2000). Global value chains involve trade through rapidly growing networks of firms across borders. Examples include buyer-driven chains for garments, footwear, and fresh fruits and vegetables, and supplier-driven chains for automobiles. In order to participate in these chains, OVOP producers need to be connected with national urban markets and/or international markets.

According to Brockerhoff (2000), the next quarter century will see urban population growth of an unprecedented scale. Of the world's population, 48% lived in urban areas in 2003, but this is expected to increase to 61% by 2030. Economic activities in urban areas account for as much as 80% of GDP in industrialized countries. They are about 50% in less developed countries and will certainly expand rapidly. A new question, then, is how rural areas and urban areas can connect to each other in an increasingly urbanised world. As World Development

Report 2009 argues, spatial connectivity is the key to rural development. We need to recall that much of the success of the Thai OTOP programme is due to the highly developed road networks and the availability of pickup trucks to villagers. Japanese OVOPs also benefit from the development of highway networks and motorisation. For OVOP programmes to succeed in Sub-Saharan Africa, nationwide delivery services and transportation networks need to be expanded and improved quickly.

As for external marketing, ICT may serve as a competitive tool for African countries. African producers can get access to the Internet and mobile phones easily regardless of the degree of their nation's economic development. In terms of language and literacy, they have an advantage over producers in Thailand and Japan as they are literate in international languages such as English and French.

However, in order to take advantage of Internet-mediated marketing, African producers need to improve the quality of their products and services and establish their "brands." Here we need to recall that one of the basic principles of the OVOP movement is the tapping and mobilisation of local knowledge and resources. Introducing processing machines or beautiful packages does not automatically lead to more value-added products or services. Local people have to tap every potential source of new value in their own community. So far, agricultural and mineral resources are used in African OVOP activities. In the future, the richness of African nature and cultures should be tapped more seriously by communities, governments and external aid actors. Eco-tourism based on forest conservation, clean water preservation, and bio-diversity is a promising area.

In order to promote local entrepreneurship, governments may organize product championship contests and publicly grant special awards to innovative local products and services. The Thai and Japanese experiences demonstrate that these kinds of contests and awards, when accompanied by publicity, are effective means to heighten people's self-confidence and motivation at little cost. The organisation of site-visit tours is another

means for governments to promote OVOP activities through helping people to learn from success stories and even obtain on-the-job training.

Logo labelling is another promising strategy for branding African products. We saw above how the Thai OTOP programme has used its logo successfully. In Sub-Saharan Africa, a logo common to all of Africa, in addition to national logos, may help African countries market their OVOP products jointly in external markets. To realize this common logo strategy, however, African governments need to join forces to organize Africa-wide OVOP product promotion.

## 5.2. International cooperation for financing and management

Besides infrastructure construction, there are many areas in which international cooperation is indispensable for OVOP programmes to take off in Sub-Saharan Africa.

First of all, as we saw in Malawi's OVOP experiences and in Table 8, the financial support system for rural development in general and for OVOP activities in particular is very weak in Africa. Because of the lack of financing, many OVOP proposals have not materialized there. Skilled management personnel are also in very short supply.

Fortunately, many donors recognize the importance of rural development in Africa and have started OVOP-type cooperation. For example, in 2009, the Korean government pledged to launch a "Korean Millennium Village" project in Tanzania and Uganda<sup>12</sup> by which it intends to introduce a community-based development approach similar to the Korean "New Community Movement (Saemaul Undong)." This movement helped lift South Korean villages out of poverty during the 1970s and 1980s.

The United Nations Industrial Development Organisation (UNIDO) has also started a "One Village-Industrial Clusters (OVIC)" project for Uganda and Ethiopia with funds from

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<sup>12</sup> Budget: US\$ 8 million/5 years

Japan and India.<sup>13</sup> The project is based on an innovative approach that combines UNIDO's Cluster and Business Linkages (CBL) methodology with that of Japan's OVOP concept to foster micro, small and medium enterprises. The Thailand International Cooperation Agency (TICA) started OTOP training courses in 2009 inviting African participants from Uganda, Tanzania, Malawi, and Madagascar. In addition, donors such as the ILO, GTZ, and the Indian government have shown strong interest in assisting the OVOP programmes.

Donors have also supported programmes such as decentralisation and SME promotion that can help the development of OVOP activities. The decentralisation of administration, if implemented properly, is highly congruent with the OVOP concept as the latter puts special emphasis on local ownership. OVOP programmes can benefit from SME promotion measures such as training for food processing, provision of equipment, and quality control.

In order to make effective and efficient use of the resources provided by JICA and all other donors for old and new projects and programmes, however, certain coordination mechanisms need to be established in each country.

### 5.3. National coordination for OVOP assistance

In addition to international coordination, domestic coordination is crucial for mobilising limited resources most effectively for OVOP programmes. First of all, coordination among government agencies and programmes is important since OVOP efforts in Africa are government-led. As mentioned above, many similar programmes already exist, such as promotion of Cooperatives or SMEs. Without coordination among government agencies in charge of the various related programmes, it is difficult for local people to obtain comprehensive information on available resources and services in their planning and implementation of OVOP activities. African countries could learn from the successful case of the Thai OTOP effort in this regard.

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<sup>13</sup> Budget: US\$ 1 million/2 years

Collaboration and coordination should also be sought from local research institutions, including universities, which can contribute to the training of OVOP producers as shown by the example of Bunda College of Malawi. Private companies and civil society organisations should also be invited to join the OVOP network. Since they usually keep close collaborative relations with foreign companies or international NGOs, private actors can serve to integrate modalities like Corporate Social Responsibility and Fair Trade into OVOP activities.

#### 5.4. Social aspects of OVOP

Different from the Japanese OVOP movement in which participants' motives are mainly social (enrichment of community life) and/or individual (attainment of specialized skills and knowledge), the primary motive of African OVOP producers is economic improvement of their households. Still, the social purposes of the OVOP movement should not be forgotten. Here the issue of gender will be discussed.

In all our three country cases, we observed significant participation by women in OVOP programmes. According to our survey data, nearly 90% of OTOP members in northeast Thailand were women. In Malawi as well as in Japan, we observed a large number of female members in many OVOP groups. However, once eyes turn to the composition of OVOP leadership, we face a different picture in Malawi. Out of 16 active OVOP groups, only three (Kunthembwe Nsinjiro, the Mendulo Honey Group and the Khumbo Oil Refinery) are led by women. This reflects the patriarchal character of Sub-Saharan African societies, including Malawi, where men generally play the role of gatekeeper for new initiatives, especially economic ones. Although the OVOP movement has contributed to job creation for women in all three countries, a more nuanced analysis is required to examine its impacts on the nature of women's empowerment.

In Malawi, a study of the Bvumbwe Vegetable Growers Association by Chidumu (2007) shows that the proportion of female-headed households is smaller in the OVOP



category than among non-OVOP samples (Chidumu 2007). The study further shows a significant difference between OVOP and non-OVOP farmers in terms of their marital status. There are larger numbers of widows and divorcees in the non-OVOP category than in the OVOP category. This is an indication that vulnerable people like widowed and divorced women are not actively participating in OVOP groups.

The less active participation of female-headed households in OVOP activities is due to land, credit, labor and other constraints the women face. Female-headed households are more likely to experience labor bottlenecks, especially during the peak planting and weeding seasons, which inevitably lead to lower returns. They are also cash-and credit-constrained. All these constraints contribute to production of little surplus left to divert to additional productive and commercial activities. They are also less likely to involve themselves in clubs and associations such as OVOP groups. These conditions certainly lower women's ability to exploit government incentives for OVOP programmes.

These "beyond numbers" analyses are useful in showing how OVOP activities address the problem of women's vulnerability. In considering the OVOP movement's ability to empower women, it is important to clearly distinguish the different kinds of empowerment. If the focus is on the household level, women's ability to control their household income, their relative contribution to family livelihood, and their access to and control of family resources should be examined (Malhotra, Schuler, and Boender 2002). If the focus is on the community level, factors to be analysed will be women's access to employment, their ownership of assets and land, and their access to credit and markets. In any event, the OVOP programme no doubt needs to explore better ways of achieving greater inclusion of women.<sup>14</sup>

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<sup>14</sup> In Japan and Thailand, traditional organizations like cooperatives have been less open to women than OVOP groups. Most managerial posts are historically occupied by men.

## **6. Concluding Remarks**

The motivation of this research lies in the fact that many exogenous, top-down approaches toward African rural development have not been sustainable. The OVOP movement is expected to correct this deficiency by encouraging the mobilisation of local human, material, and cultural resources to create value-added products and services for domestic and external markets. However, from our comparative studies of Japan, Thailand, and Malawi, we found that Thailand and Malawi are different from Japan, the birthplace of the OVOP movement, with respect to the strong initiative taken by the central government. OVOP movements in Thailand, Malawi, and other developing countries have not originated from people's initiative but from government leadership.

They are also different from the Japanese prototype in their emphasis on economic, rather than social, purposes. If the level of economic development at the moment of OVOP introduction is considered, their expectation of using OVOP activities as a means of economic development is quite understandable. Social purposes such as community development and gender equality, however, should not be forgotten.

As for the balance between the government role and local ownership, the Thai government has already started to make a conscious effort to shift the responsibility of upgrading OTOP activities to local communities and local governments. Malawian OVOP groups are expected to be more proactive as their leaders improve their abilities through training.

OVOP programmes in Sub-Saharan Africa are so new that it is difficult to evaluate their impacts. However, from our comparative research, we can conclude that, in order to make OVOP take off in Africa, prompt actions on several fronts is essential. First, spatial connectivity needs to be improved so that OVOP producers can participate in national and global value chains in which rapidly growing cities play a crucial role. Brand-making and e-commerce for direct overseas marketing are also promising areas of activity as demonstrated

by Thai successes. However, African countries will need further foreign cooperation, not only in marketing but also in financing and management training. In order to use limited resources effectively and efficiently to assist local people, donors that have been implementing programmes congruent with OVOP efforts and those who are launching new OVOP-type programmes need to closely coordinate their activities. Similar collaboration and coordination are also required among domestic public and private players.

Finally, we want to propose the introduction of social indicators in addition to economic indicators for OVOP assessment. Effectiveness of the OVOP movement cannot be measured merely by profit and sales volume. It should be measured also by indicators such as women's empowerment, community leaders' capacity improvement, people's values and attitudes, and the effectiveness of coordination among government offices, communities, and private or civil actors.

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## Abstract (in Japanese)

### 要約

本研究では、我が国で始まった一村一品運動を最初に本格的に導入したタイとマラウイのケースを取り上げ、我が国のそれとの相違点と類似点を明らかにした。我が国の一村一品運動は、住民自身の発意によって地域の人的資源、原材料、文化的な資源を有効利用し、地域の特産品の付加価値を高め国内外に販売し、もってコミュニティの活性化を図る、住民の手による社会運動である。しかし、タイとマラウイの一村一品運動は、中央政府の強いイニシアティブで始まり、社会開発的な側面よりも、経済成長、雇用機会の創出に焦点が当てられている。本研究では、これら3カ国の一村一品運動の有効性を、特に今後のサブサハラアフリカへの展開を視野に入れて評価し比較した。その結果マラウイでは、生産性の向上、バリューチェーン内での上昇、ラベリングによる市場へのアクセスの向上により、多くの農村が一定の恩恵を受けていることが判明した。アフリカでの一村一品運動をより有効なものにするためには、第一に都市と農村部の空間的なコネクティビティを改善し、グローバル・バリューチェーンへのアクセスを良くすることが必要である。タイの事例に見られるような独自のロゴによるブランド戦略やICTを活用したE-コマースの活用も検討されるべきである。第二に、アフリカへの協力には、さらなるファイナンス、マネージメント面の協力が必要である。そして最後に、アフリカでの一村一品運動の社会的側面、例えば、女性の社会参加、コミュニティのリーダー育成なども含め、従来の経済プロジェクト評価とは異なる評価方法を確立する必要がある。