

“OVOP¹” as a Rural Poverty Reduction Approach in Africa²

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1. Introduction

In the international development arena, it has often been argued which interpretation for OVOP is more appropriate: economic development or social development, and rural (regional) development or business development. Whenever I hear this, I always think that such an argument does not take us anywhere because the OVOP approach includes both aspects. In the context of international development, what matters most is “what and how to” transfer from the donor(s) to the recipient countries through an OVOP project.

The Japan International Cooperation Agency (JICA) is implementing OVOP-related projects in African countries. I worked as chief advisor to the OVOP Promotion Project in Ethiopia for the first one and half years of the project. In the beginning of the second year, the JICA headquarters (Tokyo) dispatched a consultation study team to Ethiopia to monitor the OVOP project. They insisted on the following two points: 1) the project had to incorporate the round system (=project implementation flow) in the Ethiopian government system, sticking to the basic flow through the project; and 2) the project had to provide assistance only to existing groups with business experience, though there were very few groups with such experience in rural Ethiopia.

In this paper, reviewing the discussion at that time and referring to other international donors’ projects and the Oita OVOP Movement, I would like to examine for what objective an OVOP project should be implemented and how the OVOP approach should be utilized in Africa. The objective of this paper is to propose how to make the “Japanese-born OVOP” approach more effective and efficient by distinguishing it from business or value chain development approaches of other international donors.

2. What is the OVOP Model?

In OVOP-related projects in African countries, JICA adopted a “round system.” In this system, farmers were required to submit business proposals, and counterparts (C/Ps) collected the proposals, screened them, and selected groups based on various criteria. However, the round system did not seem relevant in rural Ethiopia because of the following reasons: 1) it was too difficult for farmers to write specific business proposals because the concept of “business” was completely new to them; 2) the whole process of one round was too lengthy and energy-consuming; and 3) C/Ps tended to lose sight of the overall objective of the project, being obsessed with the pressure that they had to implement more “rounds.” In the first round, the project received 76 proposals, and out of which 15 groups were selected. It took almost one year to select the 15 OVOP groups. In the four-year project, it was designed to implement eight rounds because JICA believed that more rounds would lead to the incorporation of the round system into the Ethiopian government system. However, without

¹ OVOP is, generally, the acronym of “One Village One Product.” In this paper, digesting the essence of the Oita OVOP Movement, the author has created other interpretations, “One Village One Plan,” and “Our Village Our Products.”

² This paper is a sequel of the one that I presented in the 23rd JASID National Conference on December 1st, 2012.

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verifying the effectiveness of the round system in Ethiopia, I thought that it was too dangerous to try to incorporate the system into the Ethiopian government system as it was.

After the first-round groups were selected, around the end of the first year, I began to feel that among the stakeholders of the project, there was no common perception about the term, “the OVOP model.” For JICA, the OVOP model meant the round system. However, the Ethiopian C/Ps envisaged “something” like a specific business model, and expected the JICA project to show some patterns (=models) of rural businesses.

3. OVOP as an Inclusive Value Chain Development Approach

3.1 Overall Objective of the OVOP Project: Rural Poverty Reduction

Besides the application of the round system to Ethiopia, JICA reiterated that the project had to select groups that already had business experience, and that only groups with business experience should have been targeted by the project. In rural Ethiopia, there were very few groups with value-added-business experience. If the project targeted groups with business experience, the process of such group business development would not be applicable to those who had to start business from scratch. Consequently, it might end up excluding the poor from the project beneficiaries. Bearing rural poverty reduction as the overall goal of the OVOP project, the project should be designed and implemented in order that the poor are not disregarded from the OVOP project.

Recently, international donors are adopting value chain development approaches, trying to include the poor in the value chain. There are different kinds of definitions of the term, “value chain,” and the approaches and activities differ, depending on the donor. ILO defines “value chain” as an approach to “support pro-poor development and job creation through strengthening enterprises, business relationships, improving market structures and the business environment.”⁴ FAO defines it as an approach to “involve bringing together and strengthening the business partnerships between the different players who produce, trade, process and market agricultural products.”⁵ According to UNDP, “the inclusive value chain model” is defined as “how business can contribute to human development by including the poor in the value chain as consumers, producers, business owners, or employees.”⁶ Thus, in the international development arena, it has been recognized that the inclusive value chain development is regarded as an approach to poverty reduction.

3.2 Examples of Inclusive Value Chain Development Projects

In Ethiopia, UNIDO started the One Village Industrial Clusters (OVIC⁷) Project in 2010. The OVIC targets two regions, and one village is selected in each region. In each village, one product is selected: spices in one; bamboo in the other. According to UNIDO, OVIC is a combined approach of JICA’s OVOP and UNIDO’s Cluster Business Linkages approaches. UNIDO aims to establish a cluster of the selected product in one village through joint purchase, joint negotiation, joint market linkage, regional branding, etc. The two clusters were selected based on the following criteria: 1) high export potential; 2) employment generation potential; 3) potential for improvement of product quality and enhancing productivity of MSME⁸s; and 4) economic sectors

⁴ International Labour Organization (November 2011), ILO Value Chain Development Briefing Paper 1

⁵ http://www.fao.org/ag/ags/ivc/key-topics-for-inclusive-value-chains/en/?no_cache=1

⁶ <http://www.growinginclusivemarkets.org/about/approach/>

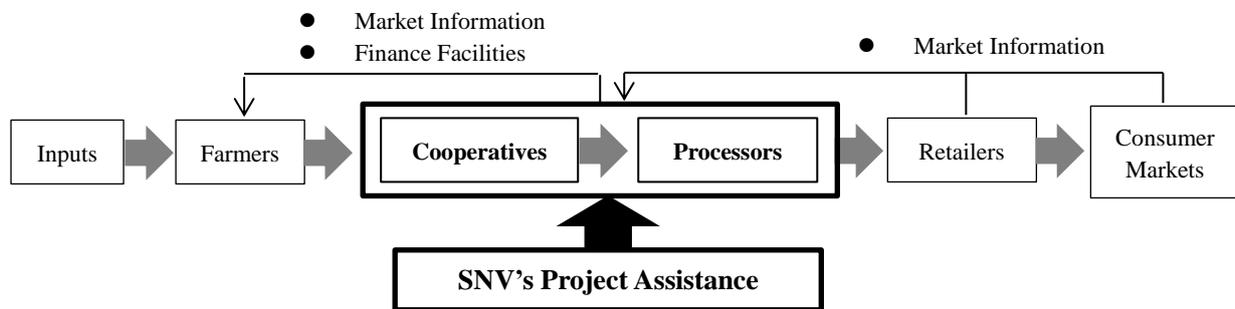
⁷ According to UNIDO, the OVIC approach is a combined approach of JICA’s OVOP approach and UNIDO’s Cluster and Business Linkages approach.

⁸ MSMEs: micro/small/medium-sized enterprise(s)

coinciding with the strategic priorities set by the government. Thus, the UNIDO project focuses on one particular product in one village and tries to establish a value chain of the product.

SNV⁹ has been implementing a value chain development project, focusing on six sub-sectors in one region (e.g., fruit, dairy products, honey, etc.). SNV is trying to strengthen the value chain of each sub-sector by providing technical assistance to service providers, cooperatives and processors, but not directly to farmers (Figure 1). The service providers like agro-processing companies have market information through dealing with retailers or consumers. Therefore, they can provide market information and technical training to farmers so that they can produce quality products which meet the market standards. Furthermore, processors can also provide them with financial assistance, for example, in the form of advance payment based on contract farming. Thus, SNV's project facilitation to service providers is based on the assumption that more farmers will benefit if the service providers are well trained by the project.

Figure 1: SNV's Value Chain Development Project



(Source: <http://www.snvworld.org/en/regions/world>, May 4, 2013)

The JICA Ethiopian OVOP project has also adopted a strategy to match the OVOP groups to their partners which can provide technical, marketing, and financial assistance. They are called OVOP partners. For instance, an agro-processing company is providing technical training to a mango-producers' group, and mango jam is sold under both names of OVOP and the company. Another example, an individual entrepreneur who started a banana-paper business is teaching an OVOP group how to make banana paper in the banana production area, and he buys the banana paper from the OVOP group. The JICA Ethiopian OVOP project is named the OVOP Agribusiness Partnership Program, which looks similar to other international donors' value chain development approaches. However, that does not mean that the OVOP approach is precisely the equivalent of the inclusive value chain development approach. Unlike the lineal structure of the value chain development approach, the Japanese-born OVOP approach has a multi-faceted structure.

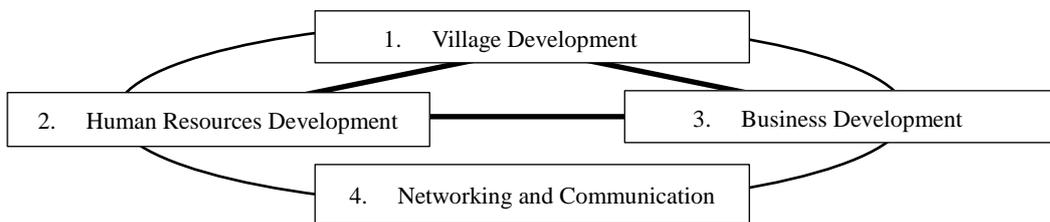
4. OVOP as a Multi-Faceted Development Approach: Four Pillars of the Oita OVOP Movement

Although three principles of the Oita OVOP Movement (1. Local yet Global, 2. Self-reliance and Creativity, and 3. Human Resources Development) are widely known, it seems that four pillars of the OVOP Movement have not been as prevalent as the three principles. According to the Oita OVOP International Exchange Promotion Committee (Oita OVOP Committee), there are four pillars in the scheme of the Oita OVOP Movement: 1) Village Development; 2) Human Resources Development; 3) Business Development; and 4) Networking and Communications (Figure 2). According to the Oita OVOP Committee, Village Development

⁹ SNV is a Dutch NGO

is to urge villagers to participate in the planning and operating processes of their communities; Human Resources Development is to let them embrace hope and confidence, and foster local patriotism in their minds. These two pillars correspond to the concept of developing village identity creation, which I named One Village One Plan. As for the third pillar, the Oita OVOP Committee emphasizes that it is the utmost importance to explore as many income-generating opportunities as possible in the whole supply chain from production, onto processing, and to marketing. This corresponds to inclusive value chain development that international donors have been promoting. Furthermore, they stress that a “stimulant” is essential in order to achieve those three developments. As a “stimulant,” they add the fourth pillar, Networking and Communications with external agents. This includes communications between producers and consumers, networking between rural and urban areas, and more specifically, tourism promotion, regional branding, etc.

Figure 2: The Basic Scheme (4 Pillars) of the Oita OVOP Movement



(Source: Oita OVOP International Exchange Promotion Committee, 2012)

5. Conclusion

When it comes to One Village One Product, people tend to pay attention to only product(s) and focus on business development, disregarding the other three pillars. The approach called inclusive value chain development has become common since international donors began to be aware of the significance of the fourth pillar including market linkage. However, it seems that the approach is still missing the first two pillars.

When Governor Morihiko Hiramatsu launched the OVOP Movement in Oita Prefecture, Japan in 1979, the focus was on Village Development (Pillar 1) and Human Resources Development (Pillar 2). In Oyama and Yufuin, which are the birthplaces of the Oita OVOP Movement, the first thing that the local people did was to discuss their problems and possible solutions, visualizing the ideal situations for their villages. They created a village development plan for their village. Generally, one village plan includes a variety of stakeholders. In the plan, potential local resources and income-generating opportunities will be identified, and the roles of each stakeholder will be clarified. The OVOP approach is not the equivalent of business development or value chain development. The scope of an OVOP project should include all four pillars starting from Pillar 1, especially in rural areas where the concept of “business” or “commercialization of agriculture” has not emerged or is hardly prevalent yet.

A development project is one of the forms of a “stimulant (Pillar 4).” International donors need to have more consideration to the whole project so that the stimulant goes not only to the third pillar but also to the first two pillars. The first two processes, in particular, will foster hope, confidence, and local patriotism in the villagers’ minds, which will lead to a sustainable development of the village. The Japanese-born OVOP approach can be characterized by “One Village One Plan” and “Our Village Our Products.” On top of this, a business or an inclusive value chain development approach should be added. Why don’t we start a project by creating a viable village development plan with villagers?