

## Research Note: “One Village One Product” programs

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The 100 Villages project in Albania aims to develop smaller villages and rural communities in the country by attracting investment and improving their connectivity to the rest of the country. This has been a common goal in many countries that have had rural development programs, and it is important to understand their successes and failures in order to apply the right lessons in Albania. One source from which to learn these lessons is the One Village, One Product (OVOP) movement, an approach to rural development policy that originated 40 years ago in Japan.

### Origin

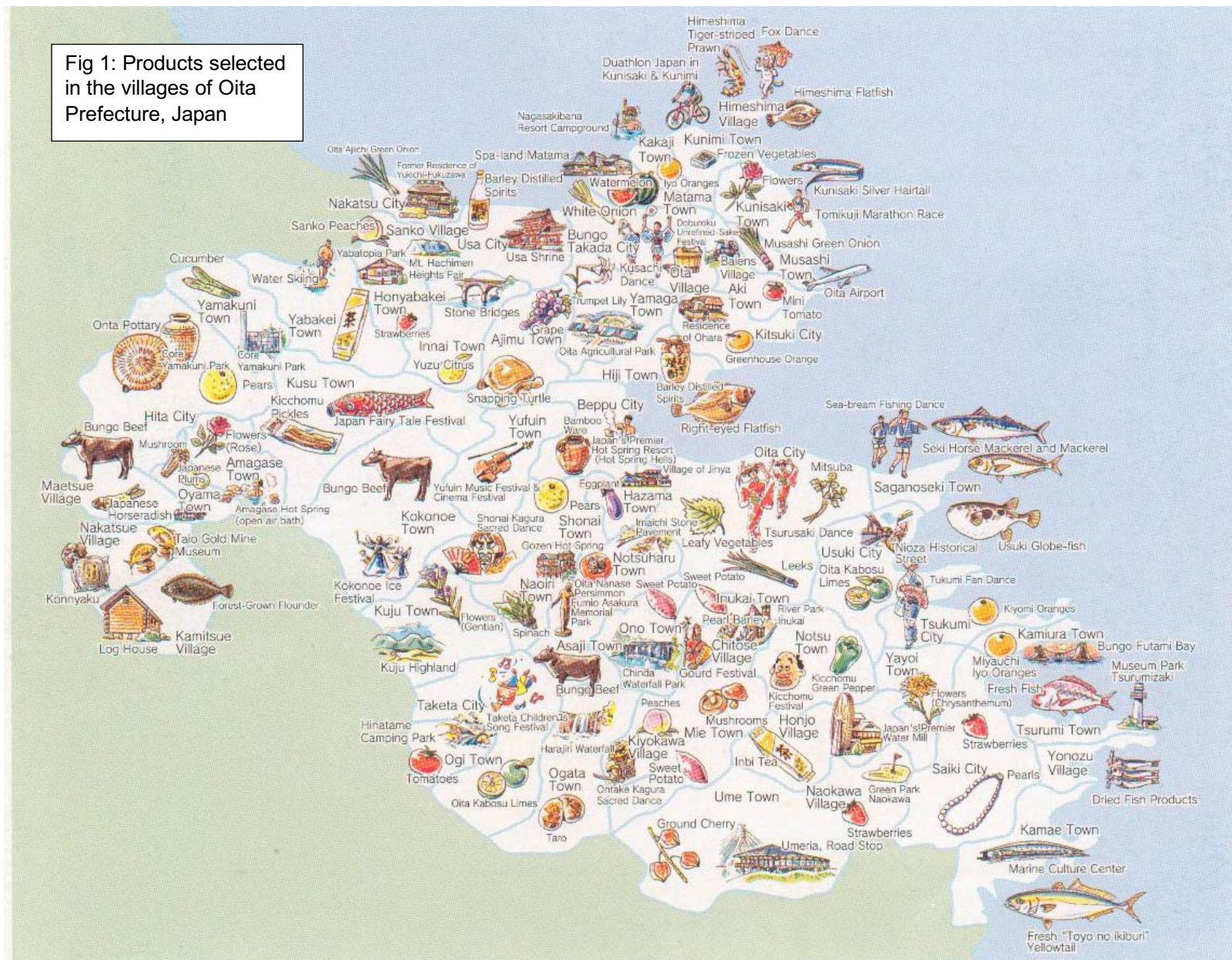
The OVOP approach was pioneered in Oita prefecture, a mostly agricultural region in western Japan, in 1979. It was an initiative led by the prefecture governor to incentivize each of the local villages to adopt a product in which to specialize. This product should embody the resources of the community, and the goal was to prevent depopulation of these rural areas and build the capabilities of local communities to develop their own villages. Products need not be physical goods; communities could choose to promote aspects of their village with touristic potential, such as waterfalls or cultural festivals.

In 1983 the mayor of Shanghai adopted a similar program based on the Japanese one, and from then on other countries have followed suit with their own versions of the program, often with some technical assistance provided by the Japan International Cooperation Agency (JICA). The governments of Thailand and Malawi adopted main programs in 2001, and smaller versions have also started in Kyrgyzstan, Cambodia, India, Indonesia, Laos, Malaysia, Mongolia, Myanmar, Taiwan, Tunisia, Kenya, Ethiopia, Nigeria, Rwanda, and Senegal.

The driving idea behind the program is that each village in the region should work together to select a single product to produce, and in turn this product can be marketed and sold to wider audiences. Note that villages were not asked to produce *only* a single product; rather, the idea was for them to nominate one of their many products for special attention. The original program in Oita was designed on the basis of three pillars, which have in theory been maintained as the pillars of following iterations:

1. *“Think globally, act locally”*: develop products that draw on the local culture and resources while being appealing to national, or even global, markets;
2. *Self-reliance and creativity*: local communities themselves should decide which product to develop and act together to find new ways to improve it;
3. *Human resources development*: the program should aim to develop the people and communities, by identifying local leaders and working with them to build the problem-solving capabilities of the community.

Fig 1: Products selected in the villages of Oita Prefecture, Japan





An example of a program with similar motivations, though with no direct connection to the OVOP movement, is the Pueblos Mágicos (Magical Towns) program in Mexico. Focused exclusively on tourism, the federal government started this initiative in 2001 to promote villages and towns in Mexico with a rich culture, natural beauty, or history, and to encourage tourists to visit more than just the large cities and beaches. The towns and villages selected to the program receive budgetary support to maintain and improve local infrastructure and marketing.

### Selection of villages

In Japan the program was organized with a very bottom-up approach. The original idea was based on a local campaign almost two decades prior, when the mayor of the poorest town in the prefecture convinced the residents of Oyama Town to switch their agricultural production from mainly rice to a more profitable combination of plums and chestnuts. When the OVOP program started, the prefecture government maintained this emphasis on self-reliance and local initiative; there was not a centralized selection of villages that could participate, but instead the campaign asked any village that might be interested to select their own distinctive product or industry.

When the government of Thailand started the One Tambon, One Product (OTOP) program in 2001, it inverted this structure, taking a top-down approach was adopted for the most part: the initiative and organization came from the central government. It oversaw the regional and district governments, which formed local subcommittees to select townships (tambons) and local products, and integrate their production into the broader development planning for each region.

The Government of Malawi also set up their program in 2001, though their program was simpler and slightly different. Producers would apply for grants and low-interest loans to a central government agency, and this agency would have to approve any individual products. In this sense there was no selection of villages, and it was more of a centralized program that just disbursed available resources.



Fig 2: Map of Mexico's Pueblos Mágicos

In Mexico's Pueblos Mágicos program, there is a competitive selection process wherein the towns and villages submit applications to the central government. In order to be eligible, applicant towns need to have at least 5,000 inhabitants, be at most three hours from a major, well-connected city, and possess adequate health, security, and accommodation services. Towns must also make the case that their cultural, historical, or natural characteristics are unique and relatively well-developed, and must create an actionable plan for how to further invest in their tourism development. Perhaps most crucially, each town needs to create a formal committee that would represent the local community and ensure that local citizens are on board with the program, as well as petition the state government for approval. New towns are approved every few years; only one town ever dropped out of the program, though two others temporarily had their status suspended.

### **Selection of products**

In the Japanese version of the program, the products were selected by the villages themselves. The campaign encouraged every village to work together to decide on a product or industry that would harness the local people, their experience and culture, and the natural resources available. When looking specifically at villages that developed themselves as tourism destinations, they often were able to build on their nature, history, and traditional activities to market themselves. The town of Yufuin in Japan, for example, was known for their hot springs, so they decided to promote themselves with an image of eco-preservation and wellness. Some locals went to Germany to learn how to build their own health spa and resort, taking inspiration from a small resort town's success there. Yufuin's leaders also leaned on a traditional "shouting contest" to draw new tourists; this helped imbue their development strategy with a sense of community pride, while also helping to differentiate their touristic "product" to external customers.

In Thailand, each tambon also selected the products that they best thought suited them, although guided by the local subcommittees. However, the evaluation targets were set at the national level, and there was a lower incentive to choose products that were most appropriate for each district. By setting targets at the national level, the financial bottom-line became the priority for most regional producers, and different tambons ended up choosing the same product and crowding each other out of the same market.

Under the Pueblos Mágicos program, each town focuses on tourism; they are able to differentiate their touristic offerings thanks to the country's large diversity of climates (beaches, mountains, deserts, forests) and cultural offerings.

### **Promotional policies**

The central governments, whether at the regional or national level, tend to focus on providing technical assistance, performing agglomeration functions, and responding to local constraints in regulations.

In Japan, the prefecture government provided help with technical training, such as teaching production techniques and sharing knowhow, and by connecting the villages to a larger national market, through fairs. The prefecture also set up 12 schools to train local leaders about community development; they had about 2,000 graduates over the 20 years of the OVOP program. The prefecture government also responded to request for policy changes from specific villages after they properly identified a constraint to their product and suggested a reasonable solution. For

Fig 3:  
Products  
under  
Thailand's  
One Tambon  
One Product  
program



example, the town of Ajimu selected as their “product” to become a destination for agritourism and worked with the prefectural government to relax some of the regulations on the hospitality industry to allow for the creation of guesthouses on farms.

In Thailand, the government created a branding and rating system for the products, which signaled to buyers the quality of the individual products. Higher rated products also received access to better resources, such as increased opportunities for technical training and higher lines of credit from financial institutions. The central government also assisted in matching products to potential buyers, organizing exhibitions in urban areas and helping set up websites for producers.

In Malawi there was some technical assistance provided by the government and the Japanese International Cooperation Agency in helping producers prepare their proposals, but the government’s role and the funding for the program remained relatively small.

In Mexico, applicants to the Pueblos Mágicos program need to submit specific action plans for investment in their touristic potential, and the state-level governments have a large say in how to allocate the money to the towns (despite the funds originating from the federal government). Even after getting approved to the program, each village and town is also subject to periodic audits to ensure that progress continues to be made and that the initial conditions are still met. In recent years, funding has focused on improvements to buildings and roads, as well as general urban beautification; the federal government also attempts to create complementarities between specific pueblos and more general national tourism initiatives.

In each of the programs studied, participation in the program itself is also a strong promotional tool: it signifies that the village (and its product) has the central government’s “stamp of approval.”

## Results and lessons

The results of these kinds of programs have been mixed. Each has had slightly different structures and goals, making it difficult to determine the overall effectiveness of OVOP-style approaches. However, some general lessons can be drawn on what made the successful projects work.

In Japan's Oita Prefecture, the program was largely a success: by the time it was officially finished in 2003, the types of products made in the villages had more than doubled, and the revenues from their sales more than quadrupled. In Thailand, the program led to significant job creation and an increase in household earnings, especially for more vulnerable groups like women and the elderly. However, it did run into the previously mentioned issue of focusing too heavily on hitting financial targets, which led to inter-village overlap in product selection and a lack of investment in human capital development. Malawi's version of the program has not been a big success, as most of the products remain of a low quality and the producers complain of not having access to larger networks on which to sell their products.

In Mexico, the program continues to exist, now covering over 100 towns and villages across each of Mexico's states. The program has succeeded in bringing increased tourism to the towns, many of which have created many jobs directly serving incoming tourists. However, towns in this program had already been selected from a large pool of candidates based on their unique capacities and comparative advantages, and as such the enrollees of the program started under more favorable conditions than perhaps the villages in other countries. Still, the program has achieved a lasting popularity, retaining funding even as the central government shifts between parties.

### *Lessons learned*

One clear takeaway from evaluations of OVOP programs is the importance of building and empowering locally-based knowhow. The villages that were most successful, both in Japan but also in other countries, were the ones that adequately invested in the original pillar of human resources development. These villages were better equipped to market themselves to national and international customers, and were able to adapt themselves and their product as outside competition increased. In addition, successful villages were the ones where local leaders were able to have significant buy-in from their communities, who collectively saw the need to develop and worked together to build the networks necessary for production or tourism. Local knowledge and buy-in is most effective, however, when the central government embraces a bottom-up approach. Villages made the most out of support from the central government when they were able to identify specific issues and then request the appropriate assistance to address them.

Successful programs also matched smart specialization at the local level with coordination at the federal level. The most successful towns were able to identify products that best utilized their local people, culture, and natural resources. Yufuin, the Japanese town which specialized in eco-preservation and wellness tourism, built a winning strategy and saw impressive success: from 1979 to 2004, visitors to the town increased tenfold. Central governments can encourage this type of specialization and differentiation to prevent villages from competing with each other. For example, Oita villages didn't just market oranges, but kiyomi oranges (in Tsukumi), greenhouse oranges (in Kitsuki) or miyauchi iyo oranges (in Kamiura). Governments also worked to package similar or complementary products, such as neighboring villages specializing in fresh fish.

Finally, it is important to note a central difference between the original Japanese program and its successors abroad. When it first started, the OVOP movement in Japan had a largely social purpose: to prevent rural depopulation and strengthen the local communities. Most of the adaptations in other countries, however, have focused on a more economic purpose: to alleviate poverty and decrease inequality by connecting villages to urban centers. These different purposes lend themselves to different ways to measure success, while also helping explain the differences

in their methodologies. By investing heavily in local leaders, trusting them to plan from the bottom up, and encouraging them to embrace what makes their communities unique, programs like Japan's OVOP can boost families' incomes while keeping their villages strong for future generations.

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