**Full Paper Draft**

One Tambon One Product (OTOP) Implementation and Policy Development in Musi Banyuasin (South Sumatera)

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The case submission should consist of:

1. The teaching or learning objectives of the case

Is to be able to explain informations on outstanding commodies and to formulate public policy recommendations to local governments how to developing and empowering the outstanding commodity.

2. The synopsis of the focal situation or a brief summary of the main point

* Success story of Thailand through the One Tambon One Product (OTOP), known as commodity development program in an area (tambon) successful in helping the development of Small and Medium Enterprises (SMEs).
* There are many variety of approaches, for a variety of areas in developing the full potential and in accordance to the characteristics of the local specialties.
* The analysis tool uses a three stage. (1.) Phase determination commodity at the sub-district to the Borda method. (2) Phase outstanding commodity with AHP at the district. Assessment of each alternative commodity determined based on opinion of informants obtained through Focus Group Disscussion (FGD) with a resource person at the district. (3) Phase determination Commodities of Business with a method of normalization.
* There are five outstanding commodities and their policies in the districts Musi Banyuasin. First, Crude Palm Oil commodity; Second, Rubber commodity; Third, Cow Commodity; Fourth, Fish commodity; Fifth, Rice commodity; and all policies priorities that can be done.

3. The outline of the case

3.1. An opening section: Explaining tentatively “Who What When Where Why How” of the case

Who: data and information obtained directly from the resource person (head of agriculture branch, statistical assistants and outreach workers, community leaders and local government leader) are very aware of SMEs and regional economic conditions.

What: Find outstanding commodities and public policy

When: 2009

Where: Banyuasin, South Sumatra, Indonesia

Why:

• Competition from outside the SME business will always resist their development.

• The large number and variety of SMEs in the region and

• the lack of data and information about the existence and the profile of SMEs difficult for the government in determining which high-potential SMEs to grow.

How:

Determination of Commodities Management and Policy at the district level

(1.) Phase determination of commodities at the district with the Borda method.

(2) Phase Commodities with AHP (Analytic Hierarchy Process) at the district implemented a screening process in order to establish the leading commodities by sector/ sub sector in the district. Assessment of each alternative commodities provided based on assessment / resource persons opinion obtained through Focus Group Disscussion (FGD) with a resource person at the district, the official agency, associations, chamber of commerce, bankers and university researcher. On FGD forums were also determined by the resource assessment of the degree of importance of each policy alternative that should be taken in the context of the development of superior commodities that have been identified.

(3) Phase determination Commodities with the normalization method. Based on the selection of commodities per sector / sub sector in the district / city with AHP method, the selection of commodities carried by the normalization of cross-sectoral. Based on the calculation of the normalization method specified maximum 5 (five) Commodities across sectors at the district.

3.2. Main body of case

3.2.1. Rating Commodities with the Borda method

Determination of Commodities refer to the data fields that are answered and provided by agricultural staff assistants and chief economic statistics staf in each sub-district. Borda method is a method used to establish the rank order. Rank 1 appreciating 4, worth 3 rank 2, rank 3 worth 2, rank 4 to 1. Based on calculations with the Borda method specified maximum 10 (ten) commodities for each sector/ sub sector of the economy on the district.

3.2.2. Commodities With AHP assessment and Normalization Methods

After analyzing Borda, the next steps are discussed in the commodities sector back FGD commodity based on 3 goals include the ability to create commodities and products (1) economic growth, (2) employment and (3) increasing the competitiveness of products and meet the 11 criterias included: (1) has a skilledworkforce, (2) raw materials availability, (3) the existence of capital for investment and working capital, (4) production property availability, (5) technology availability, (6) social and cultural conditions, (7) managerial skills of owners, (8) market products and raw materials available, (9) the stability of prices of products and raw materials, (10) the ability to absorb labor and (11) positive contribution to the regional economy.

3.2.3. Outstanding Commodities

FGD and analyzed by using the AHP, obtained 5 commodities which earn the highest value of each sector. Every sector of the commodity, then the ranking will be determined by using a cross-sectoral commodity normalization. Normalizationis done by multiplying the weight of the sectoral rankings will be found across sectors.

Table 1. Cross-Sectoral Commodity Ranking

Final analysis of Commodities

Commodities Rank Score

1. Rice 0.0699

2. Palm 0.0688

3. Corn 0.0659

4. Fish farming 0.0586

5.Cows 0.0429

6. Rubber 0.0420

7. Rubber traders 0.0329

8. Chili 0.0320

9. Durians 0.0280

10. Nuts length 0.0263

From the results of cross-sectoral commodity rankings, and discussions with decision makers from agencies associated with the sector to be adjusted condition that occurs in Musi Banyuasin, in the determination of commodity made some changes to incorporate some of the names of commodities and commodity into a commodity name. These five commodities can be seen in Figure 1, namely:



Figure 1. Five Cross-Sectoral Commodity Musi Banyuasin Distric

Figures were shown of rice as first rank, second palm oil, corn third, fourth fish, the fifth and final rubber and cow. From the FGD, then there is a merger of the commodity in which rice and corn used as a commodity to be taken becase of same policy.

3.2.4. Policy Recommendations

After determining the five leading commodities, FGD is done by inviting the parties who have the competence and who has the authority to make decisions. Policies taken by commodity and processed by using AHP. FGD member determine a policy that gives priority to the highest score and so on to the next policy. The measures taken for each commodity, as follows:

A. Palm Oil

Policy priorities that can be done include:

1. Strengthening and empowering and building the existing farmers' groups on an ongoing basis in order to facilitate the relationship between farmers, banks, businesses and government both in the control of credit, technical education, management and marketing of oil palm management.

2. The cooperation between the banking, government and other third parties in allocating credit, either in the form of subsidized interest rates, providing a reasonable rate and controlling the use of credit.

3. Government party to include capital or make a business entity by empowering MSMEs through mutually beneficial partnerships ranging from upstream to downstream sector, both traditional partners, the core plasma and in the form of profit sharing.

B. Rubber

Policy priorities that can be done include:

1. Strengthening and empowering and building the existing farmers' groups on an ongoing basis in order to facilitate the relationship between farmers, banks, businesses and government both in the control of credit, technical education, management of the management of rubber, and rubber marketing.

2. The cooperation between the banking, government and other third parties in allocating credit, either in the form of subsidized interest rates, providing a reasonable rate and controlling the use of credit

3. Technical extension of production is done by an FEA reactivate or independent institution run by the government with the involvement of farmers' groups to provide guidance, especially in the technical rubber production and management.

C. Cow Farming

Policy priorities that can be done include:

1. The cooperation between the banking, government and other third parties in allocating credit, either in the form of subsidized interest rates, providing a reasonable rate and controlling the use of credit

2. Government party to include capital or make a business entity by empowering MSMEs through mutually beneficial partnerships, both partners have traditionally and in the form of profit sharing.

3. Infrastructure improvements made with the cooperation of the investor to build the road infrastructure, marketing of beef, where cattle production, where food animals, beef cuts.

D. Fish Farming

Policy priorities that can be done include:

1. The cooperation between the banking, government and other third parties in allocating credit, either in the form of subsidized interest rates, providing a reasonable rate and controlling the use of credit

2. Government party to include capital or make a business entity by empowering MSMEs through mutually beneficial partnerships, both partners have traditionally and in the form of profit sharing.

3. Support facilities in the form of business counseling, training or apprenticeship place of SMEs that have been successful. Helpbusiness facilities ranging from hatcheries, dosing and marketing of fish.

E. Rice and Corn

Policy priorities that can be done include:

1. The cooperation between the banking, government and other third parties in allocating credit, either in the form of subsidized interest rates, reasonable rates and controlling the use of credit

2. Government party to include capital or make a business entity by empowering MSMEs through mutually beneficial partnerships, both partners have traditionally and in the form of profit sharing.

3. Infrastructure improvements made with the cooperation of the investor to build the road infrastructure, marketing, rice storage, rice mill.

3.3 A closing section

In conclusion, there are five outstanding commodities and policies in the districts Musi Banyuasin. First, Crude Palm Oil commodity; Second, Rubber commodity; Third, Cow Commodity; Fourth, Fish commodity; Fifth, Rice and Corn commodity.

3.4 An addendum of exhibits: Providing support information such as tables, figures,   graphs

4. Information requirements: Offering sufficient and relevant information for the case.

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