



No. 2021/1
**February
2021**

JANINE GRANT ISSUE BRIEF

By: Reza Maulana

JANINE GRANT
CONSULTING
RESEARCH. STRATEGY. ADVOCACY. MANAGEMENT

ASSESSING DIGITAL ONE-STOP-SHOP MODELS TO SUPPORT COMMUNITY ECONOMIC RESILIENCE

Janine Grant Issue Brief No. 1/2021

February 2021

By: Reza Maulana

1. Introduction

The COVID-19 pandemic has done catastrophic damage to the economic condition of Indonesians, with work from home, Large-Scale Social Restrictions (PSBB), and New Normal policies causing paralysis in the economic sector. The impacts of COVID-19 have interrupted supply chains, reducing income and loss of capital for medium, small and micro-enterprise (MSME) traders, with many people losing their jobs and income, which will lead to increased poverty, hunger, and other negative socio-economic impacts such as in education and child health.

This study aims to identify alternative sustainable economic models that can support community economies during times of crisis and support the transition to long-term recovery. Importantly, a sustainable economic model must be inclusive and in line with environmental ethical values, as inclusive and environmentally sustainable economic recovery models are essential to ensure that no one gets left behind as the world responds to this unprecedented health and economic crisis.

2. Background and Methodology

This feasibility study on local economic recovery models aims to identify alternative economic models that can restart the local economy at the community level to ensure that local communities are not left behind in national response plans and increase community resilience in the face of future economic and climate crises. This study discusses an economic model that will support the resilience of local economies while simultaneously linking local economies to the national and international economy.

This study builds on a concept applied by a community in Kota Tangerang, Banten, a suburb of Jakarta, Indonesia, to ensure that economic activities could continue during the most critical phases of the PSBB policy application enabling community members to continue to earn income by utilizing local resources.

Before the pandemic, most economic activities were undertaken outside of the community, with community members either working as employees or merchants elsewhere. However, with the onset of restrictions on mobility during the pandemic, nearly all economic activities were limited to the home. This significant change in economic activity meant that many people had no income at all. Community leaders worked to identify who was providing what goods and services in the community and integrate that

information into a format easily accessible to the public. The information was compiled and displayed through digital and non-digital media so that community members could still access basic goods and services, and merchants could continue to earn income, even if on a much more local scale. Merchants were able to utilize local resources for raw material and the incentive to use local supply and value chains meant that households continued to earn enough income to meet their basic needs.

The success of this economic model has encouraged the community to develop it into an inclusive and sustainable community-owned enterprise. This enterprise accommodates all community products for sale through digital and non-digital platforms through a one-stop shop concept. This concept opens the community to outside consumers, which in turn increases local production, revenue and more secure household income.

This study was undertaken to identify the potential for this model to be replicated to other communities, including understanding minimum implementation standards, risks, and obstacles to implementing such a model. The central aspect of this model is using local resources to ensure that all community members have an opportunity to benefit from the model and improve their livelihoods. The benefits of the model are many but improving social cohesion during a time of crisis and recovery is important if we are to view local economic recovery through a more inclusive, sustainable, and socially responsive lens. Further, a collective awareness of the importance of local resources will gradually form and potentially lead to a balance between local economic development and environmental sustainability. The model ultimately builds on the 'locavore' concept, to reduce carbon emissions caused by a long distribution process (supply chain), increasing income of local farmers, consuming healthier and fresher food, in line with the availability of foodstuffs and local based food security.

This study used a qualitative approach, with data collected through semi-structured interviews, and analyzed using interactive analysis techniques by Miles and Huberman. This study was conducted in several geographic areas that were identified based on the unique characteristics of the region and society in Indonesia. The study areas are as follows:

- Taman Royal 3 Cluster Edelweiss 3, Cipondoh Village, Poris Plawad District, Kota Tangerang, Banten-Indonesia. This community is determined because it represents the Indonesia urban communities.
- RT 1 / RW 3, Kelurahan Tajur, Kecamatan Bogor Timur, Kota Bogor, West Java-Indonesia. This area is determined because it represents a rural area with a rural character society.
- Kampung Nelayan Cilincing, Kecamatan Cilincing, Kota Jakarta Utara, DKI Jakarta - Indonesia. This area is determined because it represents coastal area, where most of the population works as fishermen.

The informants interviewed for this study are as follows:

- Community leaders in Cluster Edelweiss
- COVID-19 Task Force in Cluster Edelweiss
- Merchants in Cluster Edelweiss
- Community leaders in Kampung Nelayan Cilincing
- Community leaders in Kelurahan Tajur

3. Understanding Impacts of COVID-19 on Community Economies and Opportunities for Recovery

The economic damage resulting from the COVID-19 pandemic at the local/community level has been significant. For entrepreneurs, there has been a decrease in sales turnover, productivity, and revenue due to reduced purchasing power, mobility restrictions, and the impact of the public reducing consumption and saving money. On the other hand, entrepreneurs cannot survive with low rates of consumption, and this particularly impacts the small and micro-enterprises.

Furthermore, the work from home (WFH), stay at home (SAH), large-scale social restriction (PSBB) and new normal policies forces a change in social behavior as activities become increasingly limited to the home. There was a significant shift in economic activity from offline to online platforms. Sustaining household economic activity meant that people had to shift their own livelihoods to be able to produce something to sell online if possible. However, such a shift leaves producers of raw materials exposed, as that type of supply/service is not conducive to smaller online markets and cuts them off from their wider market outside of their community. Thus, the community model helped link up local producers and merchants and sustain basic livelihoods during the crisis. For vulnerable communities, this is a model that would be valuable even during 'normal' times.

However, this model has quite a few obstacles and risks that must be recognized.

First, a community model has limited market reach. Mobility restriction policies force merchants to only sell products near their homes. In other words, buyers only come from their neighbourhood meaning the number of potential buyers is very limited, particularly if the community is isolated or small. It is thus important for options to reach a wider market to increase production, sales, and profits to have any meaningful economic benefit.

Second, transferring a business to digital platforms is not as simple a process as one might think, as merchants must have skills and knowledge in managing digital media. Transferring to digital platforms requires supporting technological devices, such as a reliable internet connection, availability of suitable gadgets, and affordable internet data.

Third, people who have lost their jobs need to save money to survive during the crisis and thus cannot invest their money as business capital because the risk is very high. Accessing loans is also difficult, because they do not have regular income or the necessary collateral that they are willing to risk (see access to finance, below). Further, starting a business is not simply about money or ideas, but also the skills required to produce a product or deliver a service. Certain skills require specific training that may not be readily available or that cannot be developed in the short term.

Fourth, these models require initiative from community leaders to find alternative solutions to local economic problems and requires them to have the capacity to engage the government, CSOs, and the private sector. Community-leader initiatives are needed to manage and integrate economic activities in the community. In some areas, communities are led by people who are not literate in digital media and therefore unable to innovate along with modern technology.

Fifth, the price of raw material for food and beverage products can dramatically fluctuate due to scarcity during times of crisis. The unstable price of raw materials affects production costs, while food and

beverages are required to have a fixed price. As a result, revenue is very unpredictable and can even result in financial loss for merchants.

Sixth, access to capital loans require merchant to have been running their business for at least one year. Merchants who have just started their business during the pandemic cannot meet these requirements.

4. Identifying Change Space to Make Community Economies More Inclusive and Sustainable

How can the challenges to a community-based economic enterprise model be addressed? There are fundamental issues that need to be tackled by a community to create the change space necessary to elevate the model to be inclusive and sustainable.

The aim of developing a community enterprise based on a one-stop shop concept through digital and non-digital platforms is to allow business owners, particularly small and micro enterprises, to reach a wider market and create a more inclusive and sustainable enterprise that will increase individual and community resilience. All merchants have the same opportunity to sell their products and services through this model, although some are more likely to take part than others depending on factors including the size and type of the business, established market reach, and personal preference. Non-digital businesses are placed in a strategic area so that they can be easily accessed, and quality can be monitored and controlled, such as creating a food court for food and beverage services. This enterprise is overseen by a management board formed by the community, with budgets for its operations obtained from crowd funding through the merchants or annual fees, and in the longer-term operating costs can be budgeted through the village budget (*dana desa*) for increased sustainability.

The management board would be responsible, among others, for managing merchants' products (and services) on digital platforms, or independent websites or applications. This ensures that merchants who are not familiar with digital platforms have the same opportunity to sell their products and services as those who are more digitally-literate.

Merchants also need to recover the capital that they (may have) lost with the onset of the pandemic. For example, selling off assets such as equipment or stock to generate money to provide food and basic needs for their households. Traditional bank loans are usually not an option for MSMEs in Indonesia, however, the government has developed the National Economic Recovery (PEN) program, which provides interest incentives, flexible deadlines, and tax incentives. PEN can be easily accessed through banking and other financial institutions. Another option is for the village council (or management board) to provide backing/co-signing for financing; however, such an option would require legal support for drafting appropriate documents and mentoring for loan repayments, etc.

The community also needs to consider how to ensure that marginalized groups or individuals can participate in and benefit from such a model. Support services, such as janitors and security for food courts, accountants, or web/app managers for the online platforms, will be needed to ensure consistency in quality and function. These types of roles could be taken on by youth, the elderly or people with disabilities, and supervised directly by the management board.

Critically, however, is ensuring that the management board is compiled of people who are literate in digital and social media. If community leaders cannot fulfill these roles, they need to be able to identify and commit to alternate solutions, such as youth leaders or merchants from larger enterprises.

Merchants participating in a community enterprise need to be able to come to agreement on the price of the commodities that they sell, particularly for food and beverages. There also needs to be a commitment to buy the raw materials/ingredients for the food and beverages from local supplies as much as possible. This can be done directly or using existing digital platforms. This concept is called locavore, which has several advantages, such as reducing carbon emissions due to the distribution of materials, supporting local farmers, and increasing the consumption of foods that are healthier and fresher.

The role of the local government, civil society groups and the private sector also needs to be considered in supporting this local economic recovery/development approach. The sub-district government should be prepared to provide public services such as a short licensing process for new merchants and simplified tax administration for example, while the village government should provide necessary local infrastructure, including water and sanitation services, reliable electricity and internet infrastructure, and transportation (roads, parking) to ensure that products and services can be supplied to customers.

Civil society organizations (CSOs) can play a role in capacity building and mentoring local merchants and/or the management board. Some standard skills and knowledge that must be met by the merchants and community leaders such as business development, work planning, budgeting, accounting, roster management and quality assurance are areas where CSOs can bring added value. The private sector, in this case larger enterprises in the village or surrounding area, can contribute through a CSR format, whether by investing in local infrastructure, supporting the distribution of goods, or purchasing goods and services on offer as part of their supply chain.

5. An Inclusive and Sustainable Local Economic Recovery and Development Model

Based on the findings of this study in the research locations, the economic model can operate effectively and with very limited conditions during a crisis. However, to facilitate local economic development, a community needs a more profitable, inclusive, and sustainable model to restart the economy and encourage growth. Through the One-stop Shop Market model, and incorporating the locavore concept, MSMEs can leverage and complement the various services and commodities supplied by other merchants in their village for both online and offline sales. For example, the more products offered through an online platform encourages more customers to that site, while one-stop shopping for offline sales encourages community members to purchase from more than one merchant due to increased convenience to do so. Moreover, moving the one-stop shop concept online and transforming MSMEs to digital sales also assists merchants to expand their market reach. In addition, the digital marketplace provides many conveniences by accelerating access to customers while also adhering to new protocols for social distancing. The specific advantages of the one-stop shop/locavore concept include:

1. Wider market reach and increased profits.
2. Job creation, with a focus on inclusion. One-stop shop markets require manpower to operate, such as janitors, website and application developments, accountants, maintenance officers, and so on. The workforce can be designated for vulnerable groups such as women, people with disabilities, youth organizations, and so on.

3. Convenience for customers to shop, whether offline or through a digital platform.
4. Reducing carbon emissions by consuming local food that cuts long supply chains and helps local producers by buying food directly from them.

This economic model works optimally in a digitally literate society, more so due the changing nature of commerce (at all levels) due to the COVID-19 pandemic, and for markets that revolve around small and micro enterprises that provide goods and services at a small scale, rather than larger enterprises that have a wide and diverse market. For example, communities that depend on handicrafts can also employ this model to have a wider reach during low tourist season (or, as in the current situation, no tourists). Cottage industries built on the production of sustainable products would also benefit from this model.

Minimum Standards to Implement the Economic Model

Running a one-stop shop market (online or offline) requires the following minimum standards to positively impact the livelihoods of participating merchants and the wider local economy:

1. Existence of the necessary skills to produce goods and provide services;
2. Easy access to capital resources, including raw materials to produce local goods;
3. Sufficient number of individuals participating in the model who are digitally literate and the basic management skills for e-commerce;
4. Reliable internet access and infrastructure;
5. The area must be easy to access, either with private or public transportation; and
6. Buy-in and commitment from community leaders, including their willingness to network with the government, CSOs and the private sector.

Feasibility of the One-Stop Shop Economic Model across Geographic Areas

The implementation of a one-stop shop market must be considered in the three general landscapes that represent Indonesia, namely urban, coastal, and rural/mountainous areas. They have significant differences in character, both human and geographic.

a. Urban Areas

Based on the study in the Edelweiss Cluster, Kota Tangerang, the one-stop shop market model is highly feasible because it meets the minimum requirements and standards. However, there are several obstacles and risks to be addressed. First is that MSME merchants need information about capital loans, particularly special programs like the National Economic Recovery (PEN) program, during times of crisis. Access to information about these programs and support to apply for them and pay them back according to loan stipulations is required.

b. Coastal Areas

Based on the study conducted in Kampung Nelayan Cilincing, it is more difficult to implement a one-stop shop market economic model in this area. Almost all the population in this area work as fishermen, and all fishermen are men, with most women working as housewives without income. Coastal areas have unique obstacles and risks that make it difficult to implement this economic model, including a lack of diversity in skills to produce goods or provide certain services, even

though some of fishermen's wives have a small grocery and food stall. Further, fishermen's income is unstable, meaning it is difficult for them to invest in capital resources for business. Coastal areas are relatively limited food raw materials which usually come from the sea. They are very dependent on the surrounding area that produces vegetables and other foodstuffs, which has limited local innovation in business development.

c. Rural Areas

Based on study conducted in the Tajur Village, Kota Bogor, implementing a one-stop shop market is feasible. However, some of the obstacles and risks that must be addressed include lack of access to information on access to loans and capital resources; unreliable communication technology and lower than average levels of digital literacy (especially among the elderly) compared to urban and peri-urban areas, and lower levels of awareness among community leaders that they need to find alternative solutions for income generation, particularly in times of crisis.

Recommendations to Support Target Communities with One-Stop-Shop Economic Model Approaches

With targeted interventions, some of these obstacles can be overcome and risks minimized to encourage shifts in business approach in communities that meet the minimum standards for a successful one-stop shop model (both on and offline). For organizations seeking to support target communities to implement this or a similar model, the following activities would be necessary in the inception/introductory phase: workshops to scan the community's capacity/interest to provide goods or services based on their strengths and value add; provide concrete and routine information on accessing loans and capital resources; workshops or mentoring programs to improve utilization of the internet and multiple online retail platforms for economic activities; support networking between merchants and local suppliers of raw materials, which can also be done through digital platforms; and working with community leaders on encouraging initiatives to implement alternative, inclusive and sustainable community economic development models to improve resilience to crises.

Annex 1: Desk Review References

Gashi, K., & Krasniqi, I. (1857-7881). The One-Stop Shop Approach: New Public Management Model in Transition Country. *European Scientific Journal*, 2019.

Haditya, E., Mangkuja, R., & Osmond, A. B. (2015). Design and Application of One Stop Shopping Portal Based on Website (Owner Interface). *E-Proceeding Engineering*, 3634.

Kementerian Ketenagakerjaan Republik Indonesia. (2020). *Program Pemulihan Ekonomi Nasional*. Jakarta: Kemenaker.

Kircher, J. (2019). Characterization of Services for One-Stop Shop and No-Stop-Shop in German e-government. *FAKULTÄT FÜR INFORMATIK DER TECHNISCHEN UNIVERSITÄT MÜNCHEN*, 1-80.

Pemerintah Republik Indonesia. (2020). *Peraturan Pemerintah nomor 23 Tahun 2020 Tentang Pemulihan Ekonomi Nasional*. Jakarta: Pemerintah Republik Indonesia.

Ridhoi, M. A. (2020, Juli 21). *Upaya Pemulihan Ekonomi Nasional dan Beragam Kendalanya*. Retrieved from Katadata.co.id: <https://katadata.co.id/muhammadrighoi/berita/5f16daeb5e79c/upaya-pemulihan-ekonomi-nasional-dan-beragam-kendalanya>

Segal, T. (2019, September 2). *One-Stop-Shop*. Retrieved from Investopedia: <https://www.investopedia.com/terms/o/onestopshop.asp>

Warsono, A. (2020, September 11). *Satgas Bekasi: 698 Buruh Pabrik di Cikarang Terpapar COVID-19*. Retrieved from Tempo.co: <https://metro.tempo.co/read/1382888/satgas-bekasi-698-buruh-pabrik-di-cikarang-terpapar-COVID-19>



JANINE GRANT
CONSULTING
RESEARCH. STRATEGY. ADVOCACY. MANAGEMENT

Merging traditional international development and humanitarian work with private sector engagement in sustainability and poverty reduction, Janine Grant Consulting recognizes that identifying what needs to happen and achieving results is neither linear nor simple and provides targeted services to bridge theory and practice along the spectrum of development and sustainability in the public and private sectors.