



Review Article

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Enhancing Rural Livelihood Diversification in Egypt: Rural Business Incubator Leveraging the One Village One Product Model

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Abstract

Undeniably, rural areas lie at the heart of the sustainable development challenge. Nearly 70% of the world's population living in extreme poverty reside in rural areas [1], while agriculture is considered the main livelihood for more people than any other economic activity. Rural areas and agriculture are particularly important in Egypt's history and socio-economic composition. In 2016, Egypt launched its first version of the Sustainable Development Strategy: Egypt's Vision 2030, as a cornerstone for a comprehensive developmental process [2]. Improving rural livelihood in Egypt requires innovative approaches that leverage local resources, enhance skills, and stimulate entrepreneurship. Rural Business Incubator (RBI) and the One Village One Product (OVOP) model are promising approaches for socio-economic development in rural areas. Integrating Rural Business Incubator (RBI) within the One Village One Product (OVOP) model provides a pathway for socio-economic development in rural Egypt, especially by empowering youth and women entrepreneurs. This paper explores the implementation components of Rural Business Incubator (RBI) within the OVOP model, the challenges faced during implementation, and practical solutions for fostering sustainable, community-driven economic growth.

Keywords: Egypt, Rural Business Incubator (RBI), Livelihood Diversification, One Village One Product (OVOP).

Introduction

Egypt's rural population of 57% relies heavily on agriculture [3], especially small-scale farming, as a livelihood. However, rural Egypt is also confronted with persistent obstacles that penetrate the cycle of poverty and vulnerability [4]. However, the rural population in Egypt continues to be the most marginalized and food insecure, especially in rural upper Egypt where 51.94% of the population is not able to meet their basic needs [5]. The OVOP concept has proven to be a successful model for the development of Oita Prefecture and other regions in Japan. The OVOP model is considered classic as it has been adapted in various forms in other countries. The OVOP model emerged from locally-led initiatives aimed at "gradual, long-term, and intrinsic community revitalization, pursued through the development of local leaders." This movement was driven by the rapid post-war economic growth and transformation in Japan, which, while generating significant benefits for the nation, also created challenges. In Egypt, such a model could transform ru-

ral communities by enabling them to capitalize on their distinctive products, such as date products in Siwa Oasis, handicrafts in Upper Egypt, and traditional textiles in Kafr El-Sheikh. Rural Business Incubator (RBI) is a collaborative approach designed to help youths and women with innovative business ideas, new startups, and enterprises to succeed in their business goals. The existence of a Rural Business Incubator (RBI) in local rural communities can establish a foundation of social and economic cohesion [6]. can catalyze socio-economic growth, alleviate poverty, build the capacity of marginalized groups, and strengthen community resilience.

The Objectives of The Paper

This paper aims to discuss the following objectives:

- a) To identify the components and factors of integration of Rural Business Incubator (RBI) within One Village One Product (OVOP) model to leverage rural Livelihood diversification.



b) To identify the challenges and solutions for integrating Rural Business Incubator (RBI) within One Village One Product (OVOP) model to enhance rural Livelihood diversification.

Literature Background

The One Village One Product (OVOP) model was initiated in 1979 and focused on local leadership, resource utilization, and community-driven products. In Japan, OVOP has spurred economic revival and opened up international trade opportunities, with similar initiatives around the world using local resources to address urban migration and youth unemployment. Rural business incubator play a crucial role in supporting these efforts by nurturing local talent, providing access to funding, and offering training and networking opportunities, as demonstrated in projects in Kenya and Mozambique [7]. In Oita, local movements emerged, particularly in Oyama, where communities with strong local leadership took various initiatives to revitalize their areas. These efforts included community dialogues, networking, forming local leadership through after-work schools, promoting culture and sports, and enhancing rural tourism, all supported by the Oita prefecture [8]. While OVOP was intended to be the primary socio-economic development strategy for Oita, it was seen as a complement to other interventions rather than a replacement for attracting industries. The Rural Business Incubator (RBI) in villages represents a hub of knowledge and practice for the rural population. The incubator is known as a collaborative program designed to help the youths with innovative business ideas, new startups, and small enterprises to succeed in their business goals. RBI helps businesses launch and grow by providing free or low-cost workspace, mentorship, access to markets, and social capital. Enhancing Livelihood in rural areas is critical for community development. There are five core aspects of a livelihood. Assets can be classified into five types: human, social, natural, physical, and financial. Rural people will access assets in different ways, e.g. through private ownership or as customary rights for groups [9].

The integrated approach can help the incubates to solve the problems commonly associated with running or starting their entrepreneurial journey by providing various support, mentoring, and training. In Egypt, the "One Village One Product" (OVOP) movement aims to motivate rural communities to embrace specific crafts or industries that utilize local resources, transforming them into products that can be marketed both nationally and globally. Notable examples of OVOP initiatives in Egypt include

- a) Dairy production in Ja'afar village, Beni Suef
- b) Artichoke cultivation in Sidi Ghazy village, Behaira
- c) Papyrus production in Toukh El-Aramous, El-Sharqeya
- d) Handmade carpets in Sa'yet Abo Shaara, Monofeya

These models are developed within a framework emphasizing the importance of community-oriented activities that leverage local resources and knowledge. Successful OVOP experiences often favor working with groups rather than individuals, as this approach is more cost-effective and has a greater impact on the community, allowing for the same services to reach a larger number of women

and youth with similar needs [10]. The focus is on promoting the economic and social well-being of rural communities through leadership initiatives within OVOP. There was a strong emphasis on the efficient use of resources and environmental conservation, given the general scarcity of natural resources in Japan. To tackle issues related to market circulation and increasing competition, value addition was centered on promoting product originality, uniqueness, and diversity. Human resource development specifically targeted current and potential leaders. Rural livelihood diversification refers to "the set of activities undertaken by household members to improve their economic and social status and thus their standard of living. As the relative importance of agriculture as the main source of livelihood in rural areas has declined, a large section of the rural poor and even some members of the middle classes have increased their participation in non-agricultural activities, and income diversity or a mix of agricultural and non-agricultural work has become the dominant feature of livelihood in most rural areas. When a rural household has diverse sources of income-earning activities, its chances of survival and livelihood are better than those of households with only one source of income (Figure 1). Explains that livelihood diversification outcomes are summarized in increased income, food security, welfare, and decreased vulnerability of the population. To achieve improvement in Rural livelihood through integrating RBI in the village within the OVOP model. Livelihood consist of different components such as fostering skills, and marketing access. On the other hand, Livelihood consist of different factors such as strong governance, and exchange learning. This overall focus is on One Village One Product with the support of Rural Business Incubator to upgrade the knowledge and skills of women and youth. The Livelihood assets such as Natural and Human assets can strengthen the influence and access towards rural population by decreasing the vulnerability context.

The Integration Approach of Implementing RBI Within the OVOP Model

The paper explores an integrated approach to integrate RBI implementation in rural areas within the OVOP model. Networking between Rural Business Incubator demonstrates a positive evolution in the value chain, aimed at enhancing or expanding productive operations. The incubator focus on the interconnectedness of various actors within the value chain who contribute to adding value to products and services as they progress from one link to another, regardless of the time and space that may separate them. This value chain also fosters poverty reduction, income, and employment generation, economic growth, environmental sustainability, gender equity, and other developmental objectives. that seeks to revitalize rural communities through the development of local products, encouraging each community to create unique goods for local and global markets. Networking between Rural Business Incubator in villages can provide a valuable opportunity to implement the OVOP model by offering grass-root livelihood knowledge, training, and market access to youth and women entrepreneurs. This collaboration can improve livelihood, empower rural populations, diversify income sources, and tackle social-economic challenges.

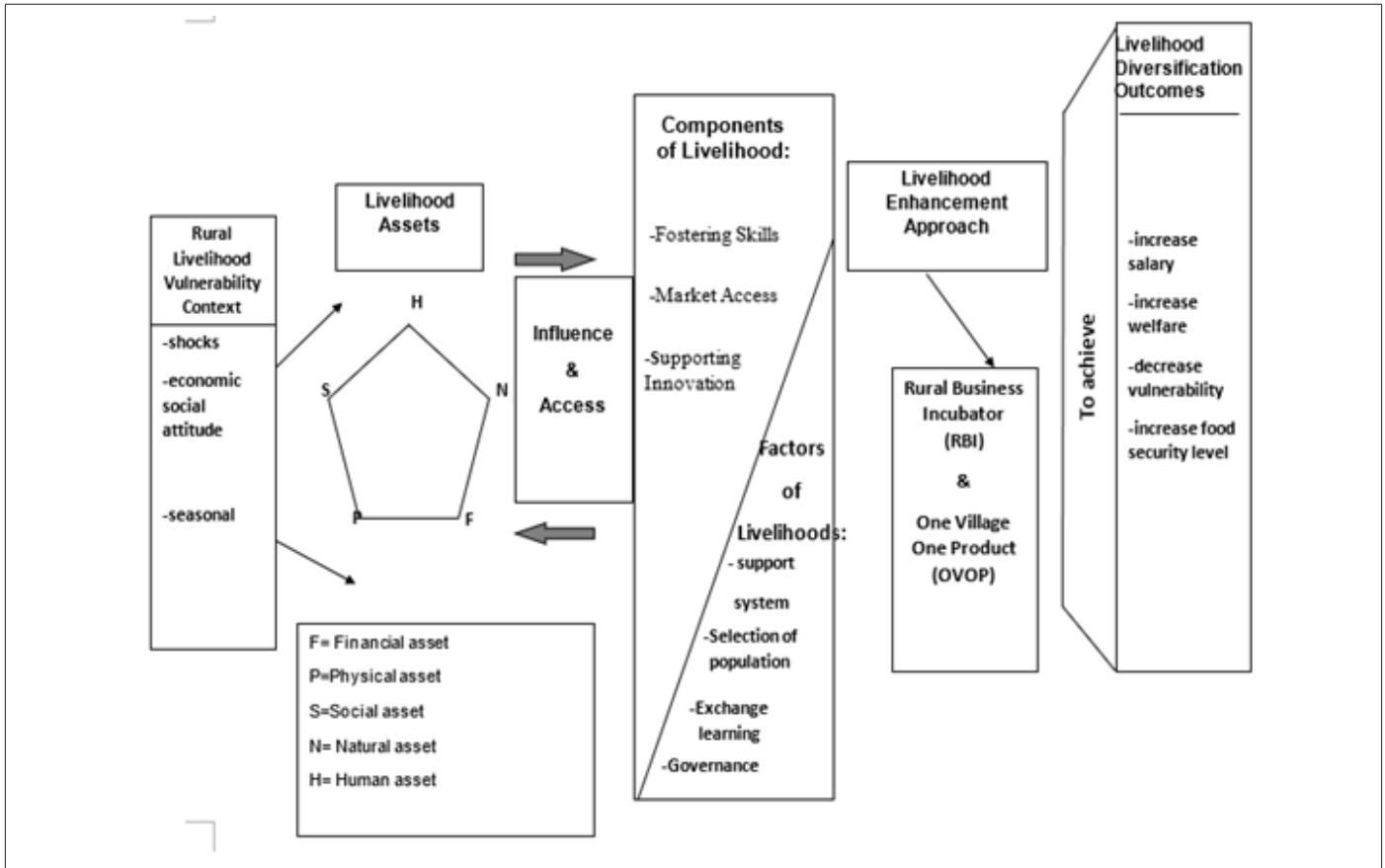


Figure 1: Enhancement of Rural Livelihood Diversification Framework.

Actors within the RBI’s Value Chain are linked through a series of activities that produce, transform, and deliver goods and services to end consumers. Stakeholders involved in value chain development encompass a wide range of participants, including those engaged in production, providers of public and private support, as well as regulators and government agencies that play a role in shaping the value chain through regulations and development initiatives.

RBI can be implemented through Cooperatives or/and Community Development Associations (CDA) as it is described as “an autonomous association of people united voluntarily to meet their common economic, social, and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises.” (NGOsource,2022) Cooperatives and CDAs leverage each member’s skills for the collective benefit, transforming individual risks into shared risks without increasing informal labor. Capacity building, training, and education are essential for cooperative development, and enhancing networks is vital. In Egypt, cooperatives are prevalent in the agriculture and farming sectors (Figure 2). demonstrates the integration between RBI within OVOP. The importance of RBI establishment in any village act as a hub of knowledge and skill development for vulnerable groups e.g. Youth and women. This integration creates a village that focuses on one product seeking leverage of livelihood diversification to achieve sustainable local development.

Components Demonstrated to Integrate RBI Implementation Within OVOP Model to Improve Livelihood

The collaboration between OVOP and RBI can significantly strengthen local development and enhance livelihood. RBI serve as vital platforms for the OVOP model by:

Fostering Skills: They offer essential training in technical, financial, and business management, which is particularly important for youth and women entrepreneurs.

Facilitating Market Access: By partnering with private sector organizations, incubator can assist OVOP projects in reaching wider markets.

Supporting Innovation and Sustainability: Incubator promote product uniqueness, enhancing market competitiveness while aligning with OVOP’s principles of utilizing local resources and preserving cultural heritage.

Factors Needed for Integrating RBI Within OVOP Model to Improve Livelihood

Governance: of the One Village One Product model: Full inclusion of producers, the private sector and outsiders. This is recommended to foster dynamism and sustainability as government leaders and staff change. Synergy is possible by involving external supporters, such as civil society, NGOs and donors.

Exchange Learning: Learning from the other countries with similar characteristics is highly effective, as understanding the

background and issues as well as finding the appropriate application for a specific country can be relatively easy.

Selection of the Target Population: screening the target pop-

ulation to identify truly committed producers with a self-reliant attitude, while checking product potential. Business capacity. OVOP entails business activities.

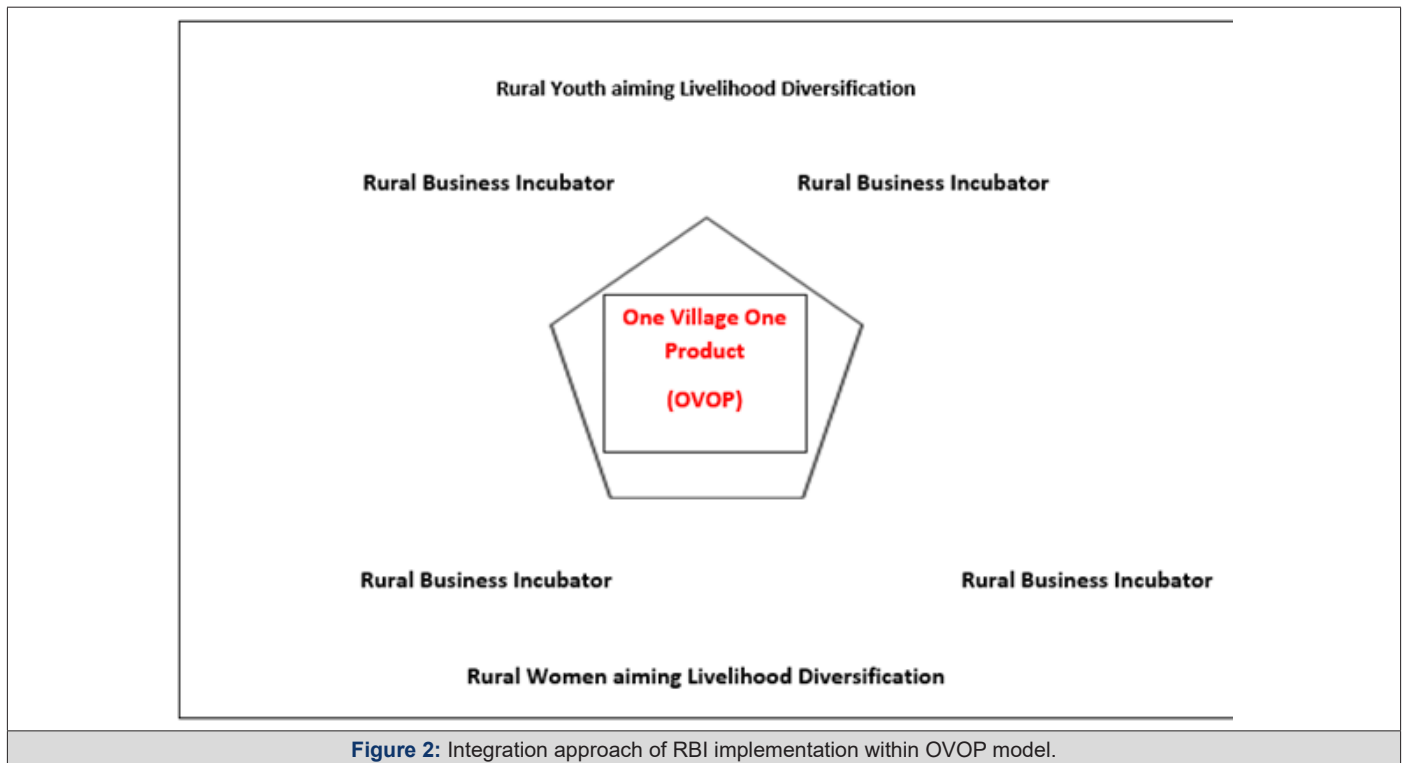


Figure 2: Integration approach of RBI implementation within OVOP model.

Support System: Providing business development services and financial services. A large gap between demand and supply in business-related services.

Product Development: To develop products, OVOP model considers whether the product is high-quality, storytelling (e.g. traditional, cultural), functional (e.g. daily use), differentiated and diversified.

Challenges Of Integrating RBI Within OVOP Model to Improve Livelihood in Egypt

The implementation of RBI within OVOP model in Egypt's rural areas to improve livelihood encounters several challenges: Resource Limitations: Many rural regions struggle with a lack of access to vital resources like capital, training facilities, and technology.

Market Accessibility: Expanding into broader markets is difficult due to inadequate infrastructure and RBI distribution networks.

Socio-Cultural Barriers: Traditional gender roles can limit women's participation in business, necessitating targeted strategies that promote gender inclusivity.

Sustainability Issues: Rural incubator frequently face challenges in maintaining financial sustainability, as rural communities may have restricted capital resources.

Solutions Proposed for Integrating RBI Within OVOP Model to Improve Livelihood in Egypt

Network-Based Ecosystems: Creating networks of RBI that

link local entrepreneurs with urban centers. This hub-and-spoke model facilitates resource-sharing and mentorship opportunities.

Market Linkages and Partnerships: Establishing connections with private sector organizations can help local products access competitive markets.

Gender-Inclusive Design: It is vital to develop incubator policies that support women, including flexible funding options and women-led training programs. Focusing on youth and women-owned businesses through capacity building can enhance their involvement in OVOP.

Phased Funding Models: Offering financial assistance in stages enables rural entrepreneurs to manage their cash flow better and minimizes the risk of incurring debt.

Finally, Rural Business Incubator can help support youth in developing countries in establishing productive enterprises with the potential to scale up job creation. For the development of successful incubator, it is important to use a network approach using existing institutions rather than create new ones. However, enabling conditions are required for long-term sustainability. Building on local institutions and value chain networks to establish a functioning business "ecosystem" is important [11].

Conclusion

The integration of RBI approach within the OVOP model presents a promising approach for rural sustainable development in Egypt. By addressing issues such as access to resources, market

connectivity, and gender inclusion, these incubator can promote technical skills for rural entrepreneurship, generate employment, and strengthen local economies. Implementing this approach can ensure that OVOP serves as a viable pathway for empowering youth and women, thereby contributing to the socio-economic stability of rural Egypt. This approach can enhance livelihood diversification in villages where the OVOP model. The incubator bring enormous potential for youth and women, especially in poor rural areas, in Egypt. Rural Incubator recognize that there are a variety of aspects of economic marginalization, and work to tackle all of these aspects in a blended, integrated program The approach typically targets the poorest households in a community, and provide them with a productive asset, training and support for that asset, as well as health, consumption, savings, and general life skills support This integrated approach has shown consistent impacts around the world, reducing poverty and improving well-being

Acknowledgment

None.

Conflict of Interest

None.

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