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WOMEN ENTREPRENEURS CRITICAL FOR DIVERSIFYING RURAL ECONOMIES IN LEAST DEVELOPED COUNTRIES, REPORT SAYS

UNCTAD proposes Female Rural Entrepreneurship for Economic Diversification scheme

Geneva, 27 November 2014 – As one way to achieve the diversification of rural economies needed in poor countries to increase prosperity, **The Least Developed Countries Report 2014¹** of UNCTAD outlines an international mechanism called FREED, which stands for Female Rural Entrepreneurship for Economic Diversification. The project aims to support women's non-agricultural enterprises in rural areas of the 48 least developed countries (LDCs) recognized by the United Nations.

Subtitled **Growth with Structural Transformation: A Post-2015 Development Agenda**, the Report says that women in rural areas, often with limited opportunities for economic activity due to their traditional role in unpaid household and care work, are a potentially important force for diversifying rural economies in LDCs.

FREED would provide financial and other support to the establishment of new women's enterprises in rural areas of LDCs and the consolidation and upgrading of existing women's enterprises, as well as collaboration among them. The scheme would be funded primarily from aid, supplemented by financing from international organizations, philanthropic foundations and voluntary contributions.

Translating women's increased productive potential into higher incomes is essential to complete a virtuous circle of economic and human development, the Report says, because increased time in work and productive potential can generate additional income, further improving nutrition, health and education.

Sectors likely to merit support include food processing for the local market, food preservation and packaging, clothing and tailoring to meet increasing local demand as incomes rise, wood- and metal-working and ceramics, and commercial and marketing activities. The latter activities include selling

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¹ The Report (Sales No. E.14.II.D.7, ISBN: 978-92-1-112880-2) may be obtained from the United Nations Publications Sales and Marketing Office at the address mentioned below or from United Nations sales agents throughout the world. Price: US\$ 50 (50% discount for residents of developing countries, and 75% discount for residents of least developed countries). Customers may send orders or inquiries to: United Nations Publications Sales and Marketing Office, 300 E 42nd Street, 9th Floor, IN-919J New York, NY 10017, United States of America. Tel.: 1 212 963 8302, fax: 1 212 963 3489, e-mail: publications@un.org, <https://unp.un.org>.

local products in local and regional markets, and procuring inputs for agricultural and non-agricultural producers – for example, fertilizers, pesticides, seeds, fabrics, tools and equipment.

Seventy per cent of people in LDCs live in rural areas, the Report notes. Even in LDCs that export mostly manufactured goods, such as Cambodia and Bangladesh, the figure lies between 60 per cent and 80 per cent.

The Report argues that rural development in LDCs requires increasing agricultural productivity, as well as diversifying rural economies away from agriculture. Raising labour productivity in agriculture is a key part of rural development and national development overall, but this often means shedding surplus labour from small farms. Since cities in LDCs cannot absorb all this labour, economic diversification in rural areas is essential to expand employment opportunities outside agriculture.

Agricultural upgrading and rural economic diversification are interdependent and reinforce each other, the Report says. As well as helping to absorb surplus labour displaced by agricultural upgrading, increasing non-agricultural production creates demand for higher-value foods, raising agricultural incomes. It also gives farming households opportunities to generate off-farm income to pay for agricultural inputs and equipment.

Equally, boosting agricultural incomes creates demand for non-food products, providing investment opportunities outside agriculture and can generate surplus income to finance non-agricultural investment. Pursuing agricultural upgrading and off-farm income generation in parallel can bring rapid progress in rural development and poverty reduction.

In addition, rural electrification can be a powerful engine for rural economic diversification, the Report says, and renewable energy provides a major opportunity in this field. Most people in rural areas in most LDCs have no access to electricity, and this is a major obstacle to raising non-agricultural production.

NOTE: Forty-eight countries currently are designated by the United Nations as LDCs. They are Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, the Central African Republic, Chad, Comoros, the Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, the Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, the United Republic of Tanzania, Vanuatu, Yemen and Zambia.

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