Research Report

Leiden Model United Nations 2015
~ fresh ideas, new solutions ~

Forum: *African Union*
Issue: *Strengthening the position of the African Economic Community in the global market*

Position: *Deputy Chair*

Introduction

Over the past couple of years Africa has been confronted with several issues. Mainly, Africa has been troubled by military coups, rebellions and illnesses which have all lead to a deep economic crisis in the continent. Half of the nations in Africa are living under the poverty guidelines.
Every issue has its own solution and it almost seems as if an issue like this would be very difficult to solve. However, it is not impossible. Inequality itself has always been a demanding issue, but in today's world there is also inequality of economy. This inequality of economy is affecting the global market. It is this inequality between economies and continents that we have to tackle in order to get the African economy to be as strong as every other economy.
However, Africa is the continent with the best economical ability to grow. It is even growing right now; even the middle class is able to spend money on meat, which is an indication of money to spend in Africa.

Definition of Key Terms

Poverty guidelines
The minimum level of income per person a day to provide in needs such as food and clean drinking water. This minimum of income is 1,25 dollar.

Illiteracy
Inability to read and write.

Sub-Saharan
The region of Africa to the south of the Sahara Desert.

Gross national income (GNI)
GNI is the income of a nation on which taxes still have to be collected.

General Overview

Africa is a very diverse continent. There are eleven languages recognised as official and housing ranges from mud huts to palatial gated communities. Poverty is one of the main economic and social problems in Africa. Since the mid-1980s, the number of food crises in African countries has tripled and emerging challenges like climate change and underdeveloped agriculture have only made the problem worse.

Most of the Sub-Saharan nations in Africa are in the World Bank's lowest income category of less than $765 GNI per person per year. Even the nations who are in the middle income section (which is a GNI of 4, 125 dollar) have a large portion of their inhabitants living under the line of 1,25 dollar a day. One of the consequences of the ill economy of Africa is the income inequality increase. The income of rich citizens has grown faster while the income of poor citizens is decreasing. The economic situation in the North African nations is generally more stable. This is because the amount of tourism and trade are fairly high in the North African region.

Yet there is still very little infrastructure, little energy supply and a weak domestic demand, which is affecting the economic growth. During the past half-century Africa has been plagued with multiple extremist groups such as the Islamic Maghreb, El-Shabab and Boko Haram. They are causing military conflicts over the continent. Those conflicts are also affecting the economic situation.

The World Bank has estimated that about 133 million young people (more than 50 percent of the youth population) in Africa are illiterate. Still 38% of the African adults are illiterate, two-thirds of whom are women. This is contributing to the amount of unemployment in Africa, which is resulting in poverty. The situation is alarming as literacy is a crucial step to acquire the basic skills needed to cope with the many challenges children, youth and adults will face throughout their lives.

Investment is also a resource to develop a nation or a whole continent. But over the past 40 years the investment rate in Africa has declined with 8,5%. Most of the investment was skewed in the direction of the public sector which is not contributing to the situation in Africa.
The life expectation in Africa is very diverse, the nation with the lowest life expectation is Chad with it being the age of 49 and the nation with the highest life expectaticy is Morocco with the age of 77. An explanation for this low life expectation could be diseases such as AIDS, Ebola and malaria, which have been spread in the continent.

But the global economy is changing quickly. Because of lower transport costs and technological advances is the economy of Africa rising. Products are getting shipped all over the world before they reach their end user. This is giving Africa a change to get involved in the global market. It is still a question in what quantity the integration of Africa in the global market is benefitting their economy. Half of the continent's export are raw commodities. The majority of these commodities are processed abroad or get

there additional value somewhere else. Africa is a great supplier of commodities but is processing them very little. Too improve this situation Africa needs more information about technologies which are processing the commodities.

To improve the economy in Africa there is also a demand for educated people, and jobs for vulnerable groups, who are not fully participating in the changing economy. Woman in Africa are for example representing the majority of the agricultural products but are lacking land, financing and other recourses.

Major Parties Involved

World Bank
The World Bank is trying to get Africa out of the extreme poverty as well as trying to boost prosperity. The World Bank is focusing on access to affordable, reliable, and sustainable energy for African regions with inadequate electricity access. But also on enhancing productivity for the economy, affordable clean water, sanitation, transport, climate risks and housing.

African development bank (AfDB)
The African development bank (AfDB) is Africa's most prominent development finance institution. The eight main goals of the AfDB are to eradicate poverty and hunger, to achieve universal primary education, to promote gender equality and the empowerment of women, to reduce child mortality, to improve maternal health, to combat HIV, AIDS and malaria amongst other diseases, to ensure environmental sustainability and to develop a global partnership for development.

Nigeria
Nigeria has a Gross Domestic Product (GDP) of $594.257 billion. This is the highest GDP of all nations in Africa. The high GDP is due to the share in the world's oil. Nigeria has the most inhabitants of all nations in Africa, it's population exists out of 177,5 million people.

Timeline of Events

1944	Foundation of the World Bank
1956	Oil is discovered in Nigeria
1963	The founding of the African Development Bank
2012	The promoting of youth employment

Previous Attempts to solve the issue

Africa has set up three financial institutions; the African Central Bank (ACB), the African Monetary Fund (AMF) and the African Investment Bank (AIB). Those institutions have the purpose to improve the economic situation and development.
The ACB is promoting a common currency. The AMF is an institution which is reforming policy initiatives of the African economies. Furthermore, the AMF is providing a channel for coordinated surveillance and effective analysis of economic developments and its implication for regional goalssuch as ending poverty and hunger. The AIB is benefitting to the development of the continent through investment in public and private development projects to strengthen the position of the African economy.

Nearly every African nation is running Active Labour Market Programmes (ALMPs) to reduce unemployment rates and to promote the employmentof young people. Those ALMPs are directed to labour demand, labour supply and labour market mediation.

Possible Solutions

Seeing as during the last few years aid programs such as promoting youth employment have not helped much, new initiatives may be needed. For example, more research on the continent's health problem, or on the amount of illiterate people should be done.

The arrears of the African economy in comparison with the Western economy is becoming more and more serious. While the economy of the Western world is improving, the economy of Africa is declining. Important factors could contribute to African economic growth. For example, an international law in Africa including property right, but also, more investment in education and reducing wasteful consumption expenditures. There could be an universal education at every school, so every child could get education.

Opening up the African economies to market forces of trade and technological diffusion could also be important. An open market can result in more proceeds than when there are closed boarders.

Appendix/Appendices

http://archive.unu.edu/hq/academic/Pg_area4/globafrica.html

http://www.afdb.org/en/news-and-events/article/aeo-2014-african-countries-need-to-tap-global-markets-more-effectively-to-strengthen-their-economies-13073/
http://news.bbc.co.uk/2/shared/spl/hi/africa/05/africa_economy/html/poverty.stm

http://www.africaneconomicoutlook.org/en/country-notes/southern-africa/south-

africa/

http://www.unesco.org/new/en/dakar/education/literacy/

http://www.africaneconomicoutlook.org/en/theme/developing-technical-vocational-skills-in-africa/tvsd-in-specific-contexts/youth-unemployment/

http://www.theguardian.com/global-development/2014/jan/20/africa-economic-growth-failing-development-jobs

http://www.nber.org/digest/jan04/w9865.html

http://data.worldbank.org/indicator/SI.POV.DDAY

http://ea.au.int/en/useful-links

http://www.indexmundi.com/map/?v=30&r=af&l=nl

https://www.law.cornell.edu/uscode/text/19/3706

http://www.africaneconomicoutlook.org/en/news-events/

http://www.worldbank.org/en/region/afr/overview#2

http://www.afdb.org/en/topics-and-sectors/topics/millennium-development-goals-mdgs/

https://www.gfmag.com/global-data/glossary/gdp-gni-definitions

http://www.investopedia.com/terms/g/gross-national-income-gni.asp#ixzz3rNca66uJ

https://stats.oecd.org/glossary/detail.asp?ID=1176

http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:22510787~pagePK:64165401~piPK:64165026~theSitePK:469382,00.html
http://www.un.org/millenniumgoals/

http://www.theguardian.com/sustainable-business/promise-global-markets-hold-africa