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“World in Crisis”



**Reducing underemployment and lack of economic  
opportunities in Africa**

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**Issue:** Reducing underemployment and the lack of economic opportunities in Africa

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## Introduction

Africa is one of the seven continents of the world. Africa is a wealthy continent in natural resources and minerals. However, for decades, Africa has been facing poverty because of the lack of economic activities and underemployment. The continent consists of rich natural resources. Africa maintains 30 percent of the world's mineral mines and resources. These resources include cobalt, uranium, diamond, and gold, as well as significant oil and gas reserves. Despite holding such natural resources Africa cannot improve its economy due to foreign countries damage done in Industrial Revolution and the fact that international companies avoid tax.

To understand the issue of underemployment and lack of economic opportunities, underemployment and unemployment must be discussed. Underemployment is the condition in which people are employed at less than full-time or regular jobs or at jobs with inadequate experience or economic needs.

In most African nations, household income has a fewer share than the income from self-employment compared to MEDCs. The world's economic situation's analysis states that in 2017, only 30.8 percent of the employed Africans were wage and salary workers, compared to the world average of 54.4 percent and the average of 86.1 percent in high income countries.

## Key Vocabulary

**Underemployment:** It is the condition in which people are employed less than full-time or regular jobs or at jobs with inadequate experience or economic needs.

**MEDCs:** MEDCs is a term used for More Economically Developed Countries.

**LEDCs:** LEDCs is a term used for Less Economically Developed Countries.

**GDP:** GDP stands for Growth Domestic Product and it is the monetary value of all of the finished goods and services produced within a country's borders in a specific time period.

**ILO:** ILO stands for the International Labor Organization.

**Tax:** Tax is a charge usually of money imposed by authority on persons or property for public purposes.

**Household Income:** Household income is combined income of people who are 15 or older in same area.

**Wage:** A fixed regular price that is set by government or the private company that is given for employee's service.

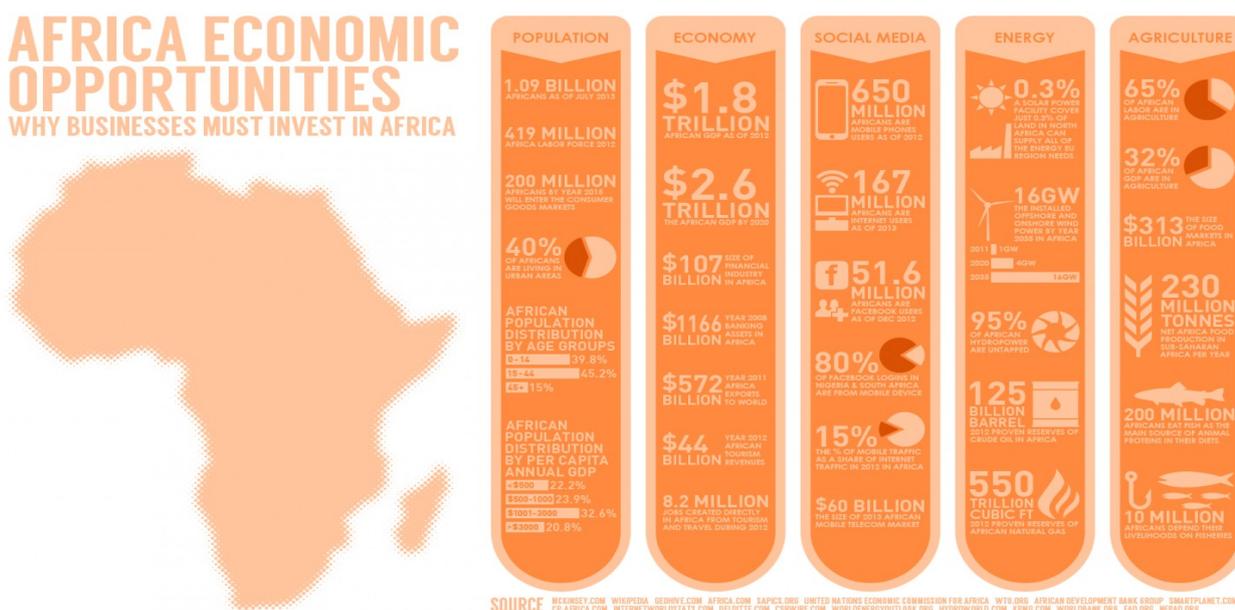
**Salary:** A fixed regular price that is paid monthly to the employees for their service.

## Focused Overview

### 1) Economic Opportunities in Africa

The land of Africa is one of the wealthiest lands in the world because it has natural resources and mineral reserves. African governments try to benefit from these natural resources to develop their economy. For instance, the value of oil rose from less than \$20 a barrel (1999) to more than \$145 (2008) in a few years. In these years, the value of minerals and grains also increased. Yet, these natural resources were not enough to improve Africa's economy since they only generated 32 percent of Africa's GDP, between those years. The remaining two-thirds came from other sectors, including wholesale and retail, transportation, telecommunications, and manufacturing.

Trade, industry, agriculture, and human resources of the continent constitute the economy of Africa. In March 2013, Africa was identified as the world's poorest inhabited continent as its entire combined GDP was barely a third of the United States'.



Picture 1: Economic opportunities in Africa.

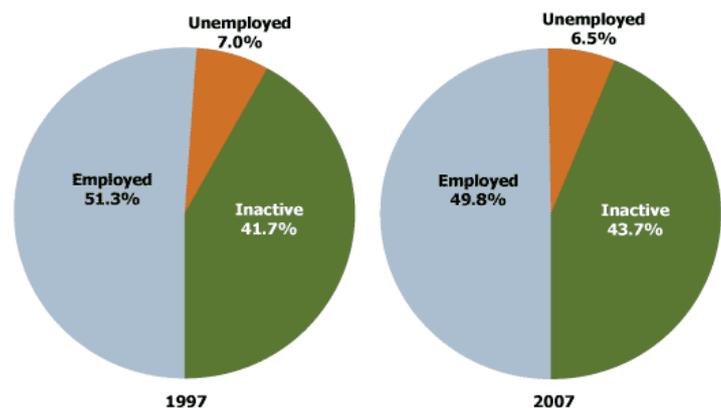
### 2) Demographic aspects of the effects of the African economy on underemployment of Youth

Africa is the continent with the fastest growing population. Thus, most of its population consists of the youth (one fifth of the African population consists of people aged between 15 and 24). Moreover, more than 40 percent of the population is aged under 15, and this number is expected to grow significantly. Unfortunately, this has a few consequences. An important side effect of the increase in the population is underemployment and unemployment. After a huge population growth, the demand on money increases. This can be overcome by giving jobs. However, if a country does not have enough job opportunities The youth population, whether they finished high school or not, is struggling to find full-time and secure jobs. According to the ILO's data analysis, 36 percent of the

active working-age population is youth in Africa. In Africa, three in five young adults are unemployed.

According to a German-American businessman, Carl Haub, the total fertility rate is Africa's biggest demographic challenge. Growth in population demands more job opportunities ;however, lack in job and economic opportunities cause people to be unemployed. Despite the yearly economic growth rates of 6 percent or more in Sub-Saharan Africa, there has not been a significant increase in stable employment opportunities.

Another demographic challenge is migration. Young people move from their home town especially from rural areas to urban areas in order to find jobs where they can help their families. Even then, 70 percent of the youth still live in rural areas. The World Bank reported that the average African young adult is not an urban resident.



Picture 2: The change in unemployment rates in Africa between 1997 and 2007

### 3) Multinational Companies' Effects on the African Economy

African countries have been colonized since the 1500s. In the past, countries such as France, United Kingdom, and Germany colonized Africa in order to get raw materials and supplies for their factories. Hence the Industrial Revolution occurred and colonization spread all over the world. These major countries had an ideology of mercantilism (the ideology that believes the power of a country comes from the gold, mines, natural resources, and treasure it has). These countries profited from colonization.

This colonization period continued until the mid-to-late 1950s with organized revolts in Northern and sub-Saharan colonies. After the decolonization process, independent states took a very long time to recover. Some countries continued to be semi-colonies. In 1993, all African colonies became independent.

In the new era the natural resources and reserves were captured and used by European countries to increase the profit from exportation. These countries continue to work on those lands in order to earn money. Multinational companies invest in Africa for its natural resources and cheap work force. This causes people to be underemployed and to face poverty. The companies pay less than the wage that is written in constitution.

## Major Parties Involved and Their Views

### ILO (International Labor Organization)

ILO tries to achieve different sustainable goals which aims to develop Africa. The lack of economic opportunities and underemployment are one of their concerns. In order to solve these issues, they conduct conferences including More Economically Developed Countries (MEDCs) and Less Economically Developed Countries (LEDCs) to find solutions. Moreover, ILO is an organization that

aims to promote social justice and the internationally recognized human and labor rights. ILO is an agency of United Nations. In Africa, ILO is dedicated to encourage decent employment opportunities.

## Zambia

Zambia is located in the South of Africa and is a country without a border to the ocean. It is one of the countries in Africa that is located above mineral reserves; thus, it is the largest copper producer in Africa and the seventh largest copper producer in the world. However, Zambia is one of the poorest countries in the world. Its population's 74 percent live with less than \$1.25 a day and its 43 percent is starving. The reason is the bleed of wealth mainly to multinational mining companies. On the other hand, Zambia is not a member of United Nations. Therefore, the solutions may not apply to this nation.

## Egypt

Egypt is located in the North East of Africa which is a country with a border to the Nile river. Egypt is the richest country in Africa with a peak value of GDP as 1.292,745 billions of dollars. Despite, being one of the richest country of Africa, one important issue in Egypt is the visible underemployment rate, which increased from 2.8 percent to 9.6 percent in 6 years.

## Democratic Republic of the Congo

The Democratic Republic of the Congo is located in the Midwest of Africa and has a border with the ocean. Democratic Republic of the Congo is one of the wealthiest countries in Africa because it has petroleum, timber, potash, lead, zinc, uranium, copper, phosphates, gold, magnesium, natural gas, and hydropower. Despite having such resources, DR Congo has the highest unemployment rate in Africa with more than third of the country being unemployed. The country's main financial income is based on agriculture and the petroleum industry.

## UNECA (United Nations Economic Commission for Africa)

UNECA was established by the Economic and Social Council (ECOSOC) of the United Nations (UN) in 1958. UNECA has 54 nation states and its main goal is to develop and move Africa one step forward. UNECA is mostly responsible for economic activities in Africa.

## Timeline of Events

Date of Event	Description of Event
1870	The first decolonized state, Liberia, establishes its independence.
1958	The UNECA is established in order to develop Africa's economy.
1982	The conference organized by ILO aims to report every economic activity in order to find solutions for the issue.
1993	The last decolonized state, Eritrea, establishes independence.
2006	A report about the economic development of Africa is created.
2015	The Chan Zuckerberg Initiative group invests in Africa and helps Africa to develop their technology sector.
2017	Only 30.8 percent of the employed Africans are found to be wage and salaried workers, compared to the world average of 54.4 per cent and 86.1 per cent in high income countries.

## Evaluation of Previous Attempts to Resolve the Issue

- [A/61/212 \(2006\)](#)

This report is about the economic development of Africa by the partners as multinational companies that the United Nations (UN) found and the progress of Africa. This report involves discussions about the social, economic, and political development of Africa. For this issue we must observe the economical aspect of the problem.

- [Resolution concerning statistics of the economically active population, employment, unemployment and underemployment, adopted by the Thirteenth International Conference of Labor Statisticians \(October 1982\)](#)

The conference organized by ILO aims to report every economic activity and unemployment/underemployment facts and data in order to find solutions for the issue.

## Possible Solutions

Africa is facing underemployment since 1900s and trying to find sustainable solutions. There are specific areas that Africa must develop in order to overcome this issue.

### 1) Education

In a research conducted by researchers, the results show that those without a high-school diploma are more likely to be underemployed than those with . That is the reason why Africans must be encouraged to pursue their education and also why Africa must find means to improve the education system within the continent.

### 2) Ending Informal Jobs

Most African countries are known to be poor. Thus, they create informal jobs to reduce tax. Informal sector workers have no job security, have minimal benefits, are paid very little, and often face hazardous working conditions. In order to minimize the existence of such jobs, the private and public sector must work together to create new job opportunities for Africans.

### 3) Investments from foreign countries and companies

In Africa, there are many valuable mineral reserves. Thus, many multinational companies invest in Africa in order to benefit from these reserves, and thus, they may increase job opportunities for Africans. This increase in job opportunities than may help people to find full time jobs with assurance which they can continue to their lives with a better condition.

## Further Reading

- [Underemployment](#)
- [Markets and Opportunities for Sectors](#)
- [Youth Unemployment and Underemployment in Africa Brings Uncertainty and Opportunity](#)
- [UNECA \(United Nations Economic Commission for Africa\)](#)

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