Executive Summary

Main Issues on the Labour Market
- Malawi is at the bottom of international lists of poverty and development. Government effectiveness is comparably better. Malawi is densely populated and over 80% of Malawians live in rural areas with bad accessibility due to poor infrastructure. Tobacco production is the dominant export industry and many agricultural workers lives of it, due to poor working conditions many workers suffer from nicotine poisoning from handling the leaves.

- Urban youth unemployment is very high at over 50%, it is caused by population growth, high urbanisation rates and the small formal sector. The higher education system is at the same time inadequate: Most Malawians have some sort of primary education, but few progresses to higher education. Vocational schools and universities produce very few candidates, where application is often ten times as intakes. At the same time Malawi experiences skill shortages and therefore immigration of skilled migrants is common.

Labour Market Developments
- There was a drastic change of government in 2012, as the sitting president died and was replaced by the vice-president Joyce Banda. The previous regime had increasingly been harassing unions, and had violently cracked down on protests fuelled by the economic difficulties and high urban unemployment. Banda reverse many unpopular decisions.

- The new president let the currency float, which was increasingly over valued and making export industries and domestic industries competing with imported goods artificially less competitive. Devaluing and letting the kwacha float did however increase inflation by more than 30% and food and fuel prices almost doubled in less than a year, thereby severely undermined wages. The expected economic recovery is yet to manifest.

- A mandatory public-pension law was established in 2011, for workers in the private sector earning more than the minimum wage. Workers with at least 20 years of service may retire at age 50. The system is yet to be implemented.

- Strikes were very imminent to the effect that most of the essential services were affected like the electricity, water supply and of recently in the civil service that placed the government at a standstill.
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Trade Unions

### Trade unions in Malawi (2009)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of trade unions</td>
<td>26</td>
</tr>
<tr>
<td>Dues (median)</td>
<td>N/A</td>
</tr>
<tr>
<td>Members of trade unions</td>
<td>207,000</td>
</tr>
<tr>
<td>Trade union members share of labour force</td>
<td>3 %</td>
</tr>
<tr>
<td>Female member share of trade unions</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of CBA's</td>
<td>N/A</td>
</tr>
<tr>
<td>Workers covered by CBA</td>
<td>N/A</td>
</tr>
<tr>
<td>Share of workers covered by CBA</td>
<td>N/A</td>
</tr>
<tr>
<td>Labour force (2011)</td>
<td>6.9 million</td>
</tr>
</tbody>
</table>

(MCTU) Malawi Congress of Trade Unions

The Malawi Congress of Trade Unions (MCTU) was re-established in 1995 after having been banned during the years when Malawi had a one party state under Hastings Banda. The MCTU currently has around 200,000 members from all economic sectors represented in 23 affiliated Unions. The goals of MCTU are:

- To fight for better remuneration and working conditions for workers in Malawi.
- To play a leading role in the struggle for education transformation to deliver free and equal quality public education for all.
- In order to meet these goals, to constantly improve organisation and to conscientise and mobilise members.

MCTU’s Congress convenes every five years as its highest authority. In between congresses, the General Council is the highest authority, comprising over 44 members and five executive members, meeting twice per year. The Executive Board also meets twice per year, and it comprising over 28 members, including Presidents of the affiliates and five National Executive members, and is responsible for the execution of General Council decisions. The National Executive Committee is responsible for carrying out decisions taken in the organs above, and is composed of five members (President, Vice President, Secretary General, Deputy Secretary General and Treasurer General). They meet regularly and ensure that the Secretariat implements the decisions taken and otherwise carries out its functions. MTUC is headed by the president Mr. Luther Mambala.

(COMATU) Congress of Malawi Trade Unions

COMATU is a breakaway union from MCTU. It used to be affiliated with the World Congress of Labour, but is no longer affiliated with the successor organization ITUC. COMATU has two affiliated unions representing about 7,000 members.

Malawi has two other unions, which are not affiliated to a trade union federation. These are two unions in the production of quarrying and macadamia nuts.
<table>
<thead>
<tr>
<th>Trade Union / Trade Union Centre</th>
<th>Affiliation To national trade union centre</th>
<th>Total Members (2008)</th>
<th>Female Members</th>
<th>Dues (share of salary)</th>
<th>Number of CBAs</th>
<th>Workers covered by CBAs</th>
<th>Number of OSH committees at workplaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCTU Malawi Congress of Trade Unions</td>
<td>MCTU</td>
<td>200,000 (2010)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMATU Congress of Malawi Trade Unions</td>
<td>MCTU</td>
<td>7,000 (2009)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Construction Civil Engineering Allied Workers Union</td>
<td>MCTU</td>
<td>7,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical Power Engineers Union</td>
<td>MCTU</td>
<td>9,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Industrial Allied Workers Union</td>
<td>MCTU</td>
<td>2,935</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Employers’ Organisations**

**ECAM**

ECAM (Employers’ Consultative Association of Malawi) was established in 1963, shortly before Malawi’s independence. It is led by President Mr. Emmanuel Banda.

ECAM has around 200 employers registered as members and seven sectoral trade associations. The main role of ECAM is to protect the interests of employers on social and labour policy.

ECAM addresses the areas of:
- Gender
- Occupational health and safety
- Collective bargaining agreements and recognition agreements
- Social security
- Freedom of association and the right to organise
- HIV/AIDS in the work place
- Terms and conditions of service
- Child labour and youth development
- SME Development

**Central Tripartite Structures**

**Mediation and Arbitration**

Industrial disputes are regulated under the Labour Relations Act. A dispute which cannot reach settlement can be referred to the Industrial Court. The Industrial Relations Court is composed of a Chief Justice and five members each from employees and employers.

**Tripartite Labour Advisory Board**

The board is composed of 16 members, four each from the government, trade unions and employers’ organizations. It gives advice to the government on labour and employment, including the promotion of collective bargaining, the labour market, human resources development and the review of the operation and enforcement of the Act and any other Act relating to employment.

**Other bi/tripartite organs**
- Minimum wage advisory committee
- Ministry of Labour Directorate of OSH
- Social dialogue Commission
- National Pension Administrator (to be set)
- Technical Education, Vocational and Entrepreneur-ship Training Authority (TEVETA)
- Ministry of education and Labour
- Gender
- Chamber of commerce
- Thematic working group on trade and development
- Tripartite plus
- Local assemblies and community groups
National Labour Legislation

Constitution
The constitution from 1994 recognises the right to work and guarantees the freedom of association, fair and safe labour practices, fair and equal remuneration, right to form and join unions and protection of children from economic exploitation. The state shall also provide a healthy working environment and access to employment.

Employment Act
The Employment Act of 1999 concerns forced labour, anti-discrimination, equal pay, remedies for infringement of fundamental rights, the labour commissioner, labour officers, employment of young persons, labour contracts, hours of work, weekly rest and leave, wages, discipline and dismissal.

Labour Relations Act
The Labour Relations Act of 1996 regulates trade unions, collective bargaining, strikes, lockouts and industrial disputes. It established the Tripartite Labour Advisory Board and the Industrial Relations Court.

Occupational Safety, Health and Welfare Act
The Act from 1997 sets standards and the scope for Occupational Safety and Health, for labour inspection and investigations of accidents and working environments.

These three acts are the most important labour legislations in Malawi. Several other legislations exist which regulates and sets standards and restrictions for the labour market.
## ILO Conventions

**Ratified ILO Conventions**

<table>
<thead>
<tr>
<th>Subject and/or right</th>
<th>Convention</th>
<th>Ratification date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fundamental Conventions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elimination of all forms of forced labour</td>
<td>C098 - Right to Organise and Collective Bargaining Convention, 1949</td>
<td>1965</td>
</tr>
<tr>
<td>C029 - Forced Labour Convention, 1930</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>C105 - Abolition of Forced Labour Convention, 1957</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Effective abolition of child labour</td>
<td>C138 - Minimum Age Convention, 1973</td>
<td>1999</td>
</tr>
<tr>
<td>C182 - Worst Forms of Child Labour Convention, 1999</td>
<td>1999</td>
<td></td>
</tr>
<tr>
<td>Elimination of discrimination in employment</td>
<td>C100 - Equal Remuneration Convention, 1951</td>
<td>1965</td>
</tr>
<tr>
<td>C111 - Discrimination (Employment and Occupation) Convention, 1958</td>
<td>1965</td>
<td></td>
</tr>
<tr>
<td><strong>Governance Conventions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour inspection</td>
<td>C081 - Labour Inspection Convention, 1947</td>
<td>1965</td>
</tr>
<tr>
<td>C129 - Labour Inspection (Agriculture) Convention, 1969</td>
<td>1971</td>
<td></td>
</tr>
<tr>
<td>Employment policy</td>
<td>C122 - Employment Policy Convention, 1964</td>
<td>Not ratified</td>
</tr>
<tr>
<td>Tripartism</td>
<td>C144 - Tripartite Consultation (International Labour Standards) Convention, 1976</td>
<td>1986</td>
</tr>
<tr>
<td><strong>Up-to-date Conventions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migrant Workers</td>
<td>C097 - Migration for Employment Convention (Revised), 1949</td>
<td>1965</td>
</tr>
<tr>
<td>Employment Policy</td>
<td>C159 - Vocational Rehabilitation and Employment (Disabled Persons), 1983</td>
<td>1986</td>
</tr>
<tr>
<td>Specific categories of workers</td>
<td>C149 - Nursing Personnel Convention, 1977</td>
<td>1986</td>
</tr>
</tbody>
</table>

Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market. In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.
Trade Union Rights Violations

According to ITUC,13 union leaders suffered harassment, dismissal and arrest. Electronic media, tobacco, freight and transport workers all reported anti-union victimisation. Sugar workers were dismissed for calling a strike and electricity workers’ leaders were suspended over a pay dispute. A building workers’ leader was arrested for organising, and leaders of the MTUC received death threats for their part in protests.

Trade unions seeking to bargain collectively face excessive high representation thresholds. In addition, industrial councils set wages and conditions and resolve disputes in the absence of collective agreements. Only registered unions may strike, and the procedures prior to a strike can be long. Trade unions are not included in the committees set up by the government to comment on social and economic issues.

According to the U.S. Annual Human Rights Report,14 members of a registered union in “essential services” have a limited right to strike. Essential services are defined as services whose interruption would endanger the life, health, or personal safety of the whole or part of the population, as determined by the Industrial Relations Court. The ambiguity could lead to unions having difficulties with striking legally.

The law requires that at least 20 percent of employees belong to a union before it can engage in collective bargaining at the enterprise level, and at least 15 percent union membership for collective bargaining at the sector level. The government protected the right to collective bargaining. Workers exercised the right to form and join independent unions and the right to conduct strikes in practice. There was anecdotal evidence that union organizers were dismissed or had their rights violated in order to deter unionization.

Union membership was low due to the small percentage of the workforce in the formal sector, and because of lack of awareness of worker rights and fear of reprisals.

When negotiations fail, workers tend to embark on unprocedural strikes, which results in mass dismissals by employers, such in a case at the firm Shoprite limited, where over 60 workers were laid off.
### Working Conditions

#### Wages and earnings

**Monthly average, median and legal minimum wages**

<table>
<thead>
<tr>
<th>Wages and earnings</th>
<th>Source</th>
<th>Current Malawi Kwacha</th>
<th>2011 US Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average wages</strong> (2006)</td>
<td>Global Wage Report¹⁵</td>
<td>20,850</td>
<td>171</td>
</tr>
<tr>
<td><strong>Median Wage</strong> (2002)</td>
<td>ILO October Inquiry¹⁶</td>
<td>3,590</td>
<td>59</td>
</tr>
<tr>
<td><strong>Minimum wage</strong> (2011)</td>
<td>Global Wage Report¹⁵ &amp; MCTU</td>
<td>8,242</td>
<td>56</td>
</tr>
<tr>
<td><strong>% minimum wage to value added per worker</strong> (2012)</td>
<td>Doing Business¹⁷</td>
<td>5.2 %</td>
<td></td>
</tr>
<tr>
<td><strong>Growth of real average wage</strong> (2000-2006)</td>
<td>KILM⁷</td>
<td>89 %</td>
<td></td>
</tr>
<tr>
<td><strong>Growth of real minimum wage</strong> (2000-2011)</td>
<td>Global Wage Report¹⁵ &amp; MCTU</td>
<td>63 %</td>
<td></td>
</tr>
</tbody>
</table>

% of minimum wage to value added per worker denotes the minimum wage share of labour productivity. Reported as ratio of minimum wage to value added per worker in the Doing Business Report.¹⁷

The median wage is for a list of professions and does not take number of workers in each profession into account.

The minimum wage was raised in 2011 from 142 to 317 kwacha per day, equivalent to $56 per month. From 2000 to 2011 the real minimum wage has therefore risen by 63%. Shortly after the currency was devaluated by about 50%, which has severely undermined real wages and especially those earning the minimum wage, but is not reflected in the data.

There are debates on whether to differentiate minimum wages for sectors, between MCTU, employers and the government.

The monthly average wage was around $171 2011 USD in 2006 and had experienced a real growth of 89% since 2000. The median wage was considerably lower at $59 2011 USD in 2002.

With the devaluation of the currency in 2012, the real minimum wage has been undermined. Food and fuel prices have almost doubled in less than a year and wages have not followed.¹⁸

According to the U.S. Annual Human Rights Report:¹⁴ Wage earners often supplemented their incomes through farming activities. The Ministry of Labour lacked the resources to enforce the minimum wage effectively. However, the minimum wage was irrelevant for most citizens, who earned their livelihood outside the formal wage sector. Workers, particularly in industrial jobs, often worked without basic safety clothing and equipment. In tobacco fields, the handling of the leaves was done largely without protective clothing; workers absorb up to 54 milligrams of dissolved nicotine daily through their skin, equal to the amount of 50 cigarettes. Approximately 80,000 child tobacco workers reportedly suffered from a disease called green tobacco sickness, or nicotine poisoning.

#### Types of non-agricultural Work

<table>
<thead>
<tr>
<th>Types of non-agricultural Work</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of employer</strong></td>
<td>Family member</td>
<td>9 %</td>
</tr>
<tr>
<td></td>
<td>Non-family member</td>
<td>45 %</td>
</tr>
<tr>
<td></td>
<td>Self-employed</td>
<td>46 %</td>
</tr>
<tr>
<td><strong>Continuity of employment</strong></td>
<td>All year</td>
<td>47 %</td>
</tr>
<tr>
<td></td>
<td>Seasonal</td>
<td>30 %</td>
</tr>
<tr>
<td></td>
<td>Occasional</td>
<td>23 %</td>
</tr>
</tbody>
</table>

Many non-agricultural workers are not employed all year round. It is more common for men than women to have seasonal or occasional employment. Men are more likely to be employed by non-family members and women are more likely to be self-employed, which often means informal work in small trade or services. Casual or occasional work is common. Among agricultural workers only 6.6% (women) and 11% (men) are employed by non-family members, indicating a small share of more industrialised farming.

The 2010/11 household survey IHS3 revealed that 40% of Malawians just had enough income to meet expenses, 13% needed to use savings, and 27% needed to borrow money to meet expenses. It was more common for rural households, as well as the poorest to have to borrow.

Depending on the profession the average hours of work were between 40 and 56 hours per week in 2002.¹⁶
Men and women have the same employment rates, though women tend to have lower rates than men at age 25+ and higher rates in their youth. The lower employment rates for men in their youth would usually imply that young men are being prioritised for education and therefore not active on the labour market. Though women have considerably lower education levels, their enrolment into schools are almost equal or higher than men. Youth unemployment rates are also lower for men, so the difference is not because of more men being unemployment. More young men than women are just not active on the labour market.

The latest data for working poverty in Malawi is from 2004. Malawi has considerably more working poor than the Sub-Saharan average, and more women tended to be working poor.

Consistent with its many working poor Malawi had one of the smallest middle classes in the world, with only 4% living for $2-4 a day and 5% for $4-20 a day, compared to Sub-Saharan Africa where 14% lived for $2-4 a day and 10% for $4-20 a day.\(^{20}\)
Unemployment

The government’s Welfare Monitoring Survey of 2005-09 records unemployment rates as low as 1% for the whole labour force and 4% for youths. In the 2011 survey only youth unemployment is reported and is considerably higher at 16%. The large increase could be because Malawi had experienced economic slowdown due to pegging of the currency, but the difference is more likely methodological, as a person were considered employed if they worked for one hour per week. Youth unemployment is much more pronounced in urban areas, where as many as 50% of youth were unemployed, especially in Zomba City. Youth unemployment also tended to affect young women more than men.

The high youth unemployment rate is caused by the around 130,000 young people entering the labour market each year, whereas the formal sector only produces around 30,000 jobs, as well as exceptionally few places in universities, technical and secondary schools, where few applicants are admitted.

Malawi both has a high share of the population living in rural areas and has a high urbanisation rate, which increase demand for urban jobs and is a cause for the high youth unemployment. The southern region is the industrial hub of the country and has the highest urban population, whereas the central region has experienced the highest growth in urban population.

Youth Unemployment
Age 15-24

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>(2005-09)</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>(2011)</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Zomba City</td>
<td>(2011)</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>Rural</td>
<td></td>
<td>11%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Sectoral employment

No recent data is available for Malawi on employment in different sectors. But in terms of contribution to GDP during the last decade there have been a sectoral shift away from agriculture and into industry and in particular services, in the sectors share of GDP.
Migration
Malawi receives considerably less remittances than the rest of Sub Saharan Africa, in fact only 0.3% of GDP. Fewer people also migrate out of Malawi with a net migration rate of 1 out of every 3507 inhabitants.

The top three destinations for migrants were Zimbabwe, Tanzania and the United Kingdom. Malawi is reported to experience skill shortages, and therefore has many skilled immigrants. In a survey conducted by Malawi TEVETA, most immigration applications were Indian (20%), followed by British (10%), Zimbabwean (9.2%) and American (8.7%). Most had either a Professional Certificate (43%) or a Bachelor Degree (30%). Apart from religious services, most applied in industrial (13%), engineering (10%) or commerce (9%) sectors.

At the same time, Malawi experiences shortages of workers with certain skills, due to emigration of high-skilled labour. As with many other African and developing countries, this is particular common in the health care sector. In 2002 52% of posts for registered nurses were unfulfilled in Malawi.

<table>
<thead>
<tr>
<th>Migration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net migration (2006-2010)</td>
<td>Malawi: -20,000</td>
</tr>
<tr>
<td>Net migration to average population per year (2006-2010)</td>
<td>Malawi: -1:3,507 inhabitants</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>-1:2,048 inhabitants</td>
</tr>
<tr>
<td>Personal transfers i.e. remittances received, % of GDP (2011)</td>
<td>Malawi: 0.3 %</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2.6 %</td>
</tr>
</tbody>
</table>

Informal Economy
Little data exists for the general size of the Malawi informal sector, both in the agricultural and non-agricultural sector.

According to the ILO Decent Work Country Programme, the informal economy has experienced rapid growth, has a large number of young people and women, and is characterised by worse working conditions both in form of less income, social protection, safety and representation. Anecdotal data indicate that the informal economy accounts for over 4 million jobs against 500,000 formal jobs. That would account for an informal sector at the size of 89%, which is a size similar to other neighbouring countries. Official ILO statistics gives Malawi’s employment at 6.4 million persons.

In 2011, 81% of the Malawi workforce was in subsistence farming (Milimi), and 9% was either unpaid family workers or self-employed, which are all usually in the informal sector, while 10% of the workforce were either paid in wages, in kind or were casual workers.

Similar Sub-Saharan African countries tend to have a total informal sector of 85%-95%, and a non-agricultural informal sector at 45%-65%.

Affiliated to MCTU is the informal sector union MUFIS, which in 2012 organised around 2695 contributing members. MUFIS is open for all informal workers, who can become members in the local departments of MUFIS. The dues are 200 kwacha per year paid to the national headquarter and 50 kwacha per month paid to the local department, equivalent of 800 kwacha per year. MCTU and MUFIS work to formalise those working in the informal economy, by advocating for the provision of decent benefits.

Three other unions organise workers in the informal sector. These are the Tobacco and Allied Workers Union of Malawi (TOAWUM), Commercial Industrial and Allied Workers Union (CIAWU), affiliated to MCTU and the Quarries Mines and Informal Workers Union (QMIWU) affiliated to COMATU. CIAWU organises workers in the domestic sector and has a special organiser to deal with domestic workers. TOAWUM and QMIWU have respectively 23,513 and 1,118 members, which is still less than 1% of workers in the informal sector.

A survey conducted by Malawi TEVETA on the informal sector, revealed that most employees (60%) had been employed for less than three years. Only 11% of the surveyed informal enterprises had no employees, 40% had two to four working in them and 49% more than five. The most common type of informal enterprise was in carpentry (41%), welding (22%) and mechanics (19%). Few in the survey were in retail or service, where there is usually many informal jobs in the form of self-employment with no employees, such as street vendors, bike taxis etc.
Child Labour

Child labour is common in Malawi and at 25.7% it is the same level as in Sub-Saharan Africa.

Child labour is twice as high in rural (28%) than urban (14%) areas. There is little difference between the genders. The Northern region (33%) has the highest proportion of child labourers, though the two Southern districts Mwanza (69%) and Phalombe (52%) has the highest proportion of child labour among the districts.

The HIV/AIDS pandemic is a major cause of child labour in Malawi, as children who have lost one or both of their parents are more likely to be engaged in child labour.28

Child labour is common on tobacco farms, subsistence farms, and in domestic service.14

Gender

As noted elsewhere in this report: Fewer women tends to be in casual employment, and more were self-employed. More women are working poor. More young women tend to be employed, though youth unemployment is higher for women. Women have lower educations levels. Primary school has higher female enrolment, and though school enrolments in higher education are low in Malawi, there is almost gender parity.

According to ILO,4 there is political will to promote gender equality in Malawi, with goals of more women in decision-making positions. Most women work in the rural informal sector, particular in subsistence farming. In the formal sector women tend to work in low-paying jobs, that are stereotypically thought of as female jobs.

An Enterprise Survey from the World Bank in 2009 reported that 24% of firms had female participation in ownership, lower than the Sub-Saharan average at 29%, and that 23% of full time employees were women, the same as the Sub-Saharan average at 23%.31

<table>
<thead>
<tr>
<th>Working children</th>
<th>Proportion of all children in age group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Year</td>
</tr>
<tr>
<td>Malawi29</td>
<td>2006</td>
</tr>
<tr>
<td>(age 5-14)</td>
<td></td>
</tr>
<tr>
<td>Sub-Saharan</td>
<td>2008</td>
</tr>
<tr>
<td>Africa30</td>
<td></td>
</tr>
<tr>
<td>(age 5-17)</td>
<td></td>
</tr>
</tbody>
</table>

Children in employment includes all children who conduct some kind of work, whereas child labourers is a narrower term without mild forms of work. Hazardous work is the worst from of child labour as defined in ILO C182.
Characteristics of the Working Age Population

Highest level attained and years of schooling in the population (2010), Population 25+, Total and Female

<table>
<thead>
<tr>
<th>Highest Level Attained</th>
<th>Total</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Schooling</td>
<td>29.3%</td>
<td>39.2%</td>
</tr>
<tr>
<td>Primary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begun</td>
<td>42.7%</td>
<td>41.3%</td>
</tr>
<tr>
<td>Completed</td>
<td>12.8%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Secondary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begun</td>
<td>6.9%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Completed</td>
<td>8.1%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Tertiary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begun</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Completed</td>
<td>0.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Average year of total schooling</td>
<td>4.2 years</td>
<td>3.4 years</td>
</tr>
<tr>
<td>Educational Gini Coefficient</td>
<td>0.49</td>
<td>0.55</td>
</tr>
</tbody>
</table>

Primary, secondary and tertiary is the internationally defined distinction of education. In Denmark these corresponds to grundskole, gymnasium & university. The educational Gini Coefficient is similar to the Gini Coefficient, but instead of measuring the distribution of income in a population, it measures the distribution of education measured as years of schooling among the population.

Most Malawians have some sort of education, and where most have begun primary schools, fewer have progressed into higher education, leaving the average year of schooling per capita at around 4.2 years. Extremely few have same sort of university education, especially compared to the otherwise higher number of people in Malawi with some education. Women are underrepresented in all types of education, having less total schooling and a more unequal distribution of the education among women. The graph above shows the educational attainment of all Malawians above 25 years, therefore gives a glance of the human capital of the labour force.

Enrolment in Primary, Secondary and Tertiary schools (2000-2010)

Total and Female, Malawi and Sub-Saharan Africa

Net primary school enrolment

Net secondary school enrolment

Gross tertiary school enrolment

Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100%.
Almost all children in Malawi enrol in primary education. Enrolment into secondary schools have dropped in the last ten years contrary to other Sub-Saharan African countries. Hardly anyone enrols in universities in Malawi, in fact Malawi has the lowest enrolment into tertiary education in the world. It is therefore likely that Malawi will continue to have a labour force where the majority has begun primary education but not advanced to higher education, and with very few university graduates.

Gender difference tends to be very small in Malawi’s school enrolment, and notably more females tend to enrol in primary education than boys.

The official vocational training authority in Malawi TEVET, conducted a study of the labour market for vocational training graduates in 2009. Most graduates were males (80%), and almost all had attained secondary school education (97%). 8.9% were unemployed, 85% of graduates were in waged employment, whereas 57% preferred self-employment.

Of the graduates in waged employment 63% earned 1,000-10,000 kwacha per month ($7-70), 26% earned 10,000-30,000 kwacha ($70-210) and 10% earner more than 30,000 kwacha.

These wages are comparable to the minimal, median and average wage of respectively $25, $59 and $171. The same survey forecast skills demands from industries, concluding that secretarial and administration represented the highest single employment category, and that bricklayers, professional drivers and automobile mechanics had the highest long term demand.

According to the survey most students in vocational apprenticeships programmes in Malawi, attend as a second-best option or a stepping stone towards universities, where only 1,500 are admitted per year. Indeed the Malawi post-primary education system lacks the ability to absorb enough and produce the skills needed. According to the African Development Bank, only 1% of applicants to technical and vocational institutes are admitted and Malawi has one of the lowest number of vocational graduates in the region. While at the same time the private sector reports skills shortages.

ILO’s Decent Work Country Programme also names the deficiencies in the vocational training education, as a barrier for employment, and that there is shortages of skilled labour in chemical, mining and civil engineering.
Social Protection

In general there is little data and information on social protection in Malawi.

A mandatory public-pension law was established in 2011, for workers in the private sector earning more than the minimum wage. Previously, there was no legislation governing the private pension schemes. Employees contribute 5% of salary; employers contribute 10% for employees with at least 12 months of service. Workers with at least 20 years of service may retire at age 50. The system is yet to be implemented.34

Employers in the public sector were covered by the Government Public Pension Scheme (GPPS).

In 2008, there were around 150,000 workers covered by private schemes, and there were 125,000 government employees.

Work injury benefits are provided under the Worker’s Compensation Act.35 It only applies to formal workers and not to casual workers, self-employed persons, family workers or armed forces personnel. The compensation or insurance cost rests on the employer, with no pooling of risk across the labour market.34

There are few social protection options for informal or self-employed workers. The only major health insurance provider in Malawi is the Medical Aid Society and 95% of its members are formal workers.4

Non-contributory social safety nets are almost only food support programmes for the most vulnerable. These include the elderly, the chronically sick, orphans and other vulnerable children, persons with disabilities, and destitute families. Over 20% of households benefitted from some of these programmes, in particular in the Southern Region. People benefitted from the programmes between 1 and 8 months depending on the programme. Cash transfer programmes also existed, but only 0.2%-0.4% of the population had received benefits.36

The ILO convention 183 on maternity leave has not been ratified. Following the Employment Act, maternity leave is at eight weeks, fully paid by the employer. Maternity leave can be claimed every three years.

In General there are few viable schemes for workers in the informal economy apart from loans schemes established by government such as the Youth development Fund (YEDEF) and the Malawi Rural Development Fund (MARDEF), Income Generating Programme.
Malawi’s policies changed drastically in April 2012, when the president Bingu wa Mutharika died from a heart attack. Shortly after the vice-president Joyce Banda took over to become Southern Africa’s first female head of state. Before his death Mutharika policies were increasingly authoritative and the economy was mismanaged, especially with a determination to keep the kwacha pegged to the dollar, which kept inflation low but also discouraged economic activity and led to vast shortages of petrol, foreign currency, inputs for manufacturing, power and water supply.

Britain the single largest donor to Malawi, had suspended general budget support in 2011, and were making moves with several other countries to suspend further aid. When Banda took power, she let the exchange rate flow, devaluated the kwacha and regained the trust of donor countries, though for example Britain is yet to reinstate their budget support. The exchange rate reform led to an expected surge in inflation, which was 30% in December 2012, and the economic recovery is yet to manifest.

For consumers, food and fuel prices have almost doubled in less than a year and wages have not followed.

For several years growth had been well above the Sub-Saharan average at around 7%, but growth fell from 8.9% in 2009 to 6.7% in 2010 and 5.8% in 2011. Inflation was extremely high in the 90s, and IMF estimates that inflation will be around 11% in the coming years.

The high growth rates should be seen in the context that Malawi is one of the poorest countries in the world. At $918 Malawi’s GDP per capita measured in Purchasing Power Parity is far behind the Sub-Saharan average and the gap is expected to grow. Capital formation has increased to a rate higher than Sub-Saharan Africa, but has decreased during the economic hardships.

Malawi has one of the highest population densities in the world and at the same time is very rural, in so far as 80%-85% of the population lives in rural areas with poor infrastructure.
Malawi’s exports are dominated by tobacco production. Earnings from tobacco decreased in 2011 and production of tobacco decreased by more than 75% in 2012.

Mining has started to have a larger share of exports with the Kayelekera uranium mine opening in 2009. Due to the pegging and over valuation of the currency Malawi’s exports have been hampered, and domestic sales and investment have been challenged by relatively cheap imports. Both should therefore receive a boost with the depreciation of the currency in 2012.

Trade agreements
Malawi is in the 2000 Cotonou Agreement on development cooperation between EU and African, Caribbean and Pacific (ACP) countries, which reaffirms commitment to ILO’s Fundamental Conventions and includes provisions on cooperation on various labour and social issues. Since 2000, Malawi has benefitted from the United States’ African Growth and Opportunity Act (AGOA), which is a Generalised System of Preferences. It allows duty and quota free access for some products. Malawi can be removed from AGOA, if the United States deems that Malawi among other human rights issues do not seek to uphold the ILO Core Labour Standards and have acceptable minimum wages, hours of work and occupational safety and health.

Export Processing Zone
Malawi established one Export Processing Zone in 1995. It has 14 companies. According to a 2007 study commissioned by the government, the Export Processing Zone has created less FDI, employment and diversification of exports than expected. The employment creation was up to 15,000 jobs until 2004, mainly in unskilled jobs. The labour laws apply in the export processing zone, though anti-union harassment is common, and union organisers have little access to workers in the Export Processing Zones.

### Trade and Foreign Direct Investment

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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>0.95 billion USD</td>
<td>1.72 billion USD</td>
<td>0.095 billion USD</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>17% of GDP</td>
<td>31% of GDP</td>
<td>1.7% of GDP</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Products share of exports (2010)

- Tobacco, raw: 55%
- Uranium or thorium ores: 8.6%
- Tea: 5.4%
- Other products:
  - Animal products
  - Vegetable products
  - Foodstuffs
  - Minerals
  - Metals
  - Textiles
  - Footwear
  - Plastics / Rubbers
  - Chemicals, etc.
  - Stone / Glass
  - Transportation
  - Miscellaneous

### Malawi’s main export markets (2010)

- EU: 28%
- South Africa: 9%
- Russia: 8%
- Canada: 7%
- United States: 7%
- Zimbabwe: 6%
- Egypt: 4%
- Others: 29%
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