

Labour Market Profile Malawi – 2022/2023



This profile provides a comprehensive overview of the labour market's structure, development, and challenges.

*Danish Trade Union
Development Agency*



ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY

PREFACE

Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. This agency was established in 1987 by the two largest Danish confederations – the Danish Federation of Trade Unions (Danish acronym: LO) and the Danish Confederation of Professionals (Danish acronym: FTF). These confederations merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019. Hereafter the name LO/FTF Council was replaced by DTDA.

The work of DTDA is in line with the global Decent Work Agenda (DWA) based on its pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective is to eradicate poverty and support the development of just and democratic societies by promoting the DWA.

DTDA collaborates with trade union organisations in Africa, Asia, Latin America, and the Middle East. The programmes' immediate objective is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and achieving the labour-related Sustainable Development Goals (SDGs).

The Labour Market Profile (LMP) format provides a comprehensive overview of the labour market's structure, development, and challenges. In the framework of DWA and SDGs, LMPs follow several central indicators addressing labour market development aspects, especially the unionism evolution, social dialogue and bi-/tri-partite mechanisms, policy development, and legal reforms status vis-à-vis ILO conventions and labour standards, among others.

Primary sources of data and information for LMPs are:

- As part of programme implementation and monitoring, national partner organisations provide annual narrative progress reports, including information on labour market developments. Furthermore, specific data and information relating to central indicators are collected using a unique data collection tool.
- National statistical institutions and international databanks are used as a source for collection of general (statistical) data and information such as ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of Violations of Trade Union Rights, the U.S. Department of State, as well as other internationally recognised labour-related global indexes.
- Academia and media sources (e.g., Labour Start, national news, among others) are furthermore used in the available research on labour market issues.

The profile is regularly updated. The current version covers the period from 2021 to 2022. Labour Market Profiles for more than 30 countries are available on DTDA's website:

<https://www.ulandssekretariatet.dk/>.

DTDA prepared the Labour Market Profile in collaboration with the Malawi Congress of Trade Unions (MCTU). If any comments arise to the profile, please contact Mr Kasper Andersen (kan@dtda.dk) from DTDA.

The front page's photo is of TVET schools in Malawi. The picture was photographed by Ulrik Haber Petersen.

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EXECUTIVE SUMMARY

Malawi is one of the least developed countries in the world. The rising economic growth was disrupted in 2020 due to the Covid-19 pandemic. During the last two decades, gross domestic product value-added shifts moved towards the service sector, but not pro-poor growth. Inadequate food consumption increased, low labour share of national income stalled, and minimum wage hikes were stumped by high inflation in consumer prices.

In 2020, the government started reforming the legal labour framework to better sync with the international standards, and several central laws were signed in 2021. Although the country has a relatively high level of compliance with labour rights concerning freedom of association and collective bargaining, the law reforms have been controversial, dealing with the rights to strike and removing social partners' participation in the industrial court. Regional trade agreements' labour clauses have not created pro-poor-conditions effects.

Social dialogue is functioning, but tripartite institutions lack financial resources. Employers consider cooperation in labour-employer relations at a low-medium level. Around 18% of formal workers were covered by collective bargaining at the workplace level during the 2010s. Application of collective bargaining agreements (CBAs) is not easy in practice, and expanding their coverage is challenged by the dominance of informal micro-and small enterprises. The growth of trade union member has been meagre with slowly declining trade union density during the last decade, even considerably plummeting from 2019 to 2021, reaching 4.4% of employees. Repeated trade union rights violations have persisted, and it exacerbated since 2020 as an impact of the economic rupture. In addition, forced labour is rife.

Malawi's population and life expectancy are growing, and the youth bulge creates mounting pressure on job creation. The modelled swings of the employment structure stalled during the 2010s, with

a remarkable high segment of employees allied to the agricultural estates' group. Unemployment reached around 6.0% in 2020 and 9.5% for Youth but was blindsided by time-related underemployment at 27%. The labour productivity demonstrates weak progress.

The country's slow urbanisation is changing by the fast-growing population, rising demand for job creation, and climate changes. Personal remittances have not been a central part of the economy but started to rise in recent years. Internally displaced persons are mainly from disasters, but the influx of refugees began to climb in 2018.

Although laws and policies protect and promote gender equality in the labour market, it is shadowed by patriarch facets, echoed in the deep wage gender gap and comparatively few firms with women participation in ownership.

Malawi demonstrated improvements in passing primary education, but the system struggles with the swiftly growing number of school-age children. School enrolment at higher education levels is not improving resonated with persistent child labour and underdeveloped formal technical and vocational education and training (TVET) system. Malawian private firms offering formal training is declining, and the population is out of breath to follow the Fourth Industrial Revolution. The TVET sector is undergoing reform processes that harmonise skills qualifications models and improve the engagement of the private sector providers to increase job creation and productivity.

Social protection and labour programmes coverage are rising but not prompt substantial poverty reduction: just 2.3% of older persons receive a pension, 11% are covered by health insurance, and the unemployed do not pick up unemployment benefits. Currently, social partners promote efforts to establish a more efficient and effective employment injury system.

The table below provides an overview of key labour market indicators' status in the Decent Work Agenda framework.

On Page iv the second table presents an overview of the current value and targets of the Sustainable Development Goals' indicators concerning labour market issues.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Malawi

| Creating decent jobs | |
|--|---|
| Policy reforms addressing creation of decent employment. | The national policy framework covers employment policy, youth employment, skills development, minimum wages, poverty eradication (MDGS III), productivity and industrialisation with the amendment of the TVET Act, promoting skills development and entrepreneurship in the informal economy. |
| ILO standard setting on improvement of status of workers from the informal economy. | There are currently no direct functioning Tri-partite National Informal Economic Forum nor other national forums addressing informal economy workers' status. On the other hand, policies are addressing the status of these informal workers, e.g., the National Labour and Employment Policy (NLEP); Malawi Growth and Development Strategy 2017-2022; and the Malawi Decent Work Country Programme (MDWCP). The Tripartite Labour Advisory Committee agendas dealt with decent work-related issues for the informal economy workers and operators. |
| Guaranteeing rights at work | |
| Growth in trade union members. | MCTU's membership rate increased just by 1.1% from 2012 to 2019 but it plummeted by minus 12% from 2019 to 2022 related to the impact of the Covid-19 pandemic. |
| Violations of trade union rights. | Ranking 2 out of 5+ (5+ is worst). * |
| Recent labour laws/decrees | The latest registered laws were the HIV and AIDS (Prevention and Management) Act 2018 (No. 9 of 2018), Political Parties Act 2018 (No. 1 of 2018), and the Minimum Wage Act 2019, the Labour Act 2021, and the Labour Relations Act (Miscellaneous amendments) 2021. In 2021, MCTU and ECAM Joint statement questioning government intentions to amend the Employment Act and Labour Relations Act. |
| Partner organisations with minimum 30% women representation in decision-making bodies. | Within MCTU, women trade union leadership positions and decision-making bodies occupied around 40% in 2020. |
| Extending social protection | |
| Percentage of total population covered by Health Social Protection. | Around 11% of population are covered by health insurance in 2013. |
| Workers from the informal economy have access to national social security schemes. | Although informal workers have access to social security schemes (voluntarily) and can enjoy some of benefits such as medical care and employment injuries, many lack awareness of the schemes or incentives due to irregular incomes. |
| Promoting social dialogue | |
| Trade union density of employees. | 4.4% among employees in 2021. |
| Cooperation in labour-employer relations. | 102 out of 141 countries (1 is best). ** |
| Number of Collective Bargaining Agreements (CBAs). | From 88 in 2020 to 85 in 2021. |
| Workers' coverage of Collective Bargaining Agreements to employees. | Around 18% of formal workers are covered by collective bargaining at the workplace level in 2013. |
| Bi-/tri- partite agreements concluded in recent years. | Bilateral negotiations have led to signing of several CBAs at the enterprise level. MUFIS had developed ten draft MoUs between 2019 and 2020 to seven districts councils for decent work in markets for the informal workers; in 2021 managed to sign one MoU with the Municipal Council of Mzuzu. |
| * Workers in countries with the rating 2 have reported "repeated violation of rights." Certain rights have come under repeated attacks by governments and/or companies and thereby undermined better working conditions (ITUC's Global Global Rights Index, 2021). | |
| ** Based on survey data for employers' view (The Global Competitiveness Report, 2019, 8 th pillar: Labour market efficiency). | |
| Sources: DTDA, Malawi: Data-collection tool 2019/2020; own calculations on trade union membership growth, trade union density. | |

Status of key Sustainable Development Goals in labour market related issues in Malawi

| Indicators | Value | Year | SDG Targets |
|--|---------|----------------|--|
| 1.1.1: Working poverty rate (percentage of employed living below US\$1.9 PPP). | 66% | 2019 | By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.9 a day. |
| 1.3.1: The population effectively covered by a social protection system, including social protection floors. | 21% * | 2020 | Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable. |
| 5.5.2: Proportion of women in senior and middle management positions | - | - | Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. |
| 5.5.2: Proportion of women in managerial positions | 16% | 2013 | |
| 8.2.1: Annual growth rate of output per worker (GDP constant 2017 international \$ at PPP). | 0.9% | 2010s, average | Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. |
| 8.3.1: Proportion of informal employment in non-agriculture employment. | 74% | 2013 | Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation. Encourage the formalisation and growth of micro-, small- and medium-sized enterprises through access to financial services. |
| 8.3.1: Women | 79% | 2013 | |
| 8.3.1: Men | 69% | 2013 | |
| 8.5.1: Average hourly earnings of women and men employees. | US\$0.6 | 2013 | By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value. |
| 8.5.2: Unemployment rate (Total, 15+) | 1.3% | 2020 | |
| 8.5.2: Women, 15+ | 1.6% | 2020 | |
| 8.5.2: Women, 15-24 years | 2.3% | 2020 | |
| 8.5.2: Men, 15+ | 1.0% | 2020 | |
| 8.5.2: Men, 15-24 years | 1.5% | 2020 | |
| 8.6.1: Proportion of youth (15-24 years) not in education, employment, or training). | 30% | 2020 | By 2030, substantially reduce the proportion of youth not in employment, education, or training. |
| 8.7.1: Proportion and number of children aged 5-17 years engaged in economic activity (Total). | 26% | 2015 | Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms. |
| 8.7.1: Girls | 25% | 2015 | |
| 8.7.1: Boys | 27% | 2015 | |
| 8.1.1: Non-fatal occupational injuries per 100,000 workers | - | - | Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. |
| 8.8.1: Fatal occupational injuries per 100,000 workers. | - | - | |
| 8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining) | 0.37 ** | 2018 | The exact measurement method and scoring for this indicator needs to be developed. |
| 9.2.2: Manufacturing employment as a proportion of total employment. | 3.9% | 2013 | Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. |
| 10.4.1: Labour income share as a percent of GDP. | 35% | 2017 | Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. |

* Population covered by at least one social protection benefit (see more in Table 16). ** Level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation (see more in the Ratified ILO Conventions section).

Source: ILO, Key Indicators of the Labour Market (KILM).

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ECONOMIC PERFORMANCE

Malawi has had stable governments since independence in 1964 and has made economic and structural reforms over the last decade, contributing to sustained economic growth rates. Albeit some economic transformations are in progress, the economy is haunted by poor economic governance and caught in subsistence agriculture with vulnerability to weather shocks and food insecurity, keeping it one of the least developed countries. In January 2021, the government launched the Malawi Vision 2063 to transform the economy to create wealth and self-reliant industrialisation.

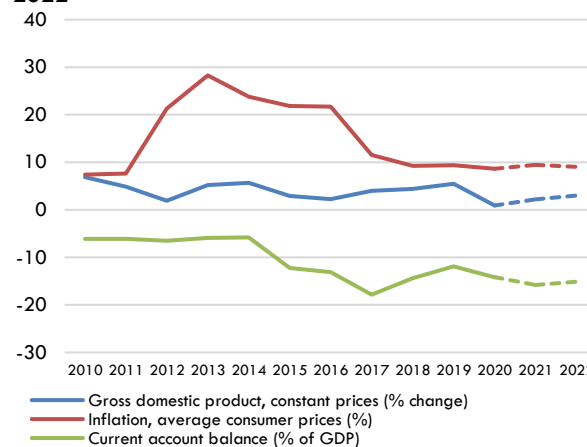
The economic growth stood at 4.4% on average during the 2010s. It plummeted in 2020 due to the Covid-19 pandemic shock. The Government increased “social distancing” policies, negatively affecting the service and industry sectors. Although these policies were lifted in August 2021 as conditions improved, the pandemic fuelled government expansionary policies leading to fiscal deficit widening, the national savings’ deficit grew, and mounting debt. Favourable weather and agricultural input subsidies have contributed to an upsurge in the maize harvest, and tobacco production projected economic growth at 2.2% in 2021. The inflation in consumer prices has been high, close to 10% at the end of the 2010s and expected to stay relatively high at the beginning of the 2020s, challenging workers’ income purchasing power and reducing poverty. See more details in Table 1 and Figure 1.

Table 1: Malawi’s key economic data, projections, 2019-2023

| Values | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------|--------|--------|--------|--------|
| GDP (current, US\$) | 11.0bn | 11.8bn | 12.2bn | 12.0bn | 11.8bn |
| GDP per capita (current, US\$) | 544 | 568 | 566 | 544 | 521 |
| Total investment (% of GDP) | 7.8% | 7.5% | 8.4% | 9.8% | 9.6% |
| Gross national savings (% of GDP) | -4.8% | -7.3% | -6.3% | -4.2% | -2.5% |
| General government total expenditure (% of GDP) | 19% | 23% | 22% | 23% | 23% |
| General government gross debt (% of GDP) | 45% | 55% | 59% | 65% | 70% |

Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

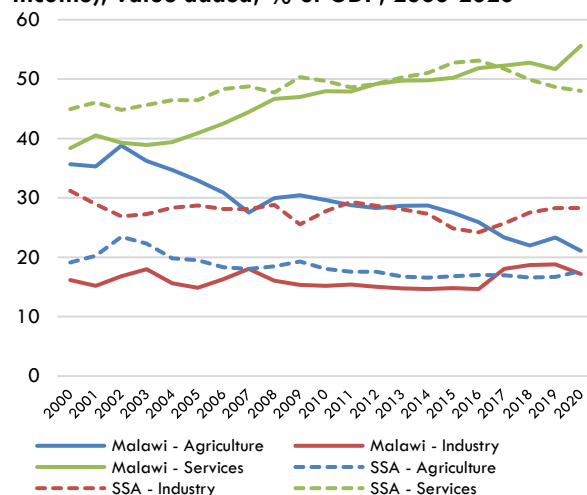
Figure 1: Gross domestic product, inflation, and current account balance trends in Malawi, %, 2010-2022



Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

Malawian economy is concentrated in agriculture but the main contributor to GDP comes from the service sector. Figure 2 shows shifts in the economic sectoral value-added during the last two decades, mainly an upsurge in the service sector and a drop in the agricultural sector. The hike in the service sector superseded sub-Saharan Africa (excluding high income) average since 2017. The agricultural sector continues more elevated than the regional average but gradually curbing the gap. Inadequate food consumption was on the rise from 40% in 2010 to 51% of households in 2019.¹ The industry sector has stayed below 20%, stuck significantly lower than the regional average.

Figure 2: Aggregate sectoral economic changes in Malawi and sub-Saharan Africa (excluding high income), value added, % of GDP, 2000-2020



Source: World Bank, World Development Indicators.

The economy is haunted by weak infrastructure, frequent power cuts, policy inconsistency, fast population growth, and poor education and health conditions. These aspects have created constraints of labour productivity (see more in the Workforce section). The economy is further dependent on substantial inflows of foreign aid.

The informal economy is widespread, with a significant obstacle to good governance due to corruption (see more in the Informal Economy sub-section). Business regulations continue cumbersome: The Doing Business Index ranked Malawi as 166 out of 190 countries (1st is best) in 2020. Out of ten indicators, the country's best ranking was starting a business (44) and registering property (100). Several of the scales were very poor, e.g., getting electricity (184), getting credit (176), trade across borders (169), and dealing with construction permits (161). See more details in Appendix Table 21.

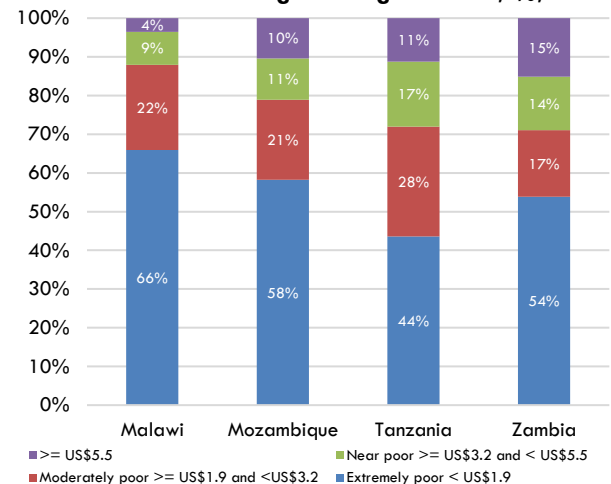
The inflow of foreign direct investments (FDIs) in Malawi increased by 1.9 percentage points from the 2000s, reaching 3.9% of GDP on average during the 2010s; it is worth mentioning that FDIs were relatively low at the end of the latter decade. The country's FDIs continue significantly higher than sub-Saharan Africa average at 2.3% on average from the 2010s.

The shift from crop production to livestock production and informal non-farm activities in urban and peri-urban areas triggered a rise in inequality in the distribution of family income, increasing from 40 in 2004 to 44 in 2016 (i.e., 0 represents perfect equality, while a Gini-index of 100 represents high inequality).² The Human Development Index (HDI) ranks the country as "low human development", at 174 out of 189 countries (1 is best) in 2019.³

Among Malawi's employed population, imputed observations of the extreme working poor stood flat at 66% and moderately poor at 22% in 2019. The near-poor workers represented just 8% and the middle-class group 4% in the same period. Estimations suggest that the share of the

aggregated working poor at 88% was significantly higher than the neighbouring countries: Mozambique (79%), Tanzania (72%), and Zambia (71%) (see Figure 3).

Figure 3: Projections of employment by economic class in Malawi and neighbouring countries, %, 2019



Note: Data exclude the economically inactive population, covering 28% of the population (aged 15+) (see more in the Unemployment sub-section). The imputed observations are not based on national data and subject to uncertainty.

Sources: ILO, Key Indicators of the Labour Market (KILM).

Malawi's broader national poverty headcount ratio at US\$3.2 per day further supports the fact that poverty did not fall, caught at 90% in 2004 to 89% in 2016. It points towards that the GDP value-added developments have not supported poverty reduction, linked to meagre changes in the employment structures, fast-growing population, declining size of landholdings, and climate change. Extreme poverty has been primarily a rural phenomenon in Malawi, but the slow urbanisation rate with insufficient formal job creation also generated poverty in urban zones. The economic shock in 2020 led to household incomes falling when firms closed, and income activities were lost, particularly in the urban informal economy. Other national survey data suggested that the proportion of the population living in poverty did not increase from 2016/2017 to 2019/2020.⁴

Free Zones

Malawi's Export Processing Zones Act from 1995 provides for establishing, operating, and administering export processing zones (EPZ). All

companies engaged exclusively in manufacture for export may apply for EPZ status. None EPZ has been approved by law, but instead, single-enterprise zones were registered that were foreign-owned and characterised as Export Processing Firms (EPFs) under the EPZ Regime. EPFs offer slightly less attractive incentives to companies that export some of their products, but not all. Both foreign and domestic companies that produce exclusively for the export market operate with EPZ status.⁵

Malawi's EPZ schemes created less foreign direct investments, employment and diversification of exports than expected, leading to the Export Processing Zones Amendment Bill in June 2013 to restructure the regulations of the EPZs. As a result, investors in EPZs no longer enjoy a zero corporate tax rate and will be required to sell 20% of their products on the domestic market subjected to appropriate taxes. It caused that the number of factories that were designated as EPFs declined afterwards from 30 at the beginning of the 2000s to 11 in 2015.⁶

Employment creation in Malawi's EPFs has been low at less than 12,000 workers (approximate 0.5% of employees). A study found that locals and foreign nationals hold management and skilled positions. On average unskilled labour wages were between MWK 15,000-20,000 (US\$25–34); some EPFs paid unskilled labour more than MWK 25,000 (US\$42).⁷ Anti-union harassment is frequent in EPFs, and union organisers have little access to workers in these zones.⁸

LABOUR LEGISLATION

Several laws exist that regulate and set standards and restrictions for the labour market in Malawi. ILO has registered 106 national labour, social security, and related human rights legislation in the country in January 2022. The latest registered laws were the HIV and AIDS (Prevention and Management) Act 2018 (No. 9 of 2018), Political Parties Act 2018 (No. 1 of 2018), and the Minimum Wage Act 2019, the Employment Act 2021, and the Labour Relations Act (Miscellaneous amendments) 2021 (see

Appendix Table 18). The current main acts of legislation most relevant to the governance of the labour market are:

- Employment Act (2021).
- Labour Relations Act (2021).
- Occupation Safety and Health Act (1997).
- Technical, Entrepreneurial and Vocational Education and Training Act (1999).
- Workers Compensation Act (2000).
- Child Care, Protection and Justice Act (2010).
- Pension Act (2010).
- Gender Equality Act (2013).
- Education (Amendment) Act (2013).
- Trafficking in Persons Act (2015).

Malawi's government lined up several reform areas to be undertaken at the beginning of the 2020s, including the review of the Temporary Employment Permit (TEP) and the establishment of the Workers Compensation Fund. The latter fund is expected to lead to the timely payment of compensation to workers and reduce fraudulent compensation claims. Besides, a review of the Labour Relations Act (1996) and the Employment Act (2000) aims to sync with modern international labour laws. The Government is also planning to set up a Labour Market Information Centre (LMIC) to provide timely information on what employers want for training institutions to provide the necessary required skills as demanded by the pace of technology.

The status of the key labour market legislation is summarised below.

Constitution

The Constitution Act from 1994 recognises the right to work. It guarantees the freedom of association, fair and safe labour practices, fair and equal remuneration, the 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.⁹

In February 2017, Malawi's parliament passed reforms of the Constitutional Act with an amendment that sets 18 years as the minimum age of marriage

as the culmination of efforts across stakeholders to strengthen legal protections against child marriage.¹⁰

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. This Act received amendments in 2010. The Government proposed changes to the Employment Act in 2017 to include new provisions such as special working conditions for pregnant women and paternity leave for employees. It was approved in October 2021. However, the trade union movement claims that the amended law violates the right to strike, not to mention removing workers' participation and employers' representatives in the industrial court. MCTU is currently (early 2022) seeking legal action against some amendments.

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. Equally important, the law does not apply to or benefit most workers who operate in the informal economy.

This law allows workers to form and join trade unions of their choice without previous authorisation or excessive requirements. Military personnel and police are an exception, though. The legislation also provides unions to conduct their activities without government interference. Workers in the formal sector also have the right to bargain collectively. Members of a registered union are allowed to strike or go through a formal mediation process supervised by the Ministry of Labour. Members of a registered trade union in essential services have only a limited right to strike. Freedom of association and the right to collective bargaining have been respected for those in the formal sector.¹¹ MCTU is currently (early 2022) seeking legal action against some amendments.

After a review process since 2017, the Labour Relations Amendment bill passed the parliament in July 2021. It was approved into law in October 2021, which gives employers the right to deduct wages of striking employees. Employees will be paid for the first three days of strike per year, but after the three days of strike are used up, wages will be deducted from the employees. The bill also clarifies the categories of essential services to which the right to strike and lockdown does not apply. The new law further does away with the requirement of employer and employee panellists in the Industrial Relations Court. Generally, the law has been considered controversial. Both the Malawi Congress of Trade Unions (MCTU), the Employer's Consultative Association of Malawi (ECAM), and the Centre for Human Rights and Rehabilitation (CHRR) have criticised the law; for example, CHRR argued the act poses a severe threat to workers' rights, including the right to take industrial action and violating constitutional rights. It called an interim relief pending a judicial review on the constitutionality of the amended act.

Observations on labour legislation

Malawi faces challenges in enforcing labour laws and policies in practice due to human, technical and financial constraints.¹² According to employers' view, several business regulations are rigid; the labour market's flexibility, meritocracy and incentivisation are especially weak concerning active labour market policies, cooperation in labour-employer relations, and pay and productivity (see Table 4 ahead). On the workers' side, the International Trade Union Confederation (ITUC) registers several observations regarding the labour legislation concerning the international standards of the rights to organise, the rights to collective bargaining, and the rights to strike. Some of the main observations are summarised below:¹³

- Restrictions on the right to freely draw up their constitutions and rules: The Labour Relations Act provides a detailed list of the mandatory provisions that any registered organisation must foresee in its regulations.

- Restrictions on the right to elect representatives and self-administer in full freedom: No person who has been convicted of any crime involving fraud or dishonesty shall, within five years of the date of such conviction, be an officer of an organisation or a person employed in collecting the funds of an organisation.
- Previous authorisation or approval by authorities required to bargain collectively: Registration is a prerequisite for bargaining status, but it is a formality, and the process is straightforward and not onerous.
- Excessive requirements regarding trade unions' representativity or a minimum number of members required to bargain collectively: A union must have 20% membership among the workplace/s or categories of employees it aims to represent in bargaining.
- Undue requirements regarding trade unions' structure, composition, and affiliation: An extensive list of conditions must be included in a union's rules as a prerequisite to registration, but while the list is long, the requirements seem largely good practice reasonable.
- Excessively long prior notice/cooling-off period: A seven-day notice period, which, combined with the 21-day conciliation process, may be viewed as excessively long as a minimum period.
- Compulsory recourse to arbitration, or too long and complex conciliation and mediation procedures before strike actions: A strike can only be called if the dispute settlement procedure before the Principal Secretary for labour has been exhausted and the dispute is deemed unresolved.
- Discretionary determination or an excessively long list of "essential services" in which the right to strike is prohibited or severely restricted: There is a lack of clarity in the legislation around which services are classed as essential.
- Discretionary determination or an excessively long list of "services of public utility" in which a minimum operational service is can be imposed in the event of strikes.

Generally, the coverage of labour-related laws is haunted by the widespread informal economy. Both

employers and workers often loophole in business and labour regulations due to lack of awareness or incentives.

Ratified ILO Conventions

International principles and rights at work are enumerated in the International Labour Organisation's (ILO) conventions. Malawi ratified 32 conventions and one Protocol, of which 28 are in force, no convention has been denounced; five instruments abrogated.¹⁴ The latest ratified conventions are the Occupational Safety and Health Convention (C155), the Safety and Health in Agriculture Convention (C184), the Promotional Framework for Occupational Safety and Health Convention (C187), and the Protocol of 2014 to the Forced Labour Convention (P029), all from 2019.

Appendix Table 19 outlines that Malawi ratified all eight fundamental conventions and three out of four Governance Conventions, missing the Employment Policy Convention (C122). The country also ratified 21 Technical Conventions, and 7 are Up-To-Date and actively promoted.

The independent ILO body, the Committee of Experts on the Application of Conventions and Recommendations (CEACR), listed a wide range of observations and direct requests for 16 conventions. For example, concerning the Right to Organise and Collective Bargaining Convention (C098), CEACR's direct request dealt the government indicates that 64 Collective Bargaining Agreements (CBAs) have been signed but that currently, only 21 are in force (see more in the Social Dialogue section). The representativeness requirements set by legislation designated as a bargaining agent may substantially influence the number of collective agreements concluded. The mentioned requirements should be designed to promote free and voluntary collective bargaining development effectively.

The Sustainable Development Goal indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining (FACB)). Based on ILO textual sources and national

legislation, Malawi ranks at 0.37 in 2018 (0 out of 10; 0 is best). Compared to neighbouring countries, Malawi's ranking is significantly better than Mozambique (2.00), Tanzania (1.77), and Zambia (2.21) (see Table 2).

Table 2: Level of national compliance with labour rights (freedom of association and collective bargaining) among Malawi and neighbouring countries, 2018

| Country | Value |
|------------|-------|
| Malawi | 0.37 |
| Mozambique | 2.00 |
| Tanzania | 1.77 |
| Zambia | 2.21 |

Note: The value has a range from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with FACB rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).

Sources: ILO, Key Indicators of the Labour Market (KILM).

Trade Agreements

Malawi has been a member of the World Trade Organisation (WTO) since 1995. Two Regional Trade Agreements (RTAs) are registered that influence Malawi's labour market: the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). These two institutions with the East African Community (EAC) signed an agreement to form an Africa free trade zone to ease access to markets, and Malawi became part of the zone in 2008.

COMESA does not have commitments to specific minimum labour standards.¹⁵ The agreement introduced a chapter on women in development and business and the role of women in socio-economic development, which is not often. It specifies detailed commitments to promote women's empowerment, integration, and participation, including appropriate legislation and other measures. COMESA treaty commits the parties to initiate changes in educational and training strategies to enable women to improve their technical and industrial employment levels by acquiring transferable skills, not to mention special programmes for women in small and medium enterprises. The treaty further requires the Federation of National Associations of Women in Business to be represented at the consultative

committee and be represented at technical committee meetings.¹⁶ Although Malawi has gender-responsive trade agreements, its average gender responsiveness score of trade agreements is down to 50%.¹⁷

SADC is an association agreement with broad political and development framework rather than a trade agreement, although it includes trade as a component. The agreement contains a section on "work and employment" and a tripartite commission for labour and social affairs, which in 2001 adopted a Social Charter on Fundamental Labour Rights in Southern Africa.

On a wider view of RTAs, studies argue that the measures of labour conditions (i.e., mean real monthly earnings, mean weekly work hours per employee, fatal occupational injury rate, and the number of the ILO's Fundamental Conventions ratified) find no evidence for possible pro-labour-condition effects of labour clauses.¹⁸

Malawi has been beneficiary under the United States' African Growth and Opportunity Act (AGOA) since its inception in May 2000, a Generalised System of Preferences (GSP). The scheme 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. Studies found that Malawi has not significantly utilised the trade preference opportunities offered by the AGOA programme. Some of the reasons concern limited knowledge of the AGOA programme and its benefits; inadequate production capacity and poor productivity; disruptions from power cuts and high cost of electricity; and cost of compliance with U.S. standards and technical regulations.¹⁹ Malawi was the United States' 180th largest goods export market in 2019. AGOA is set to expire on September 30, 2025.

Malawi is a party to the African Caribbean and Pacific (ACP) – European Union (EU) Partnership

Agreement. Under this agreement, ACP countries enjoy duty-free market access to the EU. Since its inception in the 1970s, the deal has been revised several times. The last revision was done in 2000, and a new agreement (Cotonou Agreement) was signed, which introduced a requirement for ACP countries to offer reciprocal duty-free treatment to imports from the EU in line with the WTO rules. Since 2002, ACP countries have been negotiating the new trade arrangements with the EU, the Economic Partnership Agreements. The negotiations are being done in regional configurations. Malawi is negotiating for an EPA under the Eastern and Southern Africa (ESA) configuration. Meanwhile, Malawi is trading with the EU through the Everything But Arms, a special arrangement for Least Developed Countries under the EU's GSP.

There has been a higher recognition of informal trade. For example, Zimbabwe has signed a Memorandum of Understanding with the government of Malawi to facilitate informal trade, specifically between small and medium-sized enterprises. Malawi has also signed bilateral trade agreements with Botswana, China, Mozambique, South Africa, Tanzania, and Zimbabwe.

SOCIAL PARTNERS

Social partners are central to promoting the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining in bi- and tripartite functions. These partners usually represent government institutions, trade unions, and employers' organisations.

Government

Malawi's government functions with 22 ministries.²⁰ The most labour-related ministries are the Ministry of Labour (MoL), mandated by government policies, legislation, and internal conventions and practices. The strategic objectives are to ensure effective implementation of the ministry's planned activities with the available resources in a transparent and accountable manner; to monitor and evaluate the performance of the labour market, to ensure the availability of skilled labour for socio-economic

development in the country; to support a healthy and safe working environment; to effectively address workers compensation issues and create an effective social security system for the labour force; to address the needs of the vulnerable groups in the labour market.

Other central government institutions are the Ministry of Gender, Community Development and Social Welfare; Ministry of Education, Science and Technology; Ministry of Health; Ministry of Civic Education and National Unity; Ministry of Lands, Housing and Urban Development; Ministry of Transport and Public Works; Ministry of Youth and Sports.

Trade unions

Malawi's trade union movement entered the scene in the middle of the 1940s. Unionism underwent volatile phases over the past seven decades. The political context has been an influential factor in how unionism has developed in the country.

The central trade union centre is the Malawi Congress of Trade Unions (MCTU), affiliated with the International Trade Union Confederation (ITUC). The congress was re-established in 1995 after being banned during Malawi's one-party state under Hastings Banda. Seventeen trade unions affiliated with MCTU in 1999; today, the number has risen to 26. The congress represented around 300,000 workers in 2020; approximately 48% (143,230 workers) were registered as paying dues.²¹

The trade union membership rate increased by 2.6% from 2014 to 2019. It fell by 12% from 2019 to 2021 caused by the "social distancing" policies, negatively affecting the service and industry sectors (see Appendix Table 20). Furthermore, the employees' segment growth superseded the trade union membership's during the 2010s: the trade union density gradually dropped from 5.9% in 2014 to 5.3% in 2019, even down to 4.4% in 2021.

Table 3: Status of trade unions in Malawi, 2021

| Indicators | Value |
|---|-----------|
| Number of trade unions affiliated to MCTU | 26 |
| Trade union members (MCTU, paying dues) | 132,884 |
| Trade union membership growth, 2019-2021, % (MCTU) | -12% |
| Trade union density (employment) | 3.8% * |
| Trade union density (employees) | 4.4% ** |
| Women member share of trade unions (MCTU) | 27 % *** |
| Members of affiliated trade unions from the informal economy (MCTU) | 8.9% **** |

* MCTU's broader membership rate at 300,000 in 2020 to imputed observations based on data from ILO's KILM with subject to uncertainty; it should be used as proxy indicator. ** Calculations based on MCTU's members paying dues to employees with data from ILO's KILM. *** Covering 15 out of 26 trade unions from MCTU (see Appendix Table 20). **** Covering members from CIAWU, TOAWUM, and MUFIS with data from 2019.

Source: MCTU; own calculations on trade union density.

The declining trade union density concerns anti-union discrimination from employers, the fast-growing workforce operating in the widespread informal economy, and insufficient job creation in the formal sector. The economy has progressed at restructuring the public sector, resulting in the privatisation of public enterprises that negatively affect trade union affiliation. MCTU scrutinised the financial and subscription base and affiliation fee structures in 2018. They found that low-income levels among workers lacked incentives of joining unions, as well as several affiliated unions suffer from low visibility.²² Similarly, the latest Malawi Labour Force Survey from 2013 revealed that reasons for not belonging to trade unions or employees' associations are most often due to a lack of knowledge of trade unions (52%), followed by lack of awareness of any unions to join in the workplace (22%) or that they have not been approached to join (5.8%).²³

Within MCTU's affiliated unions, around 27% of trade unionists are women (Table 3). Women in trade union leadership positions and decision-making bodies occupied about 40% in 2020. MCTU has revised its constitution to include women and youth structures in the Southern Africa Trade Union Co-ordination Council (SATUCC) policy on gender and youth.²⁴ More so, the revision introduced clauses that require the positions of the deputy

Secretary general and the president to be contested interchangeably between men and women (if the president is a man, then deputy SG must be a woman and vice-versa).

The Teachers Union of Malawi (TUM) is the largest trade union, representing 31% of MCTU's aggregated members, lost 12% of its members from 2019 to 2020 due to the Covid-19 pandemic. The second largest union is the Civil Servants Trade Union (CSTU), with a share of 10%. The third largest in the Commercial, Industrial & Allied Workers Union (CIAWU), with 8.6% share, and 43% are organised workers from the informal economy. Several other trade unions lost members in 2020/21; for example, the Textiles Garments Leather Security Services Union (TGLSSU) members fell by 63%, the Tobacco Tenants Allied Workers Union of Malawi (TTAWUM) by 53%, the Hotels Food Catering Services Union (HFCSU) by 22%. In contrast, National Organisation of Nurses and Midwives (NONM) members increased by 166% (see Appendix Table 20).

The trade union movement in Malawi focuses on organising workers from the informal economy. The Malawi Union for the Informal Sector (MUFIS) aims at organising informal workers and improving their working conditions, including access to relevant services (e.g., financial, social protection, and providing access to business training).²⁵ This organisation is open to all informal workers. Despite the economic downturn, the membership increased by 70% from 2013 to 2020, reaching 3,779 workers; there was even a 10% expansion from 2019 to 2020. Dues are 200 kwacha (US\$0.5) per year paid to the national headquarters and 50 kwacha (US\$0.12) per month paid to the local branch. Members work in different sectors and with a combination of unions: most MUFIS members are Small and Medium Enterprises (SMEs), vendors, and self-employed, domestic workers, while the Plantation and Agriculture Workers Union (PAWU) covers informal construction workers and tea farmers. About 60% of the members are women.

Employers' Organisations

Estimations suggested that employers represented 1.3% of the total employment in Malawi in 2020, slightly lower than the sub-Saharan Africa average at 1.6% (see more in Figure 6 ahead).

The Global Competitiveness Index provides Malawi's view on various aspects, including labour market efficiency. This particularly pillar is elaborated upon by surveys among employers and other statistical data, and Malawi ranks 69th out of 141 countries (1st is the best). Out of twelve indicators, the best rankings are workers' rights (25), internal labour mobility (40), and labour tax rate (43). The worst rankings are active labour market policies (121), cooperation in labour-employer relations (102), and pay and productivity (101) (see more details in Table 4).

Table 4: Labour market efficiency in Malawi, 2019

| Indicator | Rank |
|--|------|
| Total | 68 |
| Redundancy costs (weeks of salary) ** | 75 |
| Hiring and firing practices * | 88 |
| Cooperation in labour-employer relations * | 102 |
| Flexibility of wage determination * | 58 |
| Active labour market policies * | 121 |
| Workers' rights * | 25 |
| Ease of hiring foreign labour * | 95 |
| Internal labour mobility * | 40 |
| Reliance on professional management * | 66 |
| Pay and productivity * | 101 |
| Ratio of wage and salaried female workers to male workers ** | 75 |
| Labour tax rate ** | 43 |

* Survey data. ** Ranked by per cent. Note: Rank from 1 to 141 (1 is highest).

Source: The Global Competitiveness Report, 2019, 8th pillar: Labour market efficiency.

The status of the leading employers' organisations is summarised below.

Employers' Consultative Association of Malawi (ECAM)

The Employers' Consultative Association of Malawi (ECAM) was launched in 1963 linked to the Trustees Incorporation Act as an employers' trade association representing all subscribing employers.

It is the only institution recognised by the Labour Relations Act as a representative body of employers as part of the social dialogue in industrial relations. ECAM has direct membership from 250 affiliated organisations linked to six associations.²⁶

The organisation promotes and protects employers' interests in labour, employment, and social-economic issues. In recent years, ECAM has focused on gender-related issues, Occupational Health and Safety (OHS), Collective Bargaining Agreements (CBAs), social security, freedom of association and the right to organise, HIV/AIDS in the workplace, terms and conditions of service, child labour, and youth development. For example, ECAM held Orientation Workshop for Employers Taskforce Members for Child Labour in October 2021.

According to ECAM, members' main challenges concern inadequate technical competence on labour issues; institutional, logistical, and financial constraints; the need for new forms of collaboration with other bodies providing similar services. The association further wishes to bring Small and Medium Enterprises (SME) into the fold but is challenged by the widespread informality.

In 2020, ECAM conducted a study to assess the effects of Covid-19 on the livelihoods of people in Malawi. Specifically, the study looked at the impact of Covid-19 on the overall economy with a focus on the labour market.

SOCIAL DIALOGUE

Social dialogue entails all types of negotiation, consultation, or exchange of information between representatives of social partners on common interest issues relating to economic and social policy. It can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or enterprise level.²⁷

Malawi has ratified ILO's Tripartite Consultation Convention (C144) but not the Collective Bargaining Convention (C154). By national law, at least 20% of employees (excluding senior managerial staff)

belong to a union before it may engage in collective bargaining at the enterprise (factory) level, and at least 15% of employees must be union members for collective bargaining at the sector (industry) level. The law provides for the establishment of industrial councils in the absence of collective agreements for sector-level bargaining. Industrial council functions include wage negotiation, dispute resolution, and industry-specific labour policy development.²⁸

Informal micro-and small enterprises dominate Malawi's labour market landscape (see more in the Workforce section). It challenges the application of collective bargaining at the enterprise level and side-lining labour market regulations. Nevertheless, survey data reveal that close to one out of five (18%) formal workers belong to collective bargaining at their workplace.²⁹ These employees' assessments on the capacity of social partners in engaging in social dialogue processes often revealed a lack of awareness or incentives. MCTU initiated the application of a Social Dialogue Model for trade unions to use for meaningful engagement and has assisted unions in engaging in social dialogue.³⁰

Bi-partite dispute resolution mechanisms are present through Collective Bargaining Agreements (CBAs). However, the application of CBAs remains not to be an easy task in Malawi. First, employees and trade union members covered by CBAs often lack knowledge of its content. Secondly, employers frequently have high resistance towards elaborating upon CBAs at the workplace. These aspects are mirrored in signed CBAs coverage: CBA negotiations are often focus too much on wages at the expense of other conditions of service, such as working hours, job security, and skills development. Survey of CBAs content revealed that compensated excess hours are often not included; few captures on how those infected or affected by HIV/AIDS receive treatment; and applications of gender policies are not clear.³¹

In 2021, MCTU registered that 17 out of 26 affiliated trade unions have CBAs. The CBAs have increased from 84 in 2018 to 88 in 2020 and down to 85 in 2021. There is no CBA at the national level.

Multi-employer bargaining at the sectoral level was recently signed in the water and sanitation sector. Besides, several bipartite negotiations were conducted with employers in 2020, leading to the signing of CBAs at the company/enterprise level. However, CBAs were generally affected in 2021, recorded a drop of approximately 3.4% compared to 2020.³² Notably, the Textiles Garments Leather Security Services Union (TGLSSU) registered 22 CBAs in 2020 but fell to seven in 2021 (see more in Appendix Table 20).³³ There are no aggregated updated data available on these CBAs workers' coverage.

Organised workers from the informal economy in the Malawi Union for the Informal Sector (MUFIS), which is a fully-fledged informal sector union, are affiliated with the MCTU. MUFIS worked with district councils to address issues affecting informal workers due to a Ministry of Labour decision that MUFIS did not have sufficient standing to bargain collectively with employers. MUFIS had developed 10 draft Memorandum of Understanding (MoU) between 2019 and 2020; they managed to sign one MoU with the Municipal Council of Mzuzu in 2021.

In 2020, tripartite social dialogue to discuss the way forward regarding the Covid-19. In 2021, MCTU and ECAM Joint statement questioning government intentions to amend the Employment Act and Labour Relations Act.

Central tripartite institutions

Numerous consultation bodies are set to promote social dialogue in Malawi, and the most central are summarised below.

Tripartite Labour Advisory Council (TLAC)

TLAC comprises 12 members, four from the government, trade unions and employers' organisations. The council provides to the government on labour and employment issues, including the promotion of collective bargaining, minimum wage, the labour market, review of the operation and enforcement of the Employment Act, and informal economy.

TLAC was not very active at the beginning of the 2010s.³⁴ It was initiated in 2018 to re-launching the institution to strengthen social dialogue on employment issues and ensure adequate funding for employment promotion activities.³⁵ Few gatherings have been detected, but meetings to discuss the topical changes and other matters convened regularly in 2021.³⁶

National Construction Industry Council of Malawi (NCIC)

NCIC was established in 1996 to regulate, develop and promote the construction industry in Malawi. The institution's role is to create an enabling environment to provide the drive and organisational structure to raise quality levels across the industry among local and foreign players.

It is mandatory for all contractors, consultants, and construction material manufacturers/suppliers, both local and foreign, to register with NCIC before undertaking or completing any construction work in Malawi. All applications for registration or upgrading shall pass through the Registration Committee for assessment and recommendations before the final decision is made by the NCIC Board.³⁷ According to the NCIC membership directory, a total of 994 companies were registered in October 2018.³⁸ NCIC also covers specific incidents concerning dispute resolution, wage negotiation, and industry labour policy development.³⁹

Around 97% of construction work are awarded to foreign companies in Malawi, while only 3% is given to locals. NCIC is attempting to provide the local contractors in Malawi a larger share in the construction industry and implement a sustainable level of work, services, skills, and technological transfer.⁴⁰

National Employment Committee (NEC)

NEC is a new institution that was established in 2018. It is proposed to provide advocacy for pro-employment budgeting tools, mainstreaming pro-employment investment approach in the delivery of rural and urban public works, linking skills development with labour market demands,

strengthening capacity to include work-based learning in the TVET system and establishing a strategy for recognition of skills gained informally or non-formally, strengthening coordination amongst ministries.⁴¹

Other bi/tripartite organs

- Economic and Social Development Council.
- Minimum Wage Advisory Committee.
- Social Dialogue Commission.
- National Social Security Board.
- National Pension Administrator.
- Technical Education, Vocational and Entrepreneur-ship Training Authority (TEVETA).
- Thematic Working Group on Trade and Development.
- Local assemblies and community groups.

Dispute settlement

Industrial disputes are regulated under the Labour Relations Act, and cases can be referred to the Industrial Relations Court (IRC). IRC comprises a Chief Justice and five members each from employees and employers. Ministry of Labour must apply to the IRC to determine whether a particular strike involves an “essential service” and an interruption that could endanger the life, health, or personal safety of parts of the population. There is no official registry for strikes at the Ministry of Labour, but MCTU recorded 12 strikes from January to June 2018. With the recent amendment of the Labour Relations Act, which was signed into law in October 2021, representatives from trade unions and employers were removed from the IRC. According to the labour market representatives, this could harm future dispute settlement arrangements.

Arbitration rulings have legally been enforceable. Data show that 589 cases were received in IRC in 2017, and from January to September 2018, 503 cases were received, and 217 were resolved. Generally, due to lack of funding and a heavy case backlog, IRC could not monitor cases or adequately enforce the laws. In addition, a shortfall of this system is that many stakeholders on the labour

market lack sufficient knowledge of roles in labour relations and disputes.⁴²

MCTU and affiliates have contributed to resolving several cases with employers and the government through negotiations in 2020; for example, LGSSWU five cases on the right to join union and bargaining, two cases from TUM on promotions and Personal Protective Equipment (PPE) provision, eight cases from PAWUM on sexual harassment; two cases from ESU on recruitment of seasonal workers on permanent and promotions that were overdue; three cases from COWUMA with FEDEX on wages, sexual harassment and failure to remit pension contribution; two cases for PSEUM on nonpayment of wages and closure of schools due to Covid-19, and two cases for TGWU with Toyota Malawi and Malawi shipping company.⁴³

TRADE UNION RIGHTS VIOLATIONS

Malawi ranked at 2 out of 5+ (5+ is worst) on the Global Rights Index in 2021. Workers in countries with a rating of 2 have reported “repeated violation of rights”: Certain rights have come under repeated attacks by governments and/or companies and thereby undermined better working conditions.⁴⁴

ITUC’s latest registered case concerning violation of trade union rights was from 2017, based on the Minister of Home Affairs ordering the arrest of 14 workers of the National Registration Bureau. The latter held a meeting in Mzuzu concerning their grievance overpayment of wage arrears. Workers were charged with unlawful assembly and conspiracy to commit a felony on the minister’s order. Police later granted them bail. On September 25, 2017, the MCTU condemned the arrest and demanded an open apology from the minister. Workers filed a suit for damages over unlawful arrest.⁴⁵

Malawi has no active Freedom of Association cases with ILO. The U.S. Department of State’s Annual Country Reports on Human Rights Practices neither recorded any rights cases. However, anecdotal evidence indicates that union organisers have

increasingly been dismissed or violated their rights to discourage unionisation. In addition, MCTU recorded that grave violation of labour rights, even exacerbated by the impact from Covid-19 such as retrenchment without notice, salary, or wage cuts of to 30% without notice or consultation, detention without consent, employers not providing people prior to Covid-19 (PPEs) for their workers, overdue payment of salaries, sexual abuse in the workplaces, and discrimination of workers who tested positive with Covid-19 to mention a few.⁴⁶ Generally, anti-union employers is detected with several employers on various grounds, including frustration strategies by employers to refrain employees from joining unions and unionists from organising and servicing members.

Malawi has not ratified ILO’s Abolition of Forced Labour Convention (C105) nor the Domestic Workers Convention (C189) but signed the Protocol of 2014 to the Forced Labour Convention (P029) in November 2019. The legislation prohibits all forms of forced or compulsory labour. Reports found that the government does not enforce applicable laws effectively, and forced labour occurs, especially in agriculture (predominantly tobacco), goat and cattle herding, and brickmaking. Child forced labour also occurred. Under the tenancy system, estate owners recruit farmers from distant districts to grow tobacco on their estates. The tenants are often promised such services as accommodation and food rations as well as a share of the earnings from sales. Tenant farmers include men and women, usually accompanied by their children and dependents. Most tenants are from the country’s southern region and work in the central or northern region. Employers’ loan the tenant farmers money to buy agricultural inputs during the growing season. If they are unable to repay the loans, they fall into situations of debt bondage.⁴⁷

The Global Slavery Index ranks Malawi as 35 out of 167 countries (1 is worst) with an estimated prevalence at 7.5 victims per 1,000 population in 2018.⁴⁸

WORKING CONDITIONS

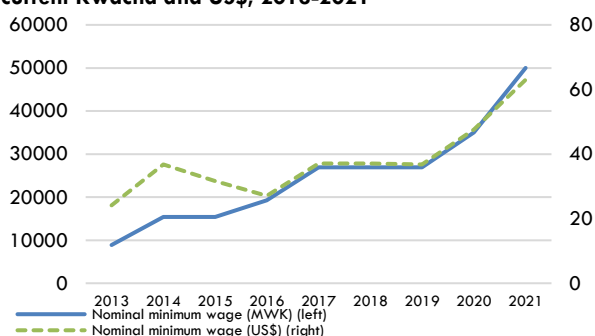
Malawi's National Wage Advisory Board was active in 2020. The minimum wage per month was increased twice within a short period: MWK27,000 (US\$37) in 2017-2019 to 35,000 (US\$48%) in January 2020 and raised again to 50,000 (US\$63) in April 2020 (Table 5 and Figure 4). The Covid-19 pandemic fueled the increment of the tax-free band for PAYE April 2020: The first MWK100,000 (US\$126) per month is taxed at 0%. Nevertheless, the current minimum wage is down to US\$2.1 per day, significantly below the poverty line of US\$3.2 per day. Various industries have different minimum wages set in CBAs. Only around 38% of employees reach the minimum wage. These Malawian employees typically earn about MWK 164,000 (US\$207) in 2021. Domestic workers are exempted from the national minimum wage.

Table 5: Status of Monthly Wages in Malawi

| | Current Malawi Kwacha | Current US\$ |
|---|-----------------------|--------------|
| A worker's typically earning (2021) | 164,000 | 207 |
| Minimum wage (2020-current) | 50,000 | 63 |
| Real minimum wage yearly growth (2014-2021) | 3.2% * | |

* Real minimum wage is based on the aggregated inflation in consumer prices deducted from nominal minimum wage hikes.
Sources: WageIndicator.org; SalaryExplorer; own calculations on real minimum wage growth.

Figure 4: Nominal minimum wage per month in Malawi, current Kwacha and US\$, 2013-2021



Source: WageIndicator.org, Malawi; own calculation is real minimum wage and US\$.

During the 2010s, Malawi's gross monthly minimum wage level was still one of the lowest in Africa; for example, the neighbouring countries' averages: Mozambique (US\$113), Tanzania (US\$152), and Zambia (US\$126). Generally, the minimum wage

level relative to median and mean wage were 82% and 40%, respectively.⁴⁹

The official minimum wage is mainly applied to the public sector. The private sector is dominated by micro- and small enterprises operating in the informal economy (see more in the Workforce section). The high nominal minimum wage hikes were vexed by relatively high inflation in consumer prices, negatively affected workers' incomes purchasing power. The real minimum wage increased yearly by 3.2% on average from 2014 to 2021, and as mentioned above, the nominal minimum wage continues quite low.

Data are scarce on the number of labour inspections. MCTU argued that labour inspections are often not taking place due to low government budget allocations, as well as there is weak coordination of labour inspections between headquarters and field offices through the administration system. Labour inspectors often look for other sources of income in the form of second employment, either self-employment or with the private sector.⁵⁰ The maximum legal workweek is 48 hours with a mandatory weekly 24-hour rest period. Law requires a 50% premium for work overtime and prohibits compulsory overtime (see more in Table 6). The Government did not effectively enforce laws related to OSH, wages, or overtime. Workers often work without basic safety clothing and equipment.⁵¹

Table 6: Status of Working Conditions in Malawi

| Indicator | Value |
|--|----------|
| Fixed-term contracts prohibited for permanent tasks | Yes |
| Maximum length of a single fixed-term contract (months) | No limit |
| Standard workday | 8 hours |
| Premium for night work (% of hourly pay) | 0 % |
| Premium for work overtime work (% of hourly pay) | 50 % |
| Paid annual leave (average for working days with 1, 5 and 10 years of tenure, in working days) | 18 |
| Minimum length of maternity leave | 56 |
| Receive 100% of wages on maternity leave | Yes |
| Five fully paid days of sick leave a year | Yes |
| Unemployment protection after one year of employment | No * |

* It is 'No' for public, but 'Yes' for private, which is costly.

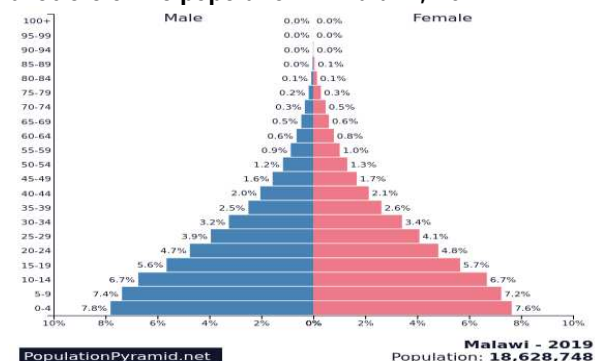
Source: World Bank, Doing Business, Labor Market Regulation in Malawi.

WORKFORCE

Malawi's population growth demonstrated a volatile trend during the last four decades. On average, the aggregated growth dropped from 4.0% in the 1980s to 2.8% in the 2010s, standing in line with the neighbouring countries. The country's population of around 19.9 million in 2020, projected to reach 50 million by 2058. Over the next two or three generations, the high dependency ratio is expected to be replaced by a large workforce.

The fertility rate (births per woman) fell from 7.4 in the 1980s to 4.1 in 2019. The life expectancy rate increased from 45 years in the 1980s to 64 in 2019. Around 66% of the population are below 25 years old; 52% are of working age (15-64), and 2.7% are 65 years and over (see more in Figure 5). The youth bulge creates mounting pressure on formal job creation in Malawi. Most find income generation in the informal economy under vulnerable working conditions (see ahead).

Figure 5: Population pyramid based on the age-sex structure of the population in Malawi, 2019



Source: PopulationPyramid.net, Malawi.

Projections suggested that Malawi's employment-to-population ratio stood at around 72% in 2019, falling by one percentage point in 2020 as an impact of the Covid-19 pandemic. Malawi's proportions are higher than the sub-Saharan Africa averages. Malawian women's employment-to-population ratio has a significant lower proportion than men. Besides, the relatively high youth employment-to-population fell just by three percentage points during the 2010s linked to the

meagre increase at school enrolment rates (Table 7 and see more in the Education section).

Table 7: Estimations of employment-to-population ratio in Malawi and sub-Saharan Africa, Age and sex distribution, 2019

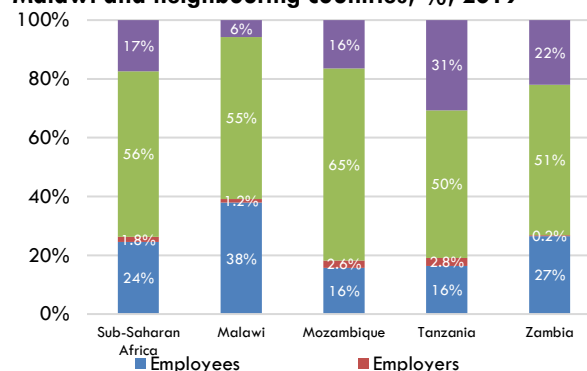
| Sex | Age | Malawi | Sub-Saharan Africa |
|-------|-------------|--------|--------------------|
| Total | Total 15+ | 72% | 64% |
| | Youth 15-24 | 56% | 44% |
| Men | Total 15+ | 77% | 69% |
| | Youth 15-24 | 57% | 46% |
| Women | Total 15+ | 68% | 59% |
| | Youth 15-24 | 55% | 42% |

Note: The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

Malawi's employment status was modelled with minor changes. The employees' segment was around 39% in 2019, which was remarkably higher than the neighbouring countries, which stood at a flat growth during the 2010s. Malawian employers' segment share is low compared to the neighbouring countries, except Zambia. Own-account workers remain the largest group at 55%, increased by two percentage points during the 2010s; contributing family workers dropped by one percentage point, reaching 6% in 2019. These two latter segments are considered in "vulnerable employment"; they are less likely to have formal work arrangements and are more likely to lack decent working conditions adequate. This latter group represented 61% of Malawi's total employment (see more Figure 6).

Figure 6: Projections of status in employment in Malawi and neighbouring countries, %, 2019



Note: The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

The latest Malawian National Labour Force Survey from 2013 found 64% of employment were in the agricultural sector, 7% in the industry sector, and 28% in the service sector. Even up to 70% of all working women operate in the agriculture sector. The second largest is the trade, restaurants, and hotels in the service sector, covering 17% of the total employment share. Men's employment share is higher than women's in most sectors (see more in Table 8).

The manufacturing employment's proportion was estimated at 4.1% in 2013. Projections point towards that this specific group did not improve during the 2010s, suggesting not being in progress reaching the SDG goal to raise the industry sector's share of employment (see SDG Table, Indicator 9.2.2, Page v).

Table 8: Employed persons per sector in Malawi, employment share, and ratio of women per sector, 2013

| Sector | Employment per worker | Employment share | Ratio of women per sector |
|---|-----------------------|------------------|---------------------------|
| Agriculture | 4,460,160 | 64 % | 58 % |
| Mining & quarrying | 20,907 | 0.3 % | 53 % |
| Manufacturing | 285,729 | 4.1 % | 46 % |
| Electricity, gas & water | 27,876 | 0.4 % | 13 % |
| Construction | 181,194 | 2.6 % | 20 % |
| Trade, restaurants & hotels | 1,177,761 | 17 % | 57 % |
| Transport, storage & communication | 139,380 | 2.0 % | 5.0 % |
| Finance, real estate & business services | N/a | N/a | N/a |
| Administration, public admin., education and health | 459,954 | 6.6 % | 32 % |
| Other services * | 216,039 | 3.1 % | 46 % |
| Total | 6,969,000 | 100 % | 53 % |

* Other service activities, activities of households as employers; undifferentiated goods, and services-producing activities of households for own use.

Source: Malawi Labour Force Survey, 2013; own estimations on employment per workers and women share per workers.

Statistical data of sectoral employment and Gross Domestic Product (GDP) show interesting deviations. For example, more than six out of ten (64%) of the total employment work in the agricultural sector but deliver just 30% of the GDP and US\$346 per

worker per year. The agricultural sector is dualistic, comprising smallholder farms and large estates. Estates account for at least 25% of agricultural GDP, 10% agrarian employment, 9% of total GDP, and 90% of export earnings. This latter group access improved technologies and have better access to inputs, credit, supporting agricultural services and markets, higher productivity levels than smallholders. The smallholder farmers function under the customary tenure system, and about 60% of smallholder farmers cultivate less than 1.0 ha of land. The smallholder sub-sector concentrates mostly on producing food for their consumption, with only surpluses sold for cash.

The trade, restaurant, and hotel sectors have a relatively high share of 21% of GDP, with the GDP value at US\$984 per worker per year. The finance, real estate and business services sectors have a high GDP share at 17% but do not register any employment in this sector by the National Labour Force Survey. The industry sector has a double as high GDP share of 16% compared to this sector's employment share (8%). The manufacturing industry has a relatively low rate at US\$1,758 per worker per year (see more details in Table 9).

Table 9: GDP share by sector and GDP share per workers in Malawi, 2013

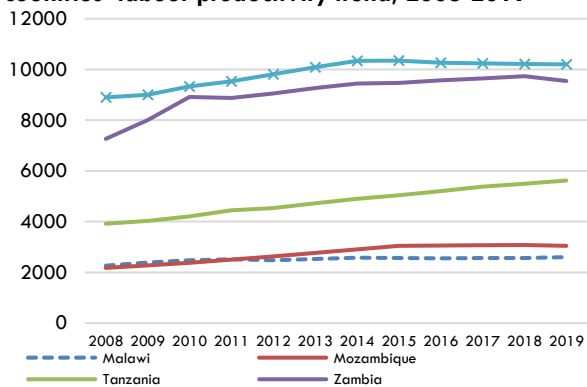
| Sector | GDP share by sector | US\$ per workers/year |
|---|---------------------|-----------------------|
| Agriculture | 28 % | 346 |
| Mining & quarrying | 1.1 % | 2,904 |
| Manufacturing | 9.1 % | 1,758 |
| Electricity, gas & water | 1.3 % | 2,574 |
| Construction | 4.9 % | 1,492 |
| Trade, restaurants & hotels | 21 % | 984 |
| Transport, storage & communication | 6.4 % | 2,534 |
| Finance, real estate & business services | 17 % | N/a |
| Public administration and defence, security | 2.1 % | 252 |
| Other services | 10 % | 2,555 |
| Total | 100 % | 792 * |

* Mean average.

Source: African Economic Outlook Malawi; own estimations on the GDP share per worker.

Malawi has demonstrated a weak upsurge in labour productivity, with the lowest output per worker among the neighbouring countries. Even Mozambique's rate was initially in line with Malawi, but a gap widened between these two countries (see Figure 7). The labour productivity is most likely to dwindle in 2020 because of the economic downturn triggered by the Covid-19 pandemic: At the sectoral level, accommodation and food services, transport and storage, wholesale and retail, and manufacturing are the worst-hit sectors by the pandemic. It further disrupted the labour market with an expected loss of current and future jobs between 274,000 and 681,000. Accommodation and food services are anticipated to record the highest job losses amongst all sectors, potentially losing up to 14% of its jobs the longer the pandemic continues.⁵² This situation further challenges the country's weak progress to reach the SDG target, depending on a significantly raised of industry's share of employment and GDP (see more in the SDG table, Indicator 9.2.2, page iv).

Figure 7: Projections of Malawi and neighbouring countries' labour productivity trend, 2008-2019



Note: This measure of labour productivity is calculated using data on GDP (in constant 2017 international dollars in PPP). The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

Other data show that the labour's share of national income has been stalled during the 2010s at 35%, which was lower than Mozambique (50%), Tanzania (49%), and Zambia (51%). This situation is linked to the low benefits of growth are not shared equally between Malawian workers and capital owners. The Covid-19 pandemic is further likely to affect labour income severely.

The latest Micro, Small and Medium Enterprise (MSME) Survey estimated that MSMEs represented 1,141,784 business owners in 2019, an increase of about 50% from 2012. There was only a minor gender gap. The survey showed that employment in Malawi's MSMEs contribute 24% of the workforce, and about 42% of business owners are youth aged below 35 years old. Three in four enterprises (74%) were micro-enterprises, 23% were small enterprises, and only 3% were medium enterprises. Considering that most MSMEs are micro-businesses, the turnover of many businesses is relatively low. Malawi's economic landscape is challenging the development of MSMEs due to supply-side and transport infrastructure constraints, lacking energy and water supplies, lack of awareness or incentives, insufficient supportive financing and banking facilities.⁵³

The new global emerging Fourth Industrial Revolution (4IR) and the gig economy alter the nature of work and how people access jobs, shifting the source of work away from informal labour and towards digital platforms (see more in the Vocational Training sub-section). The gig economy encompasses freelancers applying less commitment for both workers and companies with work executed at agreeable terms, challenging the profession to hollow out the employment regulations in practice. Like the neighbouring countries, Malawi is prone to much of the youth being involved in the gig economy amid massive losses due to Covid-19 disruptions.

Unemployment

Malawi's latest Labour Force Survey from 2013 registered the 'strict' unemployment rate at 6.6%; the youth unemployment rate was 8.6%. Generally, unemployment is more stuck in urban zones, the Southern area, youth segment as well as workers with intermediate and advanced levels of education.⁵⁴ ILO's modelled measurements suggested that the unemployment rate stood flat during the 2010s with a minor rise by 0.4 percentage point from 2019 to 2020 as an impact of imposed lockdowns caused by the Covid-19 pandemic. Estimations further suggest that Malawi's

unemployment rate has been significantly lower than the Southern Africa average during the 2010s (see more details in Table 10 and Figure 8).

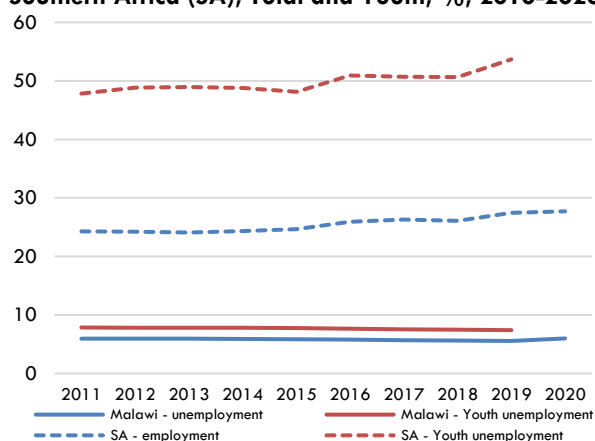
Table 10: The unemployment rate in Malawi and Southern Africa (SA), by sex and age, %, 2020

| Type | Gender | Malawi | SA |
|--------------------------------------|--------|--------|-------|
| Unemployment | Total | 6.0% | 27% |
| | Men | 4.7% | 26% |
| | Women | 6.5% | 29% |
| Youth Unemployment | Total | 9.5% | 54% * |
| | Men | 6.9% * | 50% * |
| | Women | 7.9% * | 59% * |
| Composite labour underutilisation ** | Total | 18% * | 40% * |
| | Men | 16% * | 37% * |
| | Women | 21% * | 44% * |

* Year: 2019. ** Underutilisation is composed of the sum of the population in time-related underemployment, unemployment and the potential workforce expressed as a proportion of the extended labour force.

Source: ILO, Key Indicators of the Labour Market (KILM).

Figure 8: Unemployment trends in Malawi and Southern Africa (SA), Total and Youth, %, 2010-2020



Source: ILO, Key Indicators of the Labour Market (KILM).

The ‘broader’ unemployment rate (people who are unemployed and want to work but not actively seeking for job) was 20% in 2013, which is more common among women (26%) than men (14%).

Subsistence farming is occupied during planting and harvesting but not engaged full-time during the entire year, creating some “disguised unemployment.” The time-related underemployment (people in employment who experience partial lack of work) was 27% in 2013. A large segment of workers outside agriculture operates in the informal economy with weak linkage to unemployment insurance schemes. Since the formal sector does not provide sufficient new jobs, most workers enter

causal informal activities, often by lower hours, to survive to generate some income. Malawi’s relatively low strict unemployment rate is shadowed by a composite labour underutilisation (the sum of the population in time-related underemployment, unemployment and the potential workforce expressed as a proportion of the extended labour force) at 18% in 2019, significantly lower than the regional average (see Table 10 above).

Unemployment is statistically linked to the employment segment, excluding persons outside the workforce: around 29% of Malawi’s working-age population was estimated as economically inactive in 2019.

Migration

Malawi offers an origin, transit, and destination country for migration. It is immersed in South-South migration dynamics with cultural and tribal linkages along with a flow of workers. The accelerating migration flows due to globalisation and complex migration factors (e.g., security, labour migration, diaspora engagement, dual citizenship, and FDIs) have challenged the national migration and citizenship policy. This situation promoted a comprehensive review of the policy by the Ministry of Home Affairs and Internal Security at the end of the 2010s. It led to a reform of the Citizenship Act in 2019, allowing for dual citizenship for both adults and children. A new clause protects against statelessness, and the removal of racial grounds for citizenship acquisition indicate its progress. However, the prohibition on women passing on citizenship to their spouses and the absence of judicial review in respect of the Minister’s decisions are areas of concern.⁵⁵

Foreign migrant workers are entitled to the same legal protections, wages, and working conditions as Malawian citizens if they comply with immigration laws. However, those persons not in compliance lacked these protections and were subject to deportation.

The country has not ratified the International Convention on the Protection of the Rights of All

Migrant Workers and Members of Their Families. But the Convention for the Protection of All Persons from Enforced Disappearance and the Interstate communication procedure under the International Convention for the Protection of All Persons from Enforced Disappearance are signed.⁵⁶

Malawi's youth bulge often lacks ownership of natural resources, moving many towards internal rural-to-urban migration flow to find job opportunities and generate some income, social aspirations, follow their family members, marriage, and education or shock responses such as climate.

Malawi's Integrated Household Survey from 2016 (IHS 2016) stated that more than 50% of the annual urban population growth came from rural-to-urban migration. In 2011, 7.9% of the total urban population was migrants who had moved from rural to urban areas, while 2.4% of the urban population moved to rural areas in 2011. Even though rural-to-urban migration creates a growing urban population, Malawi's fastest-growing internal migration trend is of rural-to-rural regions, mainly for seasonal agricultural work. In 2016, 64% of the total amount of migrants in Malawi migrated from rural-to-rural, while the rural-to-urban migration was the second most frequent migration pattern with 24%.⁵⁷ There exist complex but strong linkages between rural and urban economies through production, consumption, and migration channels.⁵⁸

Malawi is in early stage of urbanisation at a moderate rate: Approximately 17% of the total population will live in urban areas in 2020. The urban population rate is projected to grow by 3.6% per year, estimated to reach 20% of the total population in 2030.⁵⁹ The country's urbanisation rate is low compared to neighbouring countries: Mozambique (37%), Tanzania (35%), and Zambia (45%). Malawi's urbanisation flow generates a mounting housing demand that far exceeds the new housing delivery rate. As a result, 80% of the request is met through informal housing, resulting in insecure tenure, poor quality of housing and overcrowding.⁶⁰

Out-migration (emigration) has a long history and a part of Malawi's culture. Many Malawian emigrants work predominantly in the mining sector in the SADC region, particularly in South Africa and Mozambique. There are no reliable figures on how many Malawians live abroad, but the government has recognised that "millions" of Malawians live in the diaspora. It led to the Malawi Diaspora Engagement Policy (MDEP) that became operational in 2017, attempting to include the diaspora in national development. A Diaspora Portal was launched in February 2019 as a platform for engaging with the diaspora.⁶¹

Malawi's net migration flow suggests that the out-migration superseded the in-migration (immigration) significantly, and it widened during the 2010s (see more in Table 11 and Figure 9). The labour migrant influx in Malawi is mainly from Pakistan and India. They are primarily on business or registered with work permits. Another segment of immigrants from neighbouring countries often enters Malawi without any legal documents and thus operate in the informal labour market either permanently or as a transit point for earning money to migrate further on to another country or area.

Data show that the country's personal remittances have been low during the last three decades but started an upsurge at the end of the 2010s, reaching 1.4% of GDP on average from 2016 to 2020. This average is lower than Mozambique (1.8%) but higher than Tanzania (0.7%) and Zambia (0.4%). It is worthwhile to mention that Malawi's personal remittances fell by 0.4 percentage points from 2019 to 2020 as an impact of the Covid-19 pandemic.

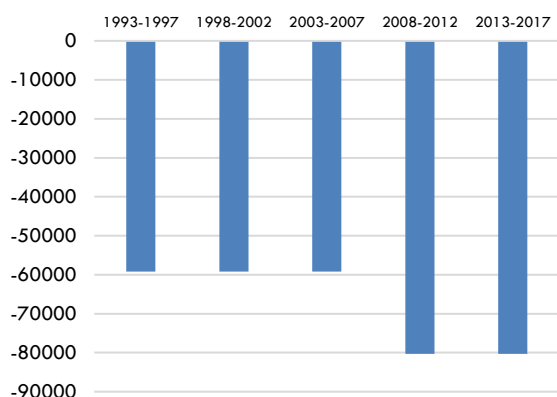
Table 11: Status of net migration flow and personal remittances in Malawi

| Theme | Value |
|--|-------|
| Net migration rate per 1,000 population (2020) * | -0.90 |
| Personal remittance (received), % of GDP (2016-2020 average) | 1.4% |

* Net migration is the net total of migrants during a period of five years, i.e. the total number of immigrants less the annual number of emigrants, including both citizens and non-citizens.

Source: World Bank, World Development Indicators; KNOEMA, Malawi - Net migration rate.

Figure 9: Net migration trend to average population in Malawi, 1993-2017



Source: World Bank, World Development Indicators.

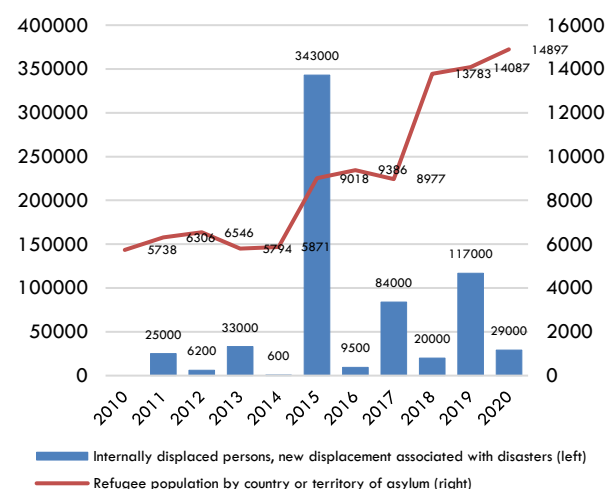
Limited livelihoods are one of the push factors for a significant number of unskilled Malawian young people, who often emigrate to Middle Eastern countries through irregular channels. On the other hand, Malawi signed a labour export agreement with the United Arab Emirates, allowing Malawian youth to travel to Dubai and Kuwait to work in the service industry. The deal has been criticised through Malawian media because of exploitation and terrible working conditions for the Malawian workers. Those who emigrate travel through private labour recruitment bureaus in the United Arab Emirates. These bureaus recruit young Malawians to migrate for new work opportunities. There are currently no legal requirements for private labour recruitment in Malawi.⁶²

Malawi has experienced climate change which has contributed to various devastating climate shocks that have increased in frequency in the last few decades. A segment of internally displaced persons (IDPs), mainly from disasters, while conflict and violence are minor groups. In recent years, 117,000 persons were displaced due to disasters in 2019, but it fell to 29,000 persons in 2020. With references to association with conflict and violence, just 150 persons were registered in 2019, which was the only registered number during the 2010s and 2020.⁶³

Malawi has been both a producer and recipient of refugees from its neighbours in the last four decades, mainly from the Great Lakes region and

the horn of Africa. As a recipient in recent years, it has started primarily for climb since 2018. The country is ratifying some relevant international refugee instruments such as the UN Convention relating to the Status of Refugees and its Protocol, and the Organisation of African Unity (OAU) Convention Governing the Specific Aspects of Refugee Problems in Africa. Malawi further ratified the Convention Relating to the Status of Stateless Persons and launched the Refugee Act in 1989. Issues of refugee rights, which were relevant when it hosted over a million refugees at the beginning of the 1990s, remain essential (see Figure 10). However, refugee rights are to a limited extent affected by reservations concerning the rights to naturalisation, health, education, freedom of movement and the right to engage in economic activity. In 2021, Malawi's government planned to relocate thousands of refugees to a congested camp with problematic consequences.⁶⁴

Figure 10: Malawi's refugee population and internally displaced persons associated with disasters, 2010-2020



Source: World Bank, World Development Indicators.

Informal Economy

The informal economy is widespread in Malawi. The Government has launched policies to address the status of informal workers; for example, the National Labour and Employment Policy (NLEP) and the Malawi Decent Work Country Programme (MDWCP) are directly dealing with issues in the informal economy and the need to create and

promote decent employment. The current Malawi Growth and Development Strategy (MGDS III) 2017-2022 further connects to the informal economy by creating decent rural and urban jobs, viable entrepreneurship opportunities, and widening the tax base to finance Malawi's welfare system. The Industrialisation Policy also promotes skills development and entrepreneurship in the informal economy. Besides, the Government encourages the development of non-traditional monitoring mechanisms, such as the Child Labour Monitoring System (CLMS), supporting a reduction of child labour merged in informality (see more in the Child Labour sub-section).⁶⁵

Around 89% of total employment were engaged in informality in Malawi. This scope is in line with other sub-Saharan African countries that tend to have between 85% and 95% of employment (see Figure 11). In the aftermath of the Covid-19 pandemic since 2020, hit hard both the formal sector and the informal economy due to lockdowns and restrictions of movement, strict quarantine measures, closure of roads, disruption of logistics for micro and small intermediaries in aggregation and distribution. Especially workers from the informal economy got more affected since most of them do not have formal pensions and unemployment insurance schemes available.

Figure 11: Status of informal economy in Malawi

| Indicator | Value |
|---|-------|
| Informal economy contribution to the GDP, 2017 | 35% |
| Share of informal economy workers in total employment, 2013 | 89% |
| Workers in 'vulnerable employment', 2019 * | 61% |

* A sum of own-account workers and contributing family workers.
 Source: NSO, Malawi Labour Force Survey of 2013; ILO, Key Indicators of the Labour Market; IMF, The Informal Economy in Sub-Saharan Africa: Size and Determinants, 2016.

The pervasive informal economy ties workers often independently operate in self-employed small-scale producers. As previously illustrated, Malawi's agricultural sector dominates the most significant proportion of employment, and the share of employed persons in informal employment is 91% in rural areas. In urban areas, activities are often

related to street vendors, bike taxis, among others; the share of employed persons in informal employment is around 69% in urban areas.⁶⁶ At the enterprise level, the micro and small enterprises are dominating the business environment; about nine out of nine (91%) of MSMEs operate in the informal economy.⁶⁷ These vulnerable employment conditions stick to loopholes in labour and business regulations, e.g., workers are side-lined for labour inspections, payrolls and income taxing, and pension and health insurance schemes, often due to lack of awareness or incentives. Although it is not easy doing business in Malawi, starting a business has improved and reached the country's best ranking (revisit Appendix Table 21).

No direct functioning tri-partite national informal economy forum nor another national forum addressing the status of informal economy workers are registered. It is worthwhile to mention that decent work-related issues for the informal economy workers and operators are one of the Tripartite Labour Advisory Committee agendas.

Child Labour

Malawi's proportion of children aged 0-14 years accounts for 46% of the total population and is haunted by extensive child labour.

The country ratified ILO's two conventions on effective abolition of child labour (see Appendix Table 19). Although the Constitution states that children under 16 are entitled to protection from hazardous work, the Employment Act sets the minimum age for hazardous labour at 18. A list of hazardous occupations was published in the Employment Order from 2012. Malawi has a wide range of child-related laws. The recent ones are the Child Care (Justice and Protection) Act of 2010 prohibits child betrothal, forced child marriage, and harmful practices against children, as well as the Marriage, Divorce and Family Relations Bill from 2014.⁶⁸ However, the Government is still lacking in finalising policies and legislation to protect children within international standards. For example, the minimum age law does not cover workers in third-party homes or non-commercial agriculture where

Malawian children are most present. Besides, a legal framework for the tenancy system used in tobacco production is lacking for children. This situation leaves children in vulnerable positions where they experience a hazardous form of child labour, including debt bondage, particularly in tobacco production.⁶⁹

By law, all the worst forms of child labour are prohibited. The Employment Act provides a list of hazardous work for children and specifies a fine or imprisonment for violations. It sets the minimum age for employment at 14, and children between ages 14 and 18 may not work in hazardous jobs or jobs that interfere with their education. The prohibition of child labour does not apply to work done in homes, non-commercial farms, vocational-technical schools, or other training institutions.

Child labour is rampant in Malawi: one out of two (52%) of Malawian children is a working child; most of these (58%) started to work before they were ten years old. This situation results from the high prevalence of poverty, and the education at intermediate and above levels is suffering from weak infrastructure (see more in the Education section). Instead, many enter child labour in the informal economy. This situation undermines the workforce's potential valuable skills to increase labour productivity.

The more critical child labour represented almost two out of five (38%) of children, equivalent to more than 2.1 million children; even 60% were in hazardous work.⁷⁰ Child labour is much higher in rural areas than in urban zones, i.e., 12% of the children who are involved in child labour live in urban zones. In comparison, the remaining 88% live in rural areas. This gap is related to the dominating agricultural sector in Malawi's employment structure. Data from the 2015 National Child Labour Survey (NCLS) were significantly higher than UNICEF/ILO data from 2013, estimating the child labour at 26% used for the SDG target dealing with child labour (see SDGs Table, Indicator 8.7.1, Page iv). Despite these statistical differences, the country is challenged to take immediate and effective measures to eradicate child labour to

reach the SDG target. Considering the impact of the Covid-19 pandemic since 2020, which forced schools to shut down, creating a hike in child labour, especially in rural areas, is suggested.

Table 12: Status of child labour (age 5-17) in Malawi and Africa

| Region | Year | Type | Proportion |
|--------|---------|--------------------------|------------|
| Malawi | 2015 | Children in employment * | 52% |
| | | Child labourers | 38% |
| | | Hazardous work | 21% |
| Africa | 2012-16 | Children in employment | 27% |
| | | Child labourers | 20% |
| | | Hazardous work | 8.6% |

* Regarding working children aged 5 to 17 years were reportedly to be involved in economic activities in the last 12 months.
 Source: National Statistical Office, National Child Labour Survey, 2015; ILO, Global estimates of child labour: Results and trends, 2012-2016.

Child labour was most prevalent with tea, tobacco and livestock herding, brickmaking and construction, and domestic service. Forced child labour also occurred, particularly in agriculture, construction, forced begging and street work, illicit activities, and commercial sexual exploitation. Children often worked 12-hour days, frequently for little or no pay. Many boys worked as vendors, and young girls in urban areas often worked outside their families as domestic servants, receiving low or no wages. Children who worked in the tobacco industry risked working with hazardous chemicals and sometimes suffered from nicotine poisoning.

As a result of social dialogue in efforts to tackle child labour, the Tobacco Industry Act from 2019 came into force, requiring tobacco growers to report on efforts to eliminate child labour in tobacco farming. It resulted, most major tobacco companies put in place systems to address child and forced labour in their supply chain and the Tobacco Commission engaged in awareness-raising activities.⁷¹

MCTU mobilised local leaders (chiefs) and communities to promote social dialogue in the fight against child labour in several districts where the outsourced (sub-contracted labour) labour work in informal arrangements.

Gender

Malawi has ratified the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). The country's constitution protects women; for example, they have the right to full and equal protection by the law and have the right not to be discriminated against based on their gender or marital status. It includes the right to be accorded the same rights as men in civil law, including the equal capacity to enter contracts. The laws governing marriage are derived from different sources: statutory law, customary law, common law, and the constitution. These various practices are confusing the rights and obligations. Malawi's Law Commission pointed out that the socio-economic situation in Malawi perpetuates gender inequality, reflected in women owning very little, if any, property. It has kept women having unequal use of land inputs, lower access to farm labour, inferior access to improved agricultural inputs and technology.⁷²

Gender inequalities are stick to the society's patriarchal structures leading the status of women is underprivileged. It challenges Malawian women's role in the labour market due to disproportionate activities they bear of unpaid work in the household, including children and elder care, food, fuel, and water. These cores bring more labour constraints for women, facing trade-offs on income-related activities. In addition, intimate partner violence (IPV) against women continues to remain a prevalent issue: 30% of women reported physical IPV, 25% of women reported experiencing emotional violence, and 18% reported sexual violence.⁷³

Child marriage is a severe problem in Malawi. Although the 2017 constitutional amendment raised the age of marriage to 18, many cases of child marriage persist. About 46% of girls are married before the age of 18, and 9% before the age of 15. The main drivers of child marriage are poverty, cultural and religious traditions, and peer pressure. Child marriage is often associated with limited education and employment opportunities; it is often seen as a way of protecting girls from out of wedlock pregnancy.⁷⁴

The global Gender Inequality Index (GII) reflects the scope of gender disparities ranks Malawi 142 out of 162 countries (1 is best) in 2019. This relatively low human development ranking was mainly due to the high maternal mortality ratio and adolescent birth rate (see more in the Social Protection section), as well as significant gender gaps in population with at least some secondary education and the labour force participation rate. Malawian women score better in their share in parliament.⁷⁵ The other Global Gender Gap Index (GGGI) 2021 ranked Malawi 115 out of 156 countries (1 is best). The country scores poorly in education attainment (129) and economic participation and opportunity (111); it counts better in political empowerment (93) and on the top at health and survival (1).⁷⁶

Table 13 below illustrates Malawi's employment gender gaps' scope. Generally, men are more present in employment than women; the latter is more visible in vulnerable employment and unemployment.

Table 13: Estimation of workforce key indicators gender gaps in Malawi, 2019/2020

| | Men | Women | Men/women ratio gap, percentage point (p.p.) |
|-------------------------|------|-------|--|
| Employment | 77% | 68% | +9 p.p. |
| Unemployment | 1.0% | 1.6% | -0.6 p.p. |
| Employees | 44% | 31% | +13 p.p. |
| Employers | 1.7% | 0.8% | +0.9 p.p. |
| Vulnerable employment * | 54% | 68% | -14 p.p. |

* Aggregated of own-account workers and contributing family workers.
 Source: ILO, Key Indicators of the Labour Market (KILM).

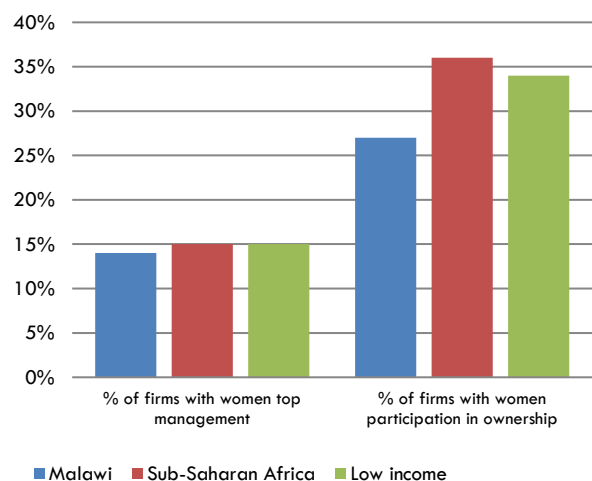
Women tend to work in more stereotypically low-pay jobs in the formal sector. Men primarily dominate the formal public sector. The most substantial gaps are apparent within civil service work and in the police, where men represent respectively 81% and 82% of the total workers.⁷⁷

The National Demographic and Health Survey 2015/16 (MDHS) shows that 59% of the employed women have experienced regularly not received any paid salary for their labour. To compare, 29% of the men have experienced not receiving paid

salary regularly. Also, 70% of the surveyed women earned less than their husbands, and only 14% gained the same amount. Concerning women's empowerment over their earnings, three out of four (76%) women married and in the age group 15-49 control their earnings either individually or jointly; 28% have sole decision making in their control of earnings. One out of four (24%) of the surveyed women had husbands who had all control over their earnings.⁷⁸ The gender inequalities in the country are further echoed in the wage gender gap: women wage workers earn 64% (512 Malawi Kwacha) for every dollar (800 Malawi kwacha) earned by men.⁷⁹

A smaller number of women were qualified within many organisations to occupy managerial positions. This disparity is entangled in the patriarchal culture, and men dominate managing enterprises. According to Malawi's latest Enterprise Survey from 2014, 14% of firms have top women management in line with the sub-Saharan Africa average. One out of four (27%) firms have women participation in ownership, lower than the regional average (Figure 12).

Figure 12: Women in firms' top management and ownership, 2014



Source: World Bank, Malawi Enterprise Survey, 2014.

Resolutions made at the 2021 MCTU Congress included the Gender Mainstreaming Task Team; several trade unions' gender policies were developed/reviewed, which influencing decision-making and inclusion in gender issues for collective bargaining, not to mention several developed sexual harassment policies.

Youth

Young Malawians face multiple interconnected challenges, including mounting pressure on job creation. Malawi's median age of just 18.1 places it among the world's youngest populations connected to its high fertility rate; every year, the number of young people entering the labour market increases fast. Population aged 15-24 years was 21% of the total population. The youth segment competes for relatively few formal jobs, pushing most into the informal economy or becomes either underemployed or economically inactive: around 130,000 young people are entering the labour market each year, but the formal sector delivers just approximately 30,000 jobs.⁸⁰ By the same token, young people often lack sufficient education and training, work experience, job search know-how and access to the social networks that provide job information.

Some of the central policies, including youth issues, are the previously mentioned Malawi Growth and Development Strategies (MGDS) and the National Youth Policy (NYP) from 2013. The latter policy acts as the guiding document for youth programming, their linkages to relevant sectoral policies, and service-delivery mechanisms at the sub-national level. Institutional mechanisms are arranged to facilitate youth participation and representation in policy processes, especially the National Technical Working Group (TWG) on youth within the Gender, Children, Youth and Sports Sector Working Group. Although the government recognised the importance of addressing youth challenges in its policy framework, it still faces several obstacles to effectively coordinating and implementing youth policies. For example, the Ministry of Labour, Youth, Sport and Manpower Development (MoLYSMD) lacks both human and financial resources to leverage partnerships and manage policy coordination across stakeholders.⁸¹

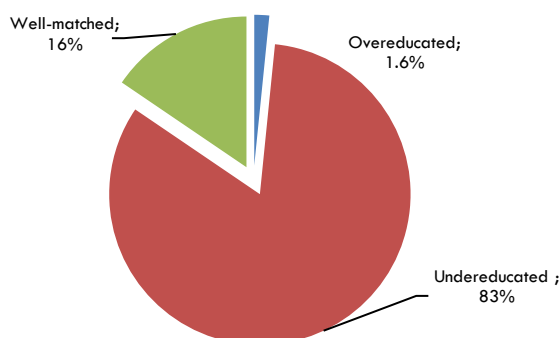
Investments in youth economic empowerment and development programmes are the third largest under the Ministry of Labour responsibility, accounting for an average of 4.2% of the total youth budget. Youth-related programmes under the Ministry of Youth and Sports account for an

average of 1.7% of the total youth budget. However, budgets declined in recent years. It is further challenging youth development to curb the mentioned pervasive multidimensional deprivations, especially for young women.⁸²

The transition from school to work is very challenging for the Malawian youth. The latest School-to-Work Transition Survey (SWTS) from 2014 showed that 64% of the surveyed youth were in transition, indicating their desire to work in the future; around 21% had transited, and 14% were yet to start their shift. Only 29% found stable employment after the change.⁸³ The high share of those in transition and those transited reflected low school attendance and a significant dropout rate associated with economic constraints and weak socio-economic backgrounds: Around 52% of young women and 66% of young men drop out of school for economic reasons, and 20% of the women drop out because they get pregnant and cannot provide economically for their child.

A high qualification mismatch haunts the labour market. The workers are mainly undereducated and lack the appropriate skills to match the labour market's demands. In comparison, over-education affects 1.6% of young workers, 83% with under-education (Figure 13). While the public sector has traditionally absorbed educated youth, it is a minimal sector in Malawi. Skills mismatches are particularly common in construction, manufacturing, mining, transport, and tourism.

Figure 13: Qualifications' mismatch of youth in Malawi, % of employment, 2013



Source: ILO, *Is education the solution to decent work for youth in developing economies? Identifying qualifications mismatch from 28 school-to-work surveys*, Work4Youth Publication Series No. 23, December 2014.

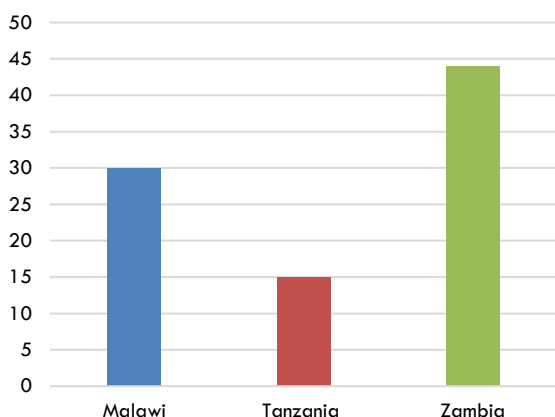
Malawi's youth population is primarily engaged in part-time, casual labour, mainly in the informal economy. Close to nine out of ten (88%) are employed in the agricultural sector.

Although the relatively low youth unemployment rate at 1.3% in 2020, job quality remains an important test in Malawi. Studies found that rural youth often start businesses out of necessity in the absence of decent job opportunities. Rural youth entrepreneurs have low education levels, and 80% acquire business skills informally either through self-teaching (44%) or by learning from family members (36%). Typically, rural youth businesses are small, informal, mostly in agriculture, with minimal value added to the products they sell, poor operating conditions, limited access to infrastructure and information and communication technology (ICT), and low profits. Weak access to financing and market integration, particularly facing rural youth entrepreneurs, not to mention lack of support and assistance from business organisations.⁸⁴ Malawian youth has limited opportunities for receiving social protection benefits. Those who received some support was in meal allowance; below 10% receive medical insurance and social security.⁸⁵

The Covid-19 pandemic has significantly affected the youth at various levels such as health and well-being, education, employment, and civic activities due to social distancing policies. For example, youth are the most vulnerable to lay-offs and complicated transitions from school to work.

Malawi's NEET rate (i.e., those not in employment, education, or training) increased from 15% in 2011 to 30% in 2020, with a higher share among women (37%) than men (22%). The NEET rate is much higher than Tanzania (15%) but lower than Zambia (44%), related to a tradition of combining school with work or looking for a job (as secondary activities) (see Figure 14). The specific SDG goal targeting to reduce the NEET rate in 2030 contrasts with Malawi's rise in the NEET rate (see more in SDG Table, Indicator 8.6.1, Page iv). The economic downturn in 2020 caused by the Covid-19 pandemic is most likely to inflate the NEET rate further.

Figure 14: The NEET rate in Malawi and neighbouring countries, %, 2014-2020



Note: The NEET rate is the proportion of youth not in employment, education, or training.

Source: ILO, Key Indicators of the Labour Market (KILM).

EDUCATION

Malawi's education system is guided by the 1993 Malawi Constitution in which education is a human right; the 2013 Education Act is clarifying the decentralisation provisions for primary education; the National Education Policy of 2016 that provides for the establishment, administration and management of primary and secondary education and teacher training colleges. Other acts direct higher education institutions and technical and vocational training. In addition, the third Malawi Growth and Development Strategy (MGDS III) 2017-2022 incorporated education in the overarching development plan for the country.⁸⁶

There are two major education systems. First, Malawi's formal education system comprises three levels: Primary Education, Secondary Education and Higher Education. At the end of eight years in Primary Education, a learner gets the Malawi Primary School Leaving Certificate of Education (PSLCE). Admission to four years of secondary education depends on successful performance at the PSLCE level. After successful completion of the Malawi School Certificate of Education (MSCE), the learners have the option of joining the Teachers Training Colleges, TEVET institutions and any other universities (public and private) and their constituent colleges to attain tertiary education. The primary responsibility of the Formal Education system rests

with the Ministry of Education Science and Technology (MoEST).

Second, the non-formal education consists of the Early Child Development and Adult Education (under Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW)); Out of School Youth and Functional Literacy (under Ministry of Youth and Sports); Complementary Basic Education (Under MOEST).

Malawi's spending on education ranged from 13% to 20% of total government expenditure during the 2010s, similar with the neighbouring countries. Generally, the country still fell short to meet the education sector needs emanating from an annual enrolment growth rate ranging from 2.0% to 2.5%.⁸⁷

Malawi's literacy rate for the population 25-64 years increased by only one percentage point from 2010 to 2015, reaching 59%, which was higher than Mozambique (51%) but substantially lower than Tanzania (77%) and Zambia (82%). The recent Integrated Household Survey 2019/2020 found that the proportion of women with less than basic education is double that of males, contrasted at the intermediate and advanced levels (see more in Table 14).

Table 14: Employment by education, age 15+, % of employment distribution in Malawi, 2020

| | Less than basic | Basic | Inter-mediate | Advanced |
|-------|-----------------|-------|---------------|----------|
| Total | 12% | 74% | 12% | 2.2% |
| Men | 8.3% | 74% | 15% | 2.7% |
| Women | 16% | 75% | 8.2% | 1.5% |

Source: National Statistical Office, Integrated Household Survey, 2019/2020.

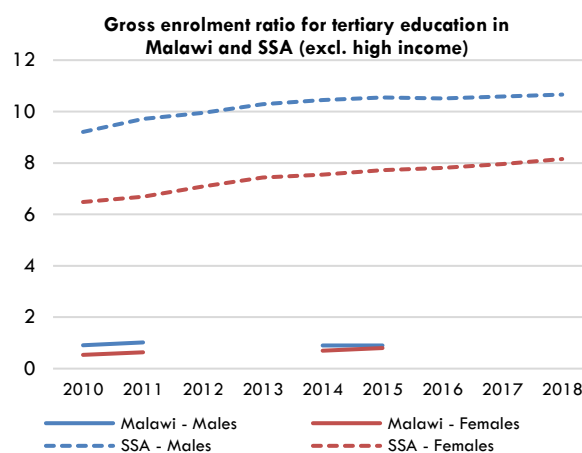
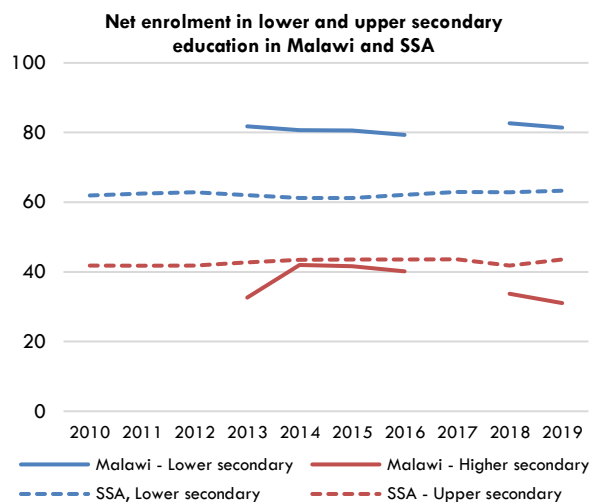
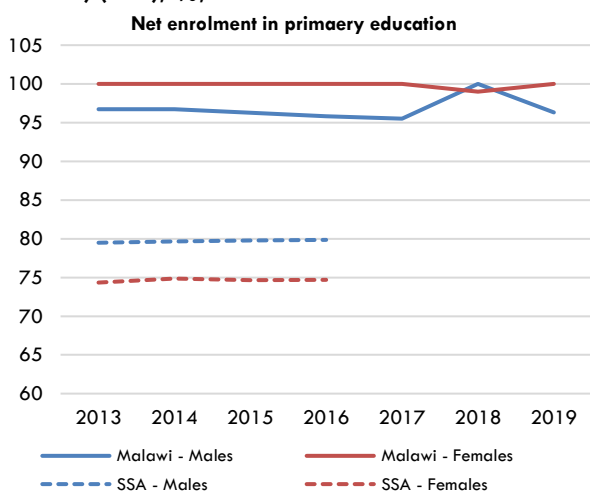
A high net intake rate at the primary education level shows a high degree of access to primary education at the official primary school entrance age (Figure 15). However, the gross enrolment rate (GER), a measure of participation, has risen by nearly five percentage points from 122% in 2009 to 127% in 2018. A high percentage reflects the continued presence of over-aged and under-aged learners. There is an almost equal number of boys and girls in primary education institutions, with more

girls in some cases. General improvements in Primary School Leaving Certificate of Education increased from 75% male and 62% female learners who passed in 2012 to 82% and 72% in 2017, respectively. This education level is struggling with the fast population growth of school-age children, lack of textbooks and classrooms with Pupil Permanent Classroom ratio as high as 121:1, and low teacher morale and motivation, among others.⁸⁸

At the lower secondary education level, the net enrolment rate stood stable around 80% on average during the 2010s with a minimal gender gap, hovering 19 percentage points higher than sub-Saharan Africa (excluding high income) average. At the upper secondary education level, the net enrolment rate did not develop and stood at 37% on average during the 2010s with a visual gender gap, not to mention six percentage points lower than the regional average.

Currently, there are four public universities and at least 28 recognised and registered private universities.⁸⁹ Malawi's gross enrolment ratio for tertiary education is one of the lowest in the world, below 1% and far below the average in sub-Saharan Africa (excluding high income) (Figure 15). School enrolment at this education level has been haunted by inequalities in access to public universities linked with pattern of colonial education and difficulties in application of Quota System.⁹⁰

Figure 15: Enrolment in primary, secondary, and tertiary education in Malawi and sub-Saharan Africa (excl. high income) (SSA), %, 2010-2019



Note: 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.

Source: The World Bank, Education Statistics; UNESCO, Institute for Statistics.

In 2020, the global Covid-19 pandemic triggered unexpected and unparalleled school closures, bringing extraordinary challenges to ensuring continuity of learning for children in Malawi. The Government launched the Covid-19 regulations from April 2020, integrating the education sector linked to the complex guidelines produced by the Ministry of Education, Science and Technology for use in schools.

Malawi's schools were initially closed on March 23, 2020, to prevent the spread of Covid-19. Some of the critical policy issues included physical distancing, particularly in schools with high enrolments, adequate personal protective equipment for both teachers and students, and access to water and handwashing facilities.⁹¹

After months of closed schools, Malawi's government reopened the nation's schools in a two-stage process in early September 2020. However, in mid-January 2021, Malawi's schools closed once again as Covid-19 cases rebounded throughout the country. Not until February 22, 2021, students return to classroom learning.

The education sector faced significant difficulties in supplementing school closures with remote learning alternatives. The Government implemented the Emergency Radio Education Programme (EREP) during the initial closures. These remote learning initiatives were not all-inclusive. More than 60% of primary and secondary students in Malawi did not have access to remote learning resources during school closures. These long-term lapses in learning have been devastating for students.⁹²

Teachers boycotted in-person education in Malawi in April 2021. This situation was fueled by a dispute between the Teachers Union of Malawi (TUM) and the federal government. The Government failed to deliver the nation's teaching staff a previously promised monthly stipend of MWK 50,000 (US\$66) as additional compensation for the hazardous nature of their positions. The Government argued they lacked funds to pay the stipend. Teachers refused to return to the classroom without hazard pay until TUM signed a deal with the government.

Vocational Training

Malawi's Technical, Entrepreneurial and Vocational Education and Training (TEVET) Act from 1999 sets the structure, supported by the 2013 TEVET Policy. The TEVET system is diverse, with many private and public providers offered. The TEVET Authority registered 58 training providers in 2021.⁹³ The institution has launched its TEVETA Strategic Plan 2018-2023 with a call for innovation from technical colleges.⁹⁴ Social partners like MCTU and ECAM are contributing to these efforts as both are represented in the TEVETA board and its Trade Advisory Committees (TACS).

The Government is currently in the process of developing a National Qualifications Framework. The TEVET system remains male-dominated, and

students with disabilities (SWD) and other vulnerable students do not have equal access to skills training. Currently, the TEVET Authority promotes three initiatives:⁹⁵

- **Formal Apprenticeship Programme:** The training programme certification is done at levels one to four of achievements, where trainees acquire practical and theoretical knowledge. Trainees under this programme are called apprentices.
- **Informal Skills Development Programme:** Skills development training programmes are demand-driven and are based and generally operate on a cost-sharing basis. TEVET Authority works with Informal TEVET providers who must undergo registration to ensure adherence to prescribed standards.
- **Productivity Enhancement Programmes:** Short-term TEVET interventions are organised based on demand and identified productivity gaps in various levy compliant companies /organisations.

The number of recruitments to TEVET programmes increased by 37% from 2013 to 2017, reaching 1,489 in 2017. Besides, government expenditure on secondary and post-secondary non-tertiary vocational education was minimal at 0.02% of GDP in 2016; for example, compared with Mozambique at 0.2% (Table 15).

Table 15: Status of Vocational Training in Malawi

| Indicator | Value |
|--|---------|
| Pupils in vocational training (2017) | 1,489 * |
| Vocational pupils (% women) (Average, 2013-2017) | 30% |
| Government expenditure on secondary and post-secondary non-tertiary vocational education (% of GDP) (2016) | 0.02% |

* Recruitment to TEVET programmes.

Source: UNESCO, *Making Technical and Vocational Training Work for Women and Vulnerable Students in Malawi: Improving Access and Success, Policy Brief 01, 2018.*

The distribution of formal TEVET courses is concentrated in a few trades such as construction, administrative studies, and vehicle repair. The

current TEVET system fails to supply trainees at all qualification levels, leaving firms with inadequate labour supplies. Skills gaps and shortages persist in economic strategic sectors such as mining, agro-processing, construction, and tourism.⁹⁶

Around 87% of the applications for the TEVET programmes were denied, often due to lack of financial capacity or too high academic entry requirements disfavours most of the youth. Lack of training of the teachers and minimal control by the government results in that most of the vocational training is provided informally, which also results in a lack of skills after the completion of the programme.⁹⁷ It also leads many young people to choose informal apprenticeships since it seems to project a higher likelihood of securing a job afterwards in comparison with formal training.⁹⁸ It is in this avenue MCTU is promoting demand-driven skills development for the informal economy workers with the support from EU-Delegation to Malawi since 2017 through the STEP programmes

Data suggested that the number of people who complete TEVET was meagre: only 1.3% completed any form of vocational training in 2014, which was one of the lowest measures in sub-Saharan Africa. Only 0.5% of the total education expenditure was directed towards TEVET, not to mention out of the total number of employees, 4% had completed vocational training as the only form of education. In comparison, 2.3% of the self-employed had completed training. Although investments in TEVET, the new levy collection approach since 2015, and youth in enrolment have increased substantially in recent years, training opportunities remain limited compared to the demand from the youth and the labour market's needs. High academic entry requirements, financial constraints, and cultural patterns frequently disadvantage youth enrolling in TEVET institutes.

Traditional apprenticeship is the most popular form of informal training in the informal economy, especially in construction, mechanics, welding, and carpentry. The duration of the training varies from the trade, the aptitude of the trainee and the master craftsman providing the training.

Apprentices can take the formal Trade Test exams at the end of their apprenticeship. This informal vocational training is often provided by master craftsmen or private institutions without sufficient supervision and control from the government. Insufficient linkages to industries, lack of up-to-date teaching resources and equipment, and poorly trained teachers hinder the quality of this training.

According to the percentage of private firms offering formal training to their permanent and full-time staff, Malawi experienced a drop from 48% in 2009 to 33% in 2014, continuing to supersede Mozambique and Tanzania but placed below Zambia.⁹⁹ Registered formal private enterprises offering training cover a narrow group, and many enterprises fail to implement in-house training mainly due to production pressure, not to mention a lack of training materials and qualified trainers. Currently, the Malawi's TVET sector is undergoing reform processes that harmonise skills qualifications models and improve the engagement of the private sector providers to increase job creation and productivity in the labour market.

Malawi's TEVET system also suffered from the school closure in 2020/2021 due to the Covid-19 pandemic, relying heavily on face-to-face learning using equipment and other experiential learning strategies. It involves apprenticeship and actual involvement in abruptly closed industries due to the pandemic. The applied learning strategies do not lend themselves easily to online interventions and, as such, are affected by the school closures. This situation fuelled the need for integrating Information Communication Technologies (ICT) in teaching and learning and training teachers in the use of technology. Malawi's education sector has a long way to go in this area, as evidenced by the relatively low number of secondary school students that had access to the learning platform during the pandemic.¹⁰⁰

The global Fourth Industrial Revolution (4IR) introduced disruptions in the labour market: job losses due to digitisation are becoming more urgent, upskilling and retooling is putting pressure on the TEVET system. Although Malawi is expected to

announce plans to harmonise its digital development strategies, the country has still not fully embraced the Third Industrial Revolution (3IR), known as the digital revolution. Instead, most critical services are still manual and, to some extent, trapped in the Second Industrial Revolution. Nevertheless, new technologies (especially electronics, motor vehicles, and the construction industry) entered the labour market in Malawi. Still, companies often hire expatriates since the national education system miss the mark to provide appropriate labour. Few technical training institutions offer training in these areas. The high skills mismatch in Malawi turns clients or customers seeking services from foreign countries.¹⁰¹

The demand for digital services – such as mobile cellular, internet, and other digital payments – increases worldwide. In Malawi, a significant digital divide persists in urban/rural and education levels. Malawians using the internet increased from 2.2% in 2010 to 16% of the population in 2019, in line with Mozambique (15%) but lower than Tanzania (20%) and Zambia (19%). Malawians’ demand for mobile cellular subscriptions soared from 21 in 2010 to 52 per 100 people in 2019, relatively low compared to neighbouring countries, except Mozambique.

SOCIAL PROTECTION

Although a growing recognition of the role of social protection floors in Malawi to reduce poverty and inequality, weak social protection coverage continues to face most workers. The country has not ratified ILO’s central Social Protection conventions but adopted the ILO Recommendation calls for Social Protection Floor for all in 2012. Strengthening the pension system gradually builds a social protection floor, and there are solid legislative underpinnings for a more comprehensive social protection system.¹⁰²

During the 2010s, Malawi extended social protection as a strategic part of the development agenda through various programmes. The Malawi National Social Support Policy 2012-2016 (NSSP) and Malawi National Social Support Programme

(MNSSP) have supported the social protection. The MNSSP expired in 2016, and a successor programme, the MNSSP II 2018-2023, presents a shock responsive social protection (SRSP) system. Additional social protection programmes have been designed and implemented, and more partners have joined the sector. Additionally, to expand social security to Malawian workers and to overcome the numerous challenges of the country’s workers’ compensation system, the government, in collaboration with development partners, is undertaking efforts to establish a more efficient and effective employment injury system that is in line with International Labour Standards on Social Security and Malawi’s labour laws.

Although the government’s commitment to social protection, weak coverages continue, especially regarding the inclusion of workers from the informal economy. For example, 21% of the population were covered by at least one social protection benefit in 2020, less than Zambia (25%) but higher than Mozambique (13%) and Tanzania (14%). Employed covered in work injury is low at 6.9% and only applies to formal workers. Vulnerable persons covered by social assistance was relatively high at 20%. See more proportions of population covered by social protection in other aspects in Table 16.

Table 16: Proportion of population covered by social protection systems and health in Malawi, %, 2020

| Indicator | Coverage |
|--|----------|
| People covered by health insurance, % of population | 11% * |
| Population covered by at least one social protection benefit | 21% |
| Proportion of older persons receiving a pension | 2.3% |
| Unemployed receiving unemployment benefits | 0% |
| Employed covered in the event of work injury | 6.9% ** |
| Children/households receiving child/family cash benefits | 9.8% |
| Poor persons covered by social protection systems | 22% ** |
| Vulnerable persons covered by social assistance | 20% |

* Year: 2013. ** Year: 2019.

Source: ILO, Key Indicators of the Labour Market (KILM); DTDA, Malawi. Data-collection tool, 2020.

Social protection programmes reflect the relatively high penetration rate compared to the neighbouring countries but with some leakage issues (i.e., programmes benefit the non-poor group). For example, coverage of social protection and labour programmes increased from 20% in 2010 to 42% of the Malawi population in 2013-2016, superseding the neighbouring countries: Mozambique (6.3%), Tanzania (13%), and Zambia (2.3%). Malawi's social safety net programmes coverage reached 41% of the population with a gap between the poorest and richest quintiles, 50% and 26%, respectively. On the other hand, the smaller social insurance programmes stood low at 0.6% of the population in 2016 with a conversed gap between the poorest and richest quintiles, 0.2% and 1.4%, respectively.¹⁰³ Generally, these programmes' scales are too small and too brief.

Malawi's health expenditures increased significantly from 5.8% to 9.2% of GDP from the 2000s to the 2010s on average. It was 4.0 percentage points higher than the average in sub-Saharan Africa (excluding high income). Malawi's health expenditure per capita likewise increased from US\$19 in the 2000s to US\$36 in the 2010s on average. It signals that the country was in progress to reach the US\$44 per capita threshold defined by the High-Level Task Force on Innovative International Financing for Health Systems (HLTF) but stood substantially below the regional average (see more in Table 17).¹⁰⁴

Table 17: Status of expenditure on health in Uganda and sub-Saharan Africa (excluding high income), 2010-2018 average

| Indicator | Malawi | Sub-Saharan Africa |
|---|---------|--------------------|
| Total health expenditure, % of GDP | 9.2% | 5.1% |
| Current health expenditure per capita, US\$ current | US\$ 36 | US\$ 87 |

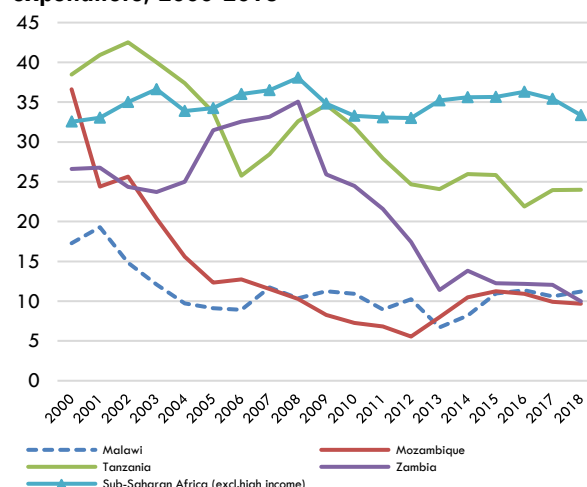
Source: World Bank, World Development Indicators.

Malawi's government promotes national healthcare services that are free to all Malawians, enshrined in the constitution. However, direct medical (e.g., fees), direct non-medical (e.g., transport costs) or informal payments are common, which results in poor people benefiting less than the well off from tax-funded

service provision. Generally, health services are provided by public, private for-profit (PFP) and private not for profit (PNFP) sectors. The PFP sector consists of private hospitals, clinics, laboratories, and pharmacies. Traditional healers are also prominent and would be classified as PFP. The PNFP sector comprises religious institutions, non-governmental organisations (NGOs), statutory corporations and companies. The major religious provider is the Christian Health Association of Malawi (CHAM), which provides approximately 29% of all health services in Malawi. Most private and PNFP providers charge user fees for their services.¹⁰⁵ National survey data found that persons who sought treatment at the government health facilities during illness/injury fell from 55% in 2010 to 43% in 2019, just as inadequate health care increased from 32% to 48% for the same period.¹⁰⁶

Figure 16 depicts Malawi's share of healthcare expenditure financed by private households' out-of-pocket payments stood low during the 2010s compared with Tanzania and sub-Saharan Africa (excluding high income) average but in line with Mozambique and Zambia. Although the low out-of-pocket expenses on healthcare in Malawi supported by the health services in the public sector are free-of-charge at the point of use, poverty has not reduced during the last two decades.

Figure 16: Out-of-pocket expenditure as a percentage of total expenditure on health in Malawi and neighbouring countries, % of current health expenditure, 2000-2018



Note: Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and

suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

Source: World Bank, World Development Indicators.

The health expenditure upsurge in Malawi led to health improvements: The maternal mortality rate fell from 942 in 2000 to 451 deaths per 100,000 live births in 2016. The mortality rate under-5 dropped from 173 in 2000 to 42 per 1,000 live births in 2019; it stood lower than Mozambique (74), Tanzania (50), and Zambia (62). These changes are reflected in the share of births assisted by nurses increased from 50% in 2010 to 67% in 2019.

Malawi's current health insurance system is concentrated in the Social Cash Transfer (SCT) and Public Works Programme (PWP) under Malawi Social Action Fund (MASAF). Given the current health financing arrangements, health services are financed almost entirely by those in the formal sector through personal income tax and VAT on goods and services traded in the formal economy. Few are covered by health insurance at 11% of the population (see Table 16 above).

By the Pension Act of 2011, a novel mandatory national pension system (NPS), requiring employee and employer contributions in the private sector. Although informal workers have access to social security schemes (voluntarily) and can enjoy benefits such as medical care and employment injuries, many lack awareness of the schemes or incentives due to irregular incomes. Besides, domestic workers still face challenges as the Workers Compensation Act does not consider a household as a workplace, sidelining domestic workers' access to pension schemes.

The pension system has limited scope to provide security for most Malawians. The expansion of the Social Cash Transfer Programme (SCTP) since 2006 has provided a lifeline for older people. However, most older people – including many of the very

poorest – are not covered by the programme: Persons above retirement age receiving a pension was 2.3% in 2020; significantly lower compared to Mozambique (53%), Tanzania (5.5%), and Zambia (7.8%).¹⁰⁷ Malawi's government explores options of responding to the rising eldercare demands and initiate a universal old age pension scheme.

Malawi's 2000 Employment Act outlines an employer-liability maternity cash benefit system covering employed women. Maternity leave pays 100% of the employee's daily wage for eight weeks. Data are scarce on maternity leave coverage. In addition, Malawi does not have any statutory benefits related to paternity leave.

Malawi's 2000 Employment Act and Employment Amendment Act 27 of 2010 requires employers to provide severance pay for contract terminations because of redundancy, retrenchment, or economic conditions and for unfair dismissals. The severance pay is two weeks of the employees' wages for each of the first five years of continuous service, plus three weeks of wages for each year of continuous service from the sixth year to the 10th year, plus four weeks of wages for each year of continuous service exceeding ten years. Data are scarce, but most likely, no one unemployed is receiving unemployment benefits in practice.

The global Covid-19 pandemic led Malawi's government to launch the Public Health (Covid-19) Prevention, Containment and Management Rules that came into force on August 8, 2020. A series of restrictions were promoted such as international travel ban, school closures at all levels, cancellation of public events, decongesting workplaces and public transport, and mandatory face coverings and a testing policy covering symptomatic people. However, official available documents to create understanding of the pandemic among the population was scarce, even on government websites.¹⁰⁸

APPENDIX: ADDITIONAL DATA

Table 18: List of approved labour related legislation in Malawi, 2014-2021

| Type | Legislation |
|--|--|
| 2014 | |
| - | - |
| 2015 | |
| Elimination of forced labour | Trafficking in Persons Act, 2015 (No. 3 of 2015) |
| 2016 | |
| General provisions | Human Rights Commission (Amendment) Act, 2016 (No. 21 of 2016). |
| 2017 | |
| General provisions | Access to Information Act, 2016 (No. 13 of 2017). |
| 2018 | |
| General provisions / Equality of opportunity and treatment | HIV and AIDS (Prevention and Management) Act, 2018 (No. 9 of 2018). |
| General provisions | Political Parties Act, 2018 (No. 1 of 2018). |
| 2019 | |
| Equality of opportunity and treatment | RIATT-ESA Strategic Plan and Costed Implementation Plan (2019-2022). |
| 2020 | |
| - | - |
| 2021 | |
| General provisions | Labour Act, 2021. |
| General provisions | Labour Relations Act (Miscellaneous amendments), 2021. |

Source: ILO, NATLEX, Malawi; DTDA, SRO Eastern Africa, data collection tool.

Table 19: Status of ratified ILO Conventions in Malawi, 2021

| Subject and/or right | Convention | Ratification date |
|--|--|-------------------|
| Fundamental Conventions | | |
| Freedom of association and collective bargaining | C087 - Freedom of Association and Protection of the Right to Organise, 1948 | 1999 |
| | C098 - Right to Organise and Collective Bargaining Convention, 1949 | 1965 |
| Elimination of all forms of forced labour | C029 - Forced Labour Convention, 1930 | 1999 |
| | C105 - Abolition of Forced Labour Convention, 1957 | 1999 |
| Effective abolition of child labour | C138 - Minimum Age Convention, 1973 | 1999 |
| | C182 - Worst Forms of Child Labour Convention, 1999 | 1999 |
| Elimination of discrimination in employment | C100 - Equal Remuneration Convention, 1951 | 1965 |
| | C111 - Discrimination (Employment and Occupation) Convention, 1958 | 1965 |
| Governance Conventions | | |
| Labour inspection | C081 - Labour Inspection Convention, 1947 | 1965 |
| | C129 - Labour Inspection (Agriculture) Convention, 1969 | 1971 |
| Employment policy | C122 - Employment Policy Convention, 1964 | Not ratified |
| Tripartism | C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 | 1986 |
| Technical Conventions (Up-to-date) | | |
| Migrant Workers | C097 - Migration for Employment Convention (Revised), 1949 | 1965 |
| Specific categories of workers | C149 - Nursing Personnel Convention, 1977 | 1986 |
| Labour administration and inspection | C150 - Labour Administration Convention, 1978 | 1999 |
| Occupational safety and health | C155 - Occupational Safety and Health Convention, 1981 | 2019 |
| | C184 - Safety and Health in Agriculture Convention, 2001 | 2019 |
| | C187 - Promotional Framework for Occupational Safety and Health Convention, 2006 | 2019 |
| Employment Policy | C159 - Vocational Rehabilitation and Employment (Disabled Persons), 1983 | 1986 |

Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and 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 73 technical conventions.

Source: ILO, NORMLEX, Malawi.

Table 20: Status of Malawi Congress of Trade Unions affiliated trade unions, women's share, change in membership, and registered Collective Bargaining Agreements (CBAs), 2021

| Trade unions | Paid up members | Women share * | Change in membership, 2019-2021 | Number of CBAs |
|--|-----------------|---------------|---------------------------------|----------------|
| Building Construction Civil Engineering Allied Workers Union (BCCEAWU) | 6,401 | - | -4% | 3 |
| Civil Servants Trade Union (CSTU) | 15,000 | 36% | 0% | 7 |
| Commercial, Industrial & Allied Workers Union (CIAWU) | 10,928 | 34% | -3% | 1 |
| Escom Staff Union (ESU) | 1,830 | 4.4% | -38% | 9 |
| Hotels Food Catering Services Union (HFCSU) | 3,900 | 40% | -22% | 11 |
| Malawi Housing Corporation Workers Union (MHCWU) | 350 | - | 0% | 11 |
| Communication workers unions of Malawi (COWUMA) | 2,765 | 30% | 3% | 6 |
| Plantations Agriculture Workers Union (PAWU) | 10,791 | 23% | -12% | - |
| Private Schools Employees Union of Malawi (PSEUM) | 3,221 | 32% | -15% | 1 |
| Railways Workers Union of Malawi (RWUM) | 368 | 6.8% | 9% | - |
| Sugar Plantation Allied Workers Union of Malawi (SPAWUM) | 8,898 | 6.2% | 7% | 1 |
| Teachers Union of Malawi (TUM) | 45,000 | - | -12% | - |
| Textiles Garments Leather Security Services Union (TGLSSU) | 3,728 | 2.1% | -63% | 7 |
| Tobacco Tenants Allied Workers Union of Malawi (TTAWUM) | 2,216 | 51% | -53% | 2 |
| Transport General Workers Union (TGWU) | 2,600 | 2.4% | -15% | - |
| University Workers Union (UWU) | 1,085 | - | 0% | - |
| Water Employees Union of Malawi (WETUM) | 2,653 | - | 0% | - |
| National Organisation of Nurses and Midwives (NONM) | 3,000 | - | 166% | 151 |
| Malawi Union for Informal Sector (MUFIS) | 2,514 | 60% | -27% | 1 *** |
| Shipping Customs Clearing Allied Trade Union (SCCATU) | 200 | - | 0% | 3 |
| Municipal Workers Union (MWU) | 2,240 | 20% | 0% | - |
| Malawi Musician Union (ATUM) | 1,200 | 36% | 20% | 2 |
| Association of Magistrates (AMA) | 170 | - | 0% | 1 |
| Chemicals, Mining and Aligned Workers Union (CMAWU) | 326 | - | 0% | 4 |
| SUMUST | 300 | 26% | 161% | - |
| MUM | 1,200 | - | 0% | - |
| Total | 132,884 | 25% ** | -12% | 85 |

* Year: 2019. ** Only from trade unions with registered women members. *** A signed Memorandum of Understanding; it is not a CBA.

Source: MCTU; own calculations on change in membership.

Table 21: Ease of Doing Business in Malawi, 2020

| Topics | Value |
|-----------------------------------|-------|
| Overall | 166 |
| Starting a Business | 44 |
| Dealing with Construction Permits | 161 |
| Getting Electricity | 184 |
| Registering Property | 100 |
| Getting Credit | 176 |
| Protecting Minority Investors | 143 |
| Paying Taxes | 140 |
| Trading Across Borders | 169 |
| Enforcing Contracts | 158 |
| Resolving Insolvency | 147 |

Note: Doing Business 2020 indicators are ranking from 1 (top) to 190 (bottom) among countries.

Source: World Bank, Ease of Doing Business 2020 in Malawi.

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