

# LABOUR MARKET PROFILE

## Malawi 2026



### Key Labour Market Indicators



Population  
22 mio



Workforce  
9 mio



Informal Employment  
> 90%



Trade Union Rights Violations  
2 out of 5



ULANDSSEKRETARIATET – DTDA  
DANISH TRADE UNION DEVELOPMENT AGENCY

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## FACT SHEET



Labour Force Participation Rate

**67%**

**20%**

of population covered by at least one social protection benefit

Trade Union Density

**3%**



**18%**

of employees covered by CBAs



Child Labour Rate

**24%**

**37%**

Working-age population (15-24 years)

**72%**

Poverty Rate



**39%**

of youth not in education, employment or training



## PREFACE

The Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. DTDA's work aligns with the International Labour Organization's global Decent Work Agenda (DWA), based on its four 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.

The DTDA collaborates with trade union organisations in Africa, Asia, Eastern Europe, 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 the labour-related Sustainable Development Goals (SDGs).

The labour market profile brings insights to the labour market model and its trends, status, and challenges. It is prepared in collaboration with national partner organisations, providing annual narrative progress reports as part of programme implementation and monitoring. National statistical institutions and international databanks (e.g., ILOSTAT and NATLEX, World Bank Open Data, and other internationally recognised labour-related global indexes) are also used as sources of data and information.

The profile is regularly updated to reflect the latest developments. Labour Market Profiles for more than 20 countries are available on DTDA's website, ensuring stakeholders have access to the most recent information:

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

The DTDA supports development programmes in Malawi in collaboration with the Malawi Congress of Trade Unions (MCTU).



### Labour Market Profile 2026

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## EXECUTIVE SUMMARY

**Malawi's sluggish economic performance has weakened labour market conditions.** During recent years, shocks sparked by the global COVID-19 pandemic, extreme weather events, and high inflation constrained formal job creation and eroded real income gains, triggering increased poverty levels. Other structural factors strained the labour market landscape, including low labour productivity and unemployment rising fast. As a result, most workers face unstable incomes and restricted access to decent work opportunities.

**Although the legal framework is relatively comprehensive, its practical impact is constrained by the predominance of informal employment.** This dual labour market results in the uneven distribution of the benefits of legal reforms, leaving large segments of the workforce outside their protection. Likewise, key regional trade agreements (RTAs), which contain provisions on labour mobility and decent work, have not been effectively implemented in practice. Widespread informality further restricts the supply of skilled, and mobile labour capable of competing in integrated markets.

**Social dialogue benefit robust rules and tripartite platforms, but its influence on broader employment conditions and labour rights enforcement remains constrained.** This stance causes overlying factors that negatively influence the dynamics, such as weak efficiency and low flexibility, dejecting industrial relations. These circumstances are echoed in low-slung collective bargaining rate and small trade union density. Granting trade unions operate freely in principle, weak compliance, resistance from some employers,

and resource constraints hinder their full influence on labour policy and workplace standards.

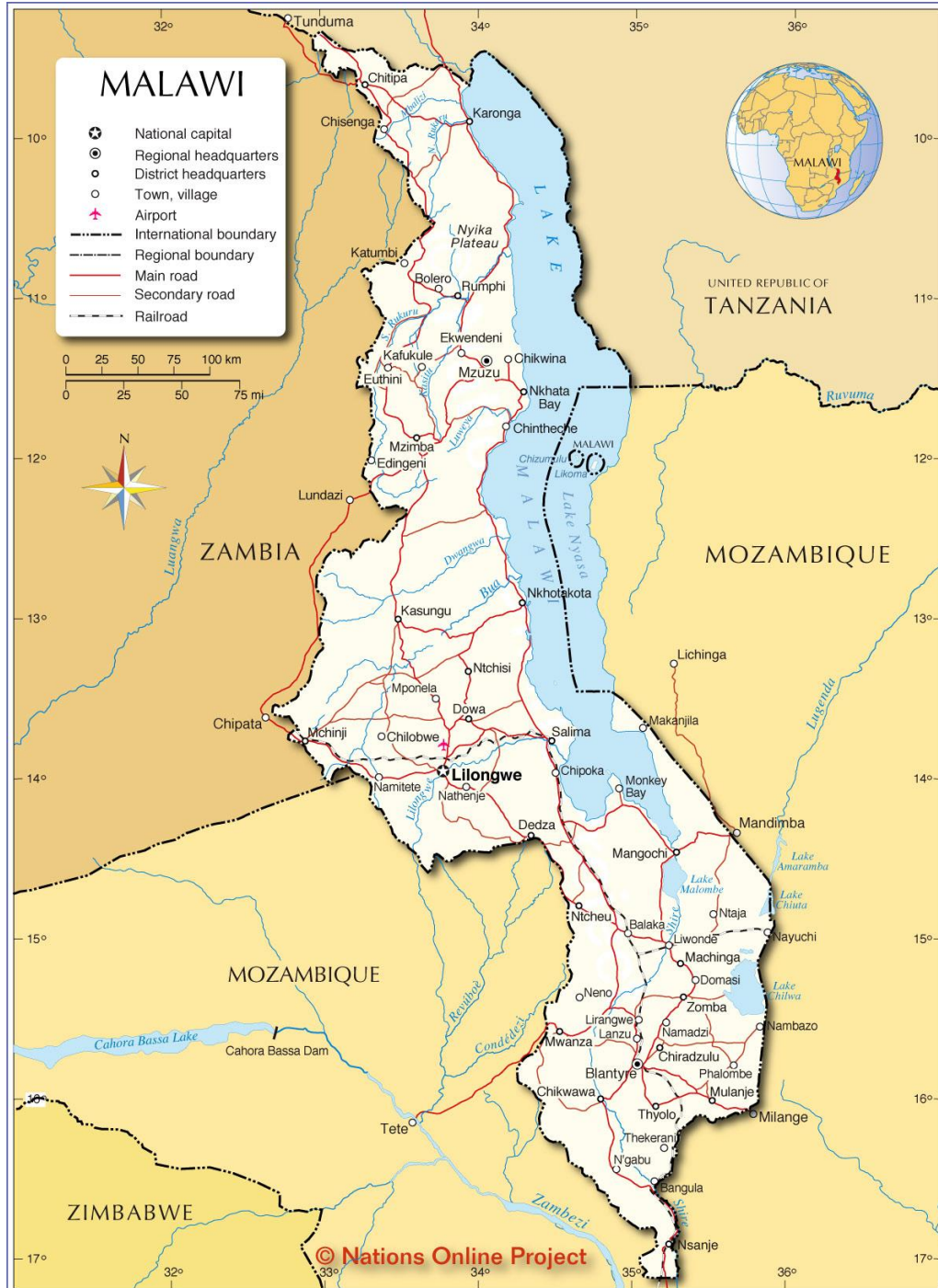
**A range of contemporary labour market challenges is reshaping Malawi's workforce.** Population grows fast, but job creation has not kept pace, leading to stagnant employment opportunities. Workers are increasingly shifting from agriculture to underdeveloped service-sector activities, while the industrial sector remains stagnant. Employment formalisation has seen little progress, and the workforce is lagging behind the rapid digital transformations of the Fourth Industrial Revolution. Continued reliance on agriculture also leaves jobs highly vulnerable to climate shocks.

**Positive shifts in employment are that more workers got better educated at the basic and intermediate levels.** However, limited access to quality secondary and tertiary education, combined with high dropout rates – especially among girls – constrains the supply of skilled labour. Enrolment in technical and vocational education is increasing and with strong exam performance at lower qualification levels, but opportunities remain insufficient and often misaligned with market demands, contributing to widespread skills mismatches.

**Malawi's formal social protection system faces structural and capacity-related challenges.** Limited fiscal space constrains benefit levels, coverage, and sustainability, resulting in heavy reliance on external financing. Targeting mechanisms remain uneven, leading to exclusion. Informal social protection approaches also function but limited in scale, lack of regulation, and weakening community ties.



## COUNTRY MAP



Source: National Online Project.

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## ECONOMIC PERFORMANCE

### Key Findings

- One of the poorest countries in the world.
- Dependence on agriculture limits diversification → highly exposed to climate-related disasters disrupting rural livelihoods.
- Informal and low-productivity sectors hinder resilience and adaptation capacity.
- Persistent high inflation erodes real wages and living standards.
- Narrow tax base weakens the labour market model's financial capacity.
- Slow industrialisation → EPZs yet to achieve large-scale impact.

### Economy Not Transforming

The Malawi 2063 Vision aspires to transform the country into a lower-middle-income economy by 2030 and an upper-middle-income economy by 2063. So far, progress toward structural transformation has been slower than anticipated. As a landlocked country in Southern Africa, the economy remains heavily dependent on agriculture, a sector that is under-modernised and highly vulnerable to climate shocks, complicating the country's transition toward greener and more resilient growth. Manufacturing employment remains marginal, while the service sector, though the largest contributor to GDP, generates relatively few jobs per unit of output or investment. Weak job intensity limits the potential to absorb the growing workforce.

### Impact of Weak Labour Productivity Growth

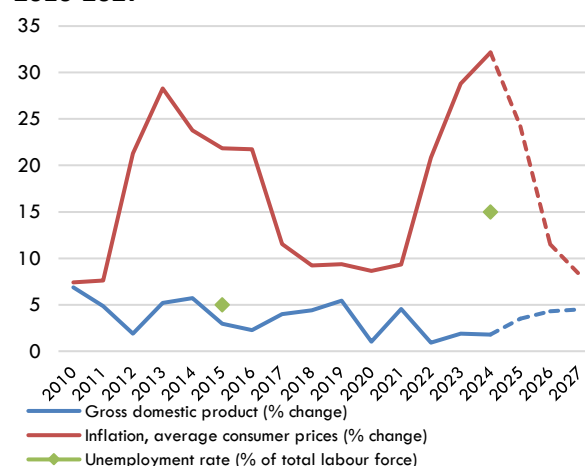
The country experiences some positive economic improvements, such as the services sector has increasingly driven GDP growth, particularly in urban areas. Nevertheless, agro-processing – especially in tobacco, tea, and sugar – remains a key focus area for value addition and employment creation. The mining sector shows emerging

potential, with exploration and extraction of rare earth minerals, uranium, and other resources gaining momentum. However, economic structures stick with a weak labour productivity growth, creating a vicious cycle: firms produce less per worker, they pay lower wages and create fewer formal jobs, workers remain in low-paid, informal, and precarious work, aggregate demand stays low, and overall economic growth stagnates (Figure 1).

### Alarmingly High Inflation

Persistently high inflation has eroded income security and living standards for Malawian workers: Consumer price inflation has remained above 30%, driven by a weak agricultural recovery, import restrictions that constrain supply, and sustained monetary expansion. The erosion of purchasing power has heightened economic vulnerability, reduced real wages, and posed severe challenges for decent work and social stability. Macroeconomic projections suggest that inflation may gradually decline in the medium term (see Figure 1), supported by improved agricultural output, fiscal restraint, and more stable exchange rates.

**Figure 1: Gross domestic product, inflation, and unemployment growth trends in Malawi, %, 2010-2027**



Note: The unemployment rate is based on national estimates.

Source: International Monetary Fund, World Economic Outlook Databases; International Labour Organization, KILM.



### **High Unemployment**

Based on national data, unemployment was on the rise during the last decade, peaking 15% in 2024 (Figure 1), which was relatively low compared with Southern Africa average of 30%.<sup>1</sup> Malawi's figure even understates real labour market conditions. As indicated, a substantial share of the workforce is engaged in informal, low-paid, or seasonal employment, particularly in subsistence agriculture, often leading to underemployment or "disguised unemployment." The absence of unemployment insurance or benefits leaves workers particularly exposed during economic downturns.

### **Poverty is Rising**

Malawi continues to face persistent poverty despite several years of economic and structural reforms aimed at fostering sustainable growth. Data show poverty remains widespread, affecting approximately 72% of the population in 2023, up from 70% in 2019, based on the US\$2.20 international poverty line.<sup>2</sup> This persistence of poverty reflects deep-rooted vulnerabilities, including dependence on agriculture with limited market access, weak macroeconomic fundamentals, high inflation, and restricted employment opportunities. These factors combine to keep a large proportion of the population trapped in low-income and insecure livelihoods, slowing progress toward inclusive economic development.

### **Narrow Income Tax Base**

Malawi's tax system features a progressive personal income tax. Employers must deduct Pay As You Earn (PAYE) for individuals earning above MWK 150,000 (US\$ 86) per month, while earnings below this threshold are exempt to relieve the burden on low-income workers. Employers are also required to contribute at least 10% of pensionable pay to the National Social Security Fund (NSSF), with employees contributing 5%

through payroll deductions. However, the large informal economy significantly reduces the tax base, as many enterprises and workers do not contribute to income tax or social security schemes. Consequently, tax revenues remain low, increasing reliance on external aid to finance public investment, social protection, and education reforms.

### **EPZs Face a Transformative Juncture**

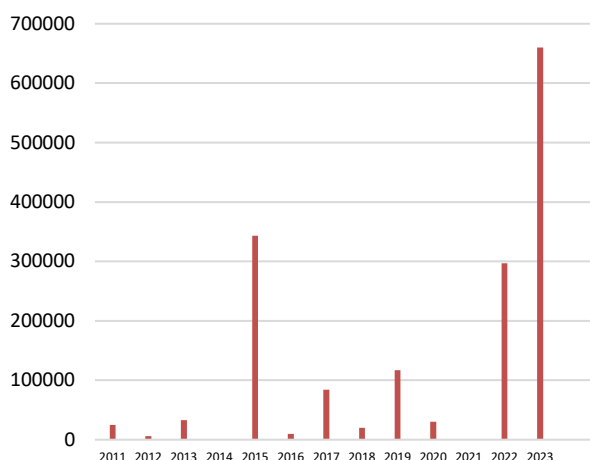
Malawi's Export Processing Zones (EPZs) remain small and dispersed, with limited impact on industrial employment. While around 40 firms once operated under the EPZ framework, media reports indicate that only about 15 firms were active in 2023, mainly in agro-processing, macadamia, wood, and textile industries.<sup>3</sup> In December 2023, the government enacted a new export zone framework and EPZ law, introducing institutional reforms to develop planned industrial zones and strengthen investment facilitation. Reliable data on EPZ employment are limited, but the reform marks an important step toward re-energising industrialisation and improving export competitiveness.

## **Just Transition Agenda**

### **Very High Climate-Vulnerability**

Climate change is profoundly reshaping the structure of labour and livelihoods in Malawi. The country is among the most climate-vulnerable in the world, facing recurring dry spells, seasonal droughts, intense rainfall, riverine floods, and flash floods.<sup>4</sup> These hazards regularly damage crops, housing, and infrastructure, undermining agricultural productivity and employment stability. The impact is increasingly visible in the rising number of internally displaced persons (IDPs) linked to disaster-induced displacement, which has surged in recent years following a series of tropical storms and cyclones, including Cyclone Freddy in 2023 (see Figure 2).

**Figure 2: Internally displaced persons, new displacement associated with disasters (number of cases) in Malawi, 2011-2023**



Source: The World Bank, World Development Indicators.

### Disrupted Livelihoods

Climate shocks have severely disrupted livelihoods (revisit Figure 2), particularly in agriculture-dependent rural areas, representing about 82% of population. Recurrent flooding and droughts erode land productivity, destroy harvests, and damage rural infrastructure, forcing communities to migrate in search of income. Many communities previously dependent on subsistence agriculture or natural-resource-based activities face recurring cycles of disruption, displacement, and income insecurity, with few opportunities for stable re-employment.

### Just Transition Yet to Reach Grassroots

Malawi has made notable policy strides toward integrating Just Transition principles into its national climate and development strategies. However, these commitments have not yet translated into broad-based impact at the community or enterprise level.

The informal nature of most employment, low institutional capacity, limited social protection coverage, and restricted access to skills development continue to impede effective implementation. As a result, climate and green

growth policies have struggled to deliver tangible and equitable benefits to workers.

### Trade Unions and the Just Transition Agenda

The Malawi Congress of Trade Unions (MCTU) has demonstrated growing engagement on environmental and climate issues, aligning national advocacy with regional and international labour initiatives. In recent years, MCTU co-organised a national conference on renewable energy training with the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) and international partners, aimed at preparing workers for emerging green technology sectors. Following Cyclone Freddy in 2023, tripartite social dialogue facilitated a 14-point resolution addressing post-disaster recovery and resilience in the world of work. Moreover, Malawi's trade unions have endorsed the African Trade Union Declaration on Just Transition, which outlines ten key demands to ensure that climate adaptation and mitigation policies are inclusive, worker-centred, and socially just (see Appendix Table 6).

## LEGAL FRAMEWORK

### Key Findings

- The labour-related legal framework improved in recent years → High compliance with labour rights.
- Weak law enforcement due to limited inspectorate capacity, high informality, and a lack of awareness or incentives.
- Limited utilisation of regional trade agreements' labour provisions.

### A Legal Framework Protects Workers' Rights

Malawi's labour legislation provides a comprehensive framework for the protection of workers' rights. The system is primarily governed by the Employment Act, which sets the foundation

for employment relationships and regulates key aspects such as contracts of employment, minimum wages, working hours, termination procedures, maternity leave, and dispute resolution mechanisms. Amendments to the Employment Act in 2021 significantly enhanced protection against unfair dismissal and strengthened maternity entitlements, aligning more closely with international labour standards (see more in Box 1).

Complementary legislation—including the Labour Relations Act, the Occupational Safety, Health and Welfare Act, and other sectoral regulations—provides the institutional foundation for industrial relations and workplace protection (see Box 1 and Appendix Table 2).

#### **Box 1: Context of legal reforms in Malawi's labour market**

Amendment to the Employment Act (2021) endorsed:

- Strengthened provisions to prevent arbitrary termination and ensure proper disciplinary procedures are followed.
- Enhanced clarity and entitlements regarding paid maternity leave, aligning more closely with international standards.
- Introduction of clearer rules on the use and renewal of fixed-term contracts to avoid abuse and precarious employment.
- Streamlined steps for dispute resolution at the workplace level before escalating to formal tribunals.

Ongoing revisions to the outdated Labour Relations Act aim to:

- Improve the efficiency of dispute resolution.
- Reduce the backlog at the Industrial Relations Court (IRC).
- Enhance collective bargaining frameworks, especially in the public sector.

### **Unionism and Workers' Rights**

The right to freedom of association and collective bargaining is recognised under national law. Anti-union discrimination is prohibited, and workers are entitled to form and join organisations of their choice. While the right to strike is legally recognised, procedural restrictions—such as lengthy notification requirements and broad definitions of “essential services”—limit its practical use.<sup>5</sup> These constraints often discourage industrial action and reduce the effectiveness of collective bargaining in some sectors.

### **Hurdles to Realising RTAs**

Malawi is a member of the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), both regional trade agreements (RTAs) include provisions relevant to labour mobility and decent work. Recent developments include implementation of COMESA's visa-free movement protocols and early labour mobility measures in 2024. In 2023, Malawi further signed the SADC Employment and Labour Protocol, supporting regional cooperation on labour migration, skills recognition, and social security portability. However, with more than 90% of employment in the informal economy, the country faces significant barriers to harnessing these regional frameworks. Informality further limits the availability of skilled, formalised, and mobile labour capable of competing in integrated markets.

Malawi has also signed the African Continental Free Trade Area (AfCFTA) agreement, which currently lacks binding labour or social provisions. Trade unions across Africa, through the Tunis Declaration, have called for the inclusion of labour rights and social clauses in the AfCFTA to ensure alignment with international labour standards and the Decent Work Agenda.<sup>6</sup>

### Weak Compliance with Labour Laws

Malawi's labour legislation is broadly aligned with ILO conventions and compares favourably with neighbouring countries (see Figure 3 ahead). Nevertheless, the implementation gap between legal provisions and actual practice reflects several challenges, such as insufficient resources and staffing in the labour inspectorate; limited awareness of rights and obligations among employers and workers; resource constraints in small and medium enterprises (SMEs) that hinder formal compliance. For instance, the law requires workplaces with more than 20 employees to establish safety, health, and welfare committees. Although some large companies have complied, informal micro, small and medium enterprises are dominating the landscape. Thus, many workers remain unprotected by formal labour standards. Additional legal limitations on the right to organise, bargain collectively, and strike are outlined in Appendix Table 3.

the enterprise landscape is dominated by informal. While some large companies—particularly in manufacturing and mining—have complied, adherence among dominating

## Ratified ILO Conventions

### Commitment to Labour Standards

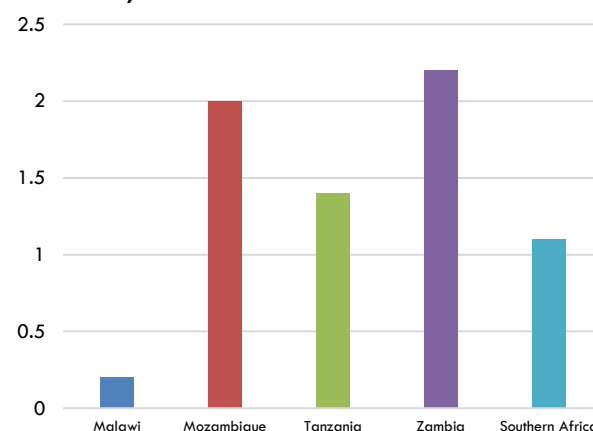
The International Labour Organization (ILO) Conventions establish the global framework for labour rights and decent work principles. As shown in Appendix Table 4, Malawi has ratified all 10 Fundamental Conventions and three of the four Governance Conventions, reflecting a strong commitment to upholding international labour standards. Also, six of 178 Technical Conventions are up to date and actively promoted. The most recent ratifications took place in 2019, covering three key occupational safety and health instruments: Occupational Safety and Health Convention (C155), Promotional Framework for

Occupational Safety and Health Convention (C187), and Safety and Health in Agriculture Convention (C184). These ratifications underline Malawi's focus on improving workplace safety and aligning national legislation with international frameworks for decent and secure working conditions.

### Labour Rights Compliance

The Sustainable Development Goal (SDG) Indicator 8.8.2 measures national compliance with fundamental labour rights, focusing on freedom of association and collective bargaining. Based on ILO textual sources and national legislation, Malawi's performance has remained stable and comparatively strong over time—ranking better than neighbouring countries (see Figure 3).

**Figure 3: Level of national compliance with labour rights among Malawi and neighbouring countries, 2024**



*Note: The value ranges from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with freedom of association and collective bargaining (FACB) rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).*

*Sources: International Labour Organization, Key Indicators of the Labour Market (KILM).*

### CEACR Observations and Direct Requests

The Committee of Experts on the Application of Conventions and Recommendations (CEACR)—the ILO's independent supervisory body—regularly reviews Malawi's implementation of ratified

conventions. Recently, the CEACR issued a direct request concerning alleged violations of trade union rights in practice, specifically addressing the right of organisations to freely organise their activities and formulate programmes. This request was linked to the Freedom of Association and Protection of the Right to Organise Convention (C087). The CEACR continues to encourage the Government of Malawi to strengthen institutional safeguards, collective bargaining mechanisms, and effective protection of trade union rights in both the public and private sectors.<sup>7</sup>

## SOCIAL PARTNERS

### Key Findings

- Low compliance environment of labour regulations in practice.
- The trade union density is falling and landing significantly lower than the neighbouring countries.
- Employers' organisation faces gaps in outreach to the informal economy.

Malawi's social partners constitute the tripartite labour governance system, and the central institutions are summarised below:

### Government

The Ministry of Labour (MoL) serves as the central authority for labour administration in Malawi. It holds the overall mandate to implement and enforce national labour policies and legislation in line with international standards. The MoL's core functions include:

- Implementing labour laws and national employment policies.
- Monitoring and evaluating labour market performance and employment trends.
- Ensuring the availability of skilled labour to support socio-economic development.

- Promoting safe and healthy working environments.
- Managing workers' compensation and contributing to a coherent social security system.
- Addressing the needs of vulnerable groups, including informal workers, youth, women, and persons with disabilities.

The ministry also coordinates several tripartite and sectoral institutions that facilitate labour market regulation, social dialogue, and policy coordination (see the Social Dialogue section for further details).

### MoL's challenges

Despite its central role, the MoL's capacity to enforce compliance and promote decent work is constrained by systemic resource shortages, limited inspection coverage, and weak enforcement mechanisms. These challenges have resulted in a low compliance environment, allowing informality, unsafe working conditions, and labour rights violations to persist.

Strengthening institutional capacity, increasing inspection resources, and enhancing coordination with social partners remain central for advancing Malawi's progress toward fair, safe, and productive employment.

## Trade Unions

### Trade Unions Play a Central Role

Malawi's national legal framework provides broad protection of freedom of association and collective bargaining rights. The trade union movement is similarly recognised, playing a key role in labour policy formulation, wage-setting processes, social dialogue, and advocacy for workers' rights. For instance, trade unions are represented in several tripartite and consultative



bodies, not to mention collective bargaining, reinforcing their institutional presence and voice in the national labour market system.

### **Trade Union Structure**

The Malawian trade union landscape consists of two national confederations, multiple sectoral federations, and several enterprise-level unions, operating mainly in the formal economy – a total of 72 trade unions are registered.

The Malawi Congress of Trade Unions (MCTU) is the largest confederation and most influential organisation, recognised as the representative of workers in tripartite dialogue. It is joined with the International Trade Union Confederation (ITUC) and the Organisation of African Trade Union Unity (OATUU). The organisation affiliates 36 trade unions, representing 166,000 workers in 2025.<sup>8</sup> Although MCTU had experienced an increase in membership during the last decade, except a downturn at the beginning of the 2020 as a negative impact of the global Covid-19 pandemic, it did not keep pace like the fast-growing workforce.

The other confederation namely National Federation of Trade Unions (NAFETU) was established in 2023 as rival to MCTU, which does not have representation at tripartite neither known affiliated unions.

### **Relatively Low Trade Union Density**

Malawi's trade union density remains low at about 3.3% of the total employment in 2025. When considering only employees (i.e., paid employment) the density grasped approximately 7.9%.<sup>9</sup> This rate remains significantly lower than in neighbouring countries, such as Tanzania (24%) and Zambia (24%). Overall, low unionisation reflects Malawi's predominantly informal labour market, where most workers lack contractual

protection and have limited awareness of union structures or benefits.

### **Gender Gap in Union Membership**

Men dominate union membership in Malawi. Within MCTU-affiliated unions, women constitute about 37% of members in 2025.<sup>10</sup> Barriers such as cultural norms, care responsibilities, and informal employment patterns restrict women's participation in both membership and leadership. Nevertheless, women's representation in leadership and decision-making roles has improved, accounting for 44% of positions in MCTU-affiliated executive bodies. This progress demonstrates growing commitment to gender inclusivity within the trade union movement (see more in the Gender sector).

### **Unionism Faces Constraints**

Despite operating under a progressive legal framework, Malawian trade unions face persistent structural and institutional constraints. High levels of informality, inadequate collective bargaining power, and limited organisational resources reduce unions' ability to represent workers effectively, particularly in small enterprises and rural areas. These challenges mirror broader regional trends across sub-Saharan Africa, where union movements often struggle to secure recognition in the informal economy.

### **Repeated Violations of Workers' Rights**

According to the Global Rights Index 2025, Malawi scored 2 out of 5 (5 is worst), placing labour rights with moderately restricted. Countries in this group generally uphold the legal right to organise and bargain collectively, yet repeated violations continue to undermine effective implementation.<sup>11</sup> Although trade unions in Malawi operate freely in principle, weak compliance, resistance from some employers, and resource constraints hinder their full influence on labour policy and workplace standards.

## Employers' Organisations

### Structure of Employers' Organisation

The Employers' Consultative Association of Malawi (ECAM) is the sole national employers' organisation, operating as a formally consolidated institution. ECAM maintains a centralised structure, with its national secretariat located in Lilongwe and smaller liaison offices in Blantyre and Mzuzu. The organisation has direct membership from 250 individual organisations and six sectoral associations.<sup>12</sup> Its mandate is to promote employers' interests on matters related to labour, employment, and socio-economic policy. As a member of Malawi's tripartite labour market governance system, ECAM collaborates with social partners to contribute to labour market regulation and policy development.

### Institutional Challenges and Limitations

The ECAM faces several constraints that limit its representativeness and influence. Membership is largely concentrated among large formal enterprises, leaving micro- and small-scale informal employers underrepresented. Limited financial and technical capacity, weak coordination with sectoral associations, and inadequate outreach to the informal economy further restrict ECAM's operational reach.

## SOCIAL DIALOGUE

### Key Findings

- Strong social dialogue legal framework, supported by relatively significant formal employment structure.
- Dynamics of social dialogue encounter challenges → undermining industrial relations.
- Collective bargaining coverage is at the medium level among neighbouring countries.

### Multi-layered Social Dialogue Framework

Malawi's labour market operates within a multi-layered social dialogue framework grounded in international labour standards, national legislation, and bi- and tripartite consultation structures (see Box 2). Social partners play central roles in shaping labour policies, resolving disputes, and promoting decent work.

#### Box 2: Central Tripartite Institutions

The leading tripartite cooperation institutions are listed below:

- **Tripartite Labour Advisory Council (TLAC)** is the key national tripartite forum, advising the government on labour-market policy, employment law, and social dialogue.
- **National Social Dialogue Forum (NSDF)** is a broader consultative forum that complements TLAC, particularly in strategic or sectoral dialogue.
- **Industrial Councils & Sectoral Tripartite Councils** handle collective bargaining (setting wages and working conditions), dispute resolution, and sectoral labour laws and policy.
- **Industrial Relations Court (IRC)** is a quasi-judicial body, which adjudicates labour disputes.
- Other forms of engagement include **sectoral bargaining platforms and workplace-level dialogue** structures such as workers' committees.

The country features a relatively high formal employment structure. However, social dialogue remains only partially effective in practice. Its impact is constrained by the dominance of the informal employment, relatively low trade union density, limited bargaining coverage, and gaps in enforcement. While the legal framework provides the structural basis for dialogue, its functioning is uneven across sectors and types of workers.

### **Recent Social Dialogue Initiatives**

In recent years, Malawi has undertaken several initiatives to strengthen social dialogue, including: the revision and modernization of the Employment Act and the Labour Relations Act; the reform of fragmented social protection schemes to expand coverage for informal workers (see Social Protection section); and the establishment of collective bargaining agreements (CBAs) in large estates, particularly in the tea and sugar sectors.

### **Collective Bargaining Coverage is Falling**

Of the 72 listed unions in Malawi, 68 had registered collective bargaining agreements.<sup>13</sup> Sectoral CBAs in industries such as tea, sugar, and finance generally include provisions on wages, working hours, leave entitlements, occupational safety, gender-specific issues, and seasonal employment terms. Over the past two years, 16 collective agreements have been recorded, covering approximately 386,000 workers—around 18% of paid workers (employees), with no growth since 2013.<sup>14</sup>

While CBAs demonstrate pockets of good practice, especially in formal and donor-supported sectors, their overall effectiveness is limited by weak enforcement, low capacity, and limited awareness. The prevalence of informal micro- and small enterprises further restricts coverage, leaving many workers outside the scope of collective bargaining.

### **Limitations of Social Dialogue**

Despite a solid legal foundation and recent initiatives, social dialogue in Malawi faces persistent encounters, such as:

- Institutional irregularity and under-resourcing.
- Narrow focus on the formal sector, with limited engagement in the informal economy.

- Weak follow-through on dialogue outcomes and limited trickle-down to grassroots structures.
- High informal employment, resulting in insecure jobs, earnings below minimum wage, and limited legal protection.
- Low awareness and incentives for participation, coupled with resistance, intimidation, or dismissal of union-involved workers.
- Restricted access to social insurance, particularly for those outside the public sector or large firms.

These interconnected challenges constrain the ability of social partners to influence labour market policies and limit workers' capacity to achieve decent work, exercise their rights, and benefit fully from economic growth.

## **Industrial Relations Dispute System**

Malawi's industrial relations dispute resolution system is a central component of the labour market. It helps maintain industrial peace, protects workers' rights, fosters social dialogue, enhances productivity, and reinforces democratic governance within the world of work.

### **Hybrid Dispute Resolution Model**

Malawi promotes a hybrid model that combines formal legal processes with alternative dispute resolution (ADR) mechanisms. The formal system operates under a clear legal framework and involves several key institutions:

- Labour Commissioner (Ministry of Labour): Responsible for conciliation of labour disputes.
- Industrial Relations Court (IRC): Adjudicates formal labour disputes.

- Tripartite Labour Advisory Council (TLAC): Provides advisory guidance on labour policies and dispute matters.

ADR is formally recognised within Malawi's industrial relations framework, primarily through mandatory conciliation, which must be attempted before any dispute proceeds to the IRC.

### *Status of Dispute Resolution*

Despite its established structure, Malawi's dispute resolution system faces significant hurdles. The formal system is hampered by delays, limited enforcement, restricted accessibility, and inadequate resourcing—particularly within the IRC. These constraints limit access to justice for many workers, especially those in vulnerable and informal employment.

Similarly, ADR mechanisms remain underdeveloped. They are inconsistently applied, under-resourced, and lack the institutional capacity to serve as an effective alternative to the formal court system. Mediation and arbitration are largely absent, limiting opportunities for timely and fair dispute resolution, particularly for workers outside major urban centres.

### *Dual Labour Market Impact*

The widespread informal economy significantly weakens Malawi's dispute resolution system. Most informal workers and enterprises are excluded from formal protections, undermining enforcement, collective representation, and the overall legitimacy of the system. Consequently, a dual labour market has emerged: formal institutions serve a minority of workers, while the majority rely on informal, community-based, or customary conflict resolution mechanisms, which are often inconsistent and lack fairness.

Awareness and capacity for ADR among micro- and small enterprises remain minimal and

fragmented. Some trade unions and NGOs are working to extend social dialogue and dispute resolution practices to informal workers. However, integrating these efforts into the broader industrial relations framework remains a critical gap in Malawi's pursuit of Decent Work.

## **STATUS OF WORKING CONDITIONS**

### **Key Findings**

- The wage system in Malawi is regulated in the formal sector, but enforcement is weak.
- Significant real minimum wage increases have occurred → largely fail to reach informal workers.
- Structural deficiencies in the wage system contribute to a persistent cycle of low pay and working poverty.

### *Minimum Wage Developments*

Malawi has a statutory minimum wage, set by the government under the Employment Act. Over the last decade, significant adjustments have been implemented. Between 2020 and 2025, the minimum wage experienced an aggregated annual real increase of approximately 9% on average, deducted for inflation and economic growth (see Figure 4 below). This suggests that minimum wage levels have kept pace with rising consumer prices.

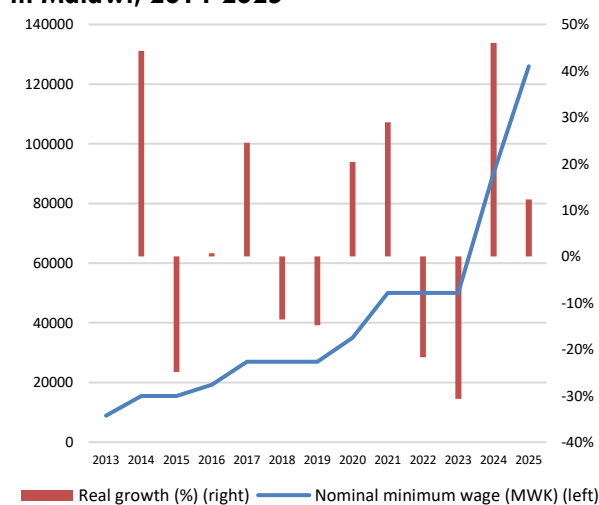
### *Wage Hurdles and Living Standards*

Despite statutory adjustments, the minimum wage provides limited protection for most workers. The employment structure is weakly regulated; for instance, most workers operate in informal micro- and small enterprises. These latter workers are largely excluded from minimum wage protections and collective bargaining, resulting in widespread earnings below subsistence levels—

particularly in agriculture, domestic work, and other informal activities.

The statutory minimum wage remains significantly lower than the estimated monthly cost of living, leaving most low-income workers unable to meet basic needs. Consequently, the minimum wage fails to guarantee a living income for the majority of Malawians.

**Figure 4: Nominal minimum wage (MWK) and in real growth (deducted inflation and GDP growth) in Malawi, 2014-2025**



Source: WageIndicator.org; own estimations of real minimum wage growth.

### Vicious Cycle of Low Pay

Malawi's weak wage system has far-reaching effects on both workers and the broader economy. It reflects—and reinforces—structural labour market weaknesses, such as high informality, low productivity, weak enforcement mechanisms, limited collective bargaining, high labour supply pressures, inflationary constraints, and low job diversification. These factors perpetuate a vicious cycle of low pay, working poverty, and suppressed demand, which in turn undermines economic growth and limits the effectiveness of social dialogue.

## TRENDS THAT AFFECT THE LABOUR MARKET

### Key Findings

- Malawi's population grows fast while employed declining → many working-age people stopped as active on the labour market.
- Significant structural employment shifts from agriculture to service sectors, while stalled in the industry sector.
- Urban areas are not emerging as major formal employment hubs.
- Gig economy is beginning to emerge → new forms of employment are unprotected by labour regulations.

Malawi's workforce is shaped by a combination of structural challenges and evolving global trends. These factors influence employment dynamics, job quality, and labour market inclusivity.

### Growing Population but Falling Employment

Malawi's population is expanding rapidly, reaching approximately 22 million in 2025, with around 50% under the age of 18. Projections indicate that the population could double to nearly 50 million by 2050, accelerating job demands.<sup>15</sup>

Based on a more narrowly defined employment, the number of workers fell by 9% during the last decade due to many working-age people—especially youth and women—stopped actively participating in the labour market. The falling labour force participation rate has not eased labour-market pressures, though, masking high unemployment, weakened productivity, reinforced informality, and slowed real economic transformation.

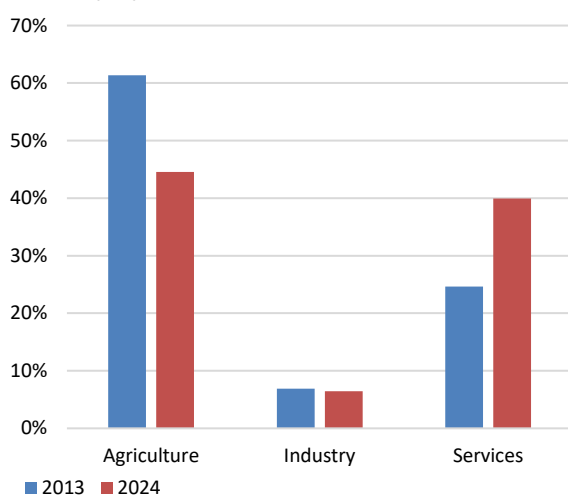
Key facts in Malawi's workforce are summarised below and see statistical data in Appendix Table 7.



### Structural Employment Challenges

The country is experiencing rapid youth-led urbanisation driven by limited rural opportunities, but weak formal urban job creation has resulted in rising informal employment, underemployment, and pressure on urban labour markets. This situation is mirrored in shifts in the employment structure: many moved from agriculture to services; the industry sector reduced on the margin and remains underdeveloped (Figure 5). Youth employment often occurs in low-paying, unstable, or subsistence-level work.

**Figure 5: Employment by economic activity in Malawi, %, 2013-2024**



Source: Malawi Labour Force Surveys.

### Limited Middle Class

In Malawi, "self-employment jobs" – jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced – is not evolving.<sup>16</sup> This situation hinders economic diversification, limits the labour market's capacity to adjust to demographic pressure, reinforcing vulnerability rather than generating visible unemployment.

Malawi has a very restricted middle class, linking with limited income-generating opportunities in both rural and urban areas. This factor is reflected by a stagnated progress in the labour income

share of GDP, displaying that the expansion of a stable and economically empowered middle class remains limited.

#### Box 3: Workforce Readiness for the 4IR

Malawi's workforce has demographic potential to benefit from the Fourth Industrial Revolution (4IR), but realising these opportunities requires addressing digital transformation challenges through targeted laws, policies, and infrastructure initiatives.

The Business Process Outsourcing (BPO) sector remains limited, while the digital (online) gig economy is beginning to emerge. The latter introduces new forms of employment that are typically unprotected by labour regulations, leaving workers vulnerable to unfair practices, abuse, and occupational hazards. Platform users are primarily young and relatively well-educated, yet systemic barriers—including infrastructure gaps, weak regulation, income instability, and safety risks—constrain the sector's potential.

Internet penetration and mobile cellular subscription rates remain relatively low, limiting access to digital work opportunities.<sup>17</sup> While automation does not yet threaten widespread job losses in agriculture, digitally connected farmers may gain disproportionate advantages over those without access to technology.

Malawi's trade unions are advancing issues that are contributing to the 4IR initiatives; for instance, they are already advancing a conversation around AI and how technology can be utilised to contribute towards just transition. Strengthening union engagement and regulatory frameworks will be important to ensuring inclusive and equitable participation in the digital economy.

## THEMATIC DIMENSIONS SETTING THE WORKFORCE

Cross-cutting issues notably affect the labour market when intersecting with various economic, social, and environmental dimensions, impacting workers and employers across multiple sectors.

### Informal economy

The informal economy plays a dual role in labour markets – providing employment opportunities and creating challenges related to wages, worker protections, and economic stability.

#### *Informality Dominates the Labour Market*

Employed Malawians work in the informal economy rose from 85% in 2013 to 93% in 2024, a rate substantially higher than the Southern Africa average of 39%.<sup>18</sup> This widespread informality results in low-income security, weak legal protection, and limited access to social protection systems. The dominance of informal work contributes to a youth employment crisis, highlighting the formal sector's limited capacity to absorb Malawi's rapidly expanding population. Industrialisation remains underdeveloped, and most workers in non-agriculture earn their livelihoods in informal micro- and small-scale enterprises (MSEs), street vending, and other informal service activities.

#### *Initiatives to Formalise the Labour Market*

Efforts to formalise Malawi's labour market have focused on integrating informal workers through social dialogue, skills development, and legal reforms. Notable initiatives include the Malawi Union for the Informal Sector's (MUFIS) local agreements with municipal councils, Technical, Entrepreneurial and Vocational Education and Training (TEVET) programmes, and ongoing labour law amendments aimed at extending rights and

recognition to informal workers (see more in Box 4). These measures have helped strengthen collaboration among trade unions, employers, and government institutions, laying the groundwork for incremental progress toward formalisation.

#### *Impacts of Widespread Informal Economy*

Informality remains pervasive due to weak law enforcement, insufficient investment in vocational training, and low institutional capacity. The lack of effective legal and institutional protection for informal workers undermines tax collection, collective bargaining coverage, industrial relations mechanisms, and access to social security schemes.

#### **Box 4: Organising Workers from the Informal Economy in Malawi**

Organising workers in the informal economy has become important for the Malawian trade union movement. MUFIS, which is under the umbrella of MCTU, is focusing on vendors, self-employed persons, small and medium enterprise workers, domestic workers, and informal construction and agricultural workers. MUFIS has expanded—its membership grew, reaching 7,000 workers in 2025, equals 4% of MCTU's membership rate.<sup>19</sup>

Informal workers are increasingly being connected to the broader trade union network through partnerships and campaigns. However, overall union density in the informal economy remains low. Persistent challenges—such as low and unstable incomes, limited awareness of union rights, and anti-union practices—continue to restrict wider unionisation.

Additionally, informal workers are involved in the Tripartite Labour Advisory Committee (TLAC) where their views are reflected.

## Migration

Migration flows significantly influence Malawi's labour market by shaping labour supply and demand, wage levels, skills distribution, and social dynamics. The overall impact varies depending on the type of migration and the sectors involved, generating both positive and negative effects.

### *Outdated Migration Legal Framework*

Although Malawi ratified central international conventions, migration legislation remains outdated. On the positive side, some recent reforms—most notably the amendment of the Citizenship Act in 2019—are launched, and the government is currently working to update the Immigration Act of 1964 to align it with contemporary migration realities and international standards (see also Appendix Table 8).

Foreign migrant workers are, in principle, legally entitled to the same protections, wages, and working conditions as Malawian nationals, provided they comply with immigration laws. Migrant workers without legal status, however, remain excluded from these protections and are subject to deportation.

### *Migration Policy Initiatives*

Malawi has not yet adopted a formal National Labour Migration Policy, but the Ministry of Home Affairs and Internal Security has undertaken a comprehensive review of migration and citizenship frameworks to strengthen labour migration governance. Two important initiatives aim to enhance the development potential of migration: i) the Malawi Diaspora Engagement Policy (MDEP), adopted in 2017, and ii) the Malawi Diaspora Portal, launched in 2019. Both initiatives seek to mobilise diaspora skills, knowledge, and remittances for national development.

Despite these efforts, the absence of a regulatory framework for private labour recruitment agencies has led to cases of exploitation of Malawian migrant workers, especially those recruited for domestic and service work in the Middle East.

### *Internal Migration and Urbanisation*

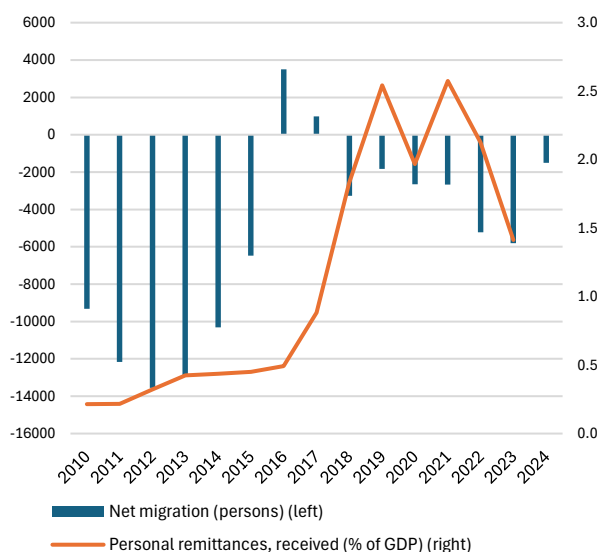
Internal migration serves as a pressure valve for rural underemployment and climate-related displacement. Malawi has witnessed a growing number of internally displaced persons (IDPs) due to floods and other disasters, reaching about 3.1% of the population in 2023.<sup>20</sup> This trend could trigger some rural-to-urban migration, contributing to informality and low-wage competition in urban labour markets. Still, the urbanisation rate remains low at 17% of total population, which is 27 percentage points lower than the sub-Saharan Africa average.<sup>21</sup>

### *Outward Migration and Skills Drain*

Malawi's migration pattern is predominantly outward and labour-driven, acting as a safety valve for domestic unemployment and underemployment, leading to a loss of skilled labour. The country records a negative net migration flow (see Figure 6). The main destination countries include South Africa, Mozambique, Zambia, and Tanzania, and Gulf and Middle Eastern countries. A smaller but growing share of professionals is also migrating to Europe and North America, contributing to a "brain drain."

Malawi's diaspora network was expanding, gaining some leverage as an economic force via personal remittances, but it lost pace in recent years (Figure 6). Immigration into the country remains limited and largely informal, primarily involving workers from Tanzania, Mozambique, and Zambia, mainly engaged in agriculture, petty trade, and small-scale mining.

**Figure 6: Net migration and personal remittance trends in Malawi, 2010–2024**



Source: The World Bank, World Development Indicators.

### Trade Unions and Migration

Malawi's trade unions—particularly MCTU—play an active role in migration policy advocacy and regional cooperation frameworks that promote safe, fair, and regular migration, as well as the reintegration of returnees and the formalisation of recruitment systems. For example, since 2020 MCTU has been involved in the developments of the labour migration policy via tripartite social dialogue. However, their engagement remains largely consultative rather than operational. While unions contribute to policy formulation and awareness-raising, they lack the financial resources and institutional mandates needed to implement direct support programmes or reintegration services for migrant workers.

Trade unions organisational reach is further constrained by the dominance of the informal economy and limited tripartite coordination on migration-related labour issues, which restricts the effectiveness of social dialogue and collective action in this area.

## Child Labour

### Legal Framework and Policy Efforts

Malawi has established a strong legal and institutional foundation to combat child labour in line with ILO standards, including through the Employment Act and related regulations. The Ministry of Labour, through its Child Labour Unit, leads enforcement efforts in coordination with the National Steering Committee on Child Labour and the Ministries of Education, Gender, and Agriculture.

Key policy instruments include the National Child Labour Policy (2019) and the National Action Plan on Child Labour (2020–2025), both integrated into the Decent Work Country Programme.

Additionally, District Labour Offices conduct workplace inspections and monitor child employment, particularly in agriculture and domestic service. However, enforcement capacity remains weak, especially in rural areas and the informal economy, where most child labour occurs.

### Prevalence of Child Labour

Despite national policies and programmes, child labour remains widespread, largely due to the dominance of the informal economy, weakening enforcement mechanisms. Reports listed that Malawi demonstrates only “moderate advancement” in eliminating the worst forms of child labour.<sup>22</sup>

The most recent estimate indicates that 24% of children aged 5–17 is engaged in child labour or economic activity, three percentage points above the sub-Saharan Africa average of 21%.<sup>23</sup> This high prevalence underscores a persistent implementation gap between legal commitments and actual practice in the labour market.

### **Underlying Factors**

Child labour in Malawi is driven by household poverty, economic necessity, and limited access to education, particularly in rural areas. Contributing factors also include the large informal economy, weak enforcement of labour and education laws, and cultural acceptance of child work in certain communities.

Although Malawi's legal and policy frameworks are broadly aligned with international standards, the economic and institutional constraints continue to make child labour a survival strategy for many families rather than an isolated rights violation.

### **Trade Unions and Child Labour**

Trade unions—led by MCTU and its agricultural affiliates—are active partners in the national campaign to eliminate child labour. Their engagement focuses on advocacy, awareness-raising, and tripartite cooperation with government and employers' organisations.

Union advocacy has contributed to shaping national policy and improving compliance in key sectors, notably agriculture. However, limited financial resources, weak outreach in the informal economy, and restricted access to enforcement mechanisms hinder sustained monitoring and follow-up. Strengthening trade union capacity and enhancing data-sharing with the Ministry of Labour remain crucial for expanding their impact.

### **Impact of Child Labour**

Child labour continues to have serious negative effects on Malawi's labour market. It provides a source of cheap labour, allowing employers to maintain lower wage levels. Over time, child labour perpetuates a cycle of poverty, as many of these children grow into unskilled adults who remain trapped in low-paying and insecure jobs.

## **Gender**

Gender shapes labour market dynamics, affecting employment opportunities, wages, job security, and economic growth.

### **Political Commitment to Gender Equality**

Malawi has made strong political and legislative commitments to gender equality, anchored in its Constitution and supported by an extensive framework of laws and policies. Translating these commitments into practice remains challenging, though, due to socio-cultural barriers, weak enforcement, limited resources, and the widespread informal economy. Consequently, women continue to experience significant inequalities in employment type, pay, productivity, and access to assets.

### **Employment and Gender Disparities**

Statistical data reveal that a previous equal gender share in employment has opened for a gap, 53% men vs. 47% women, respectively.<sup>24</sup> It is worth mentioning that the quality of engagement differs sharply between men and women. Women are more likely to work under poorer conditions and have restricted career mobility. The gender pay gap is estimated at 11% on an hourly basis and 27% on a monthly basis, indicating that women tend to earn less and occupy lower-paid positions.<sup>25</sup>

Gender inequality in employment stems from a combination of patriarchal norms, educational disparities, limited access to productive assets, structural economic constraints, weak enforcement of labour legislation, and heavy unpaid care responsibilities. These factors reinforce one another, keeping women concentrated in low-paid and insecure jobs and limiting their advancement.



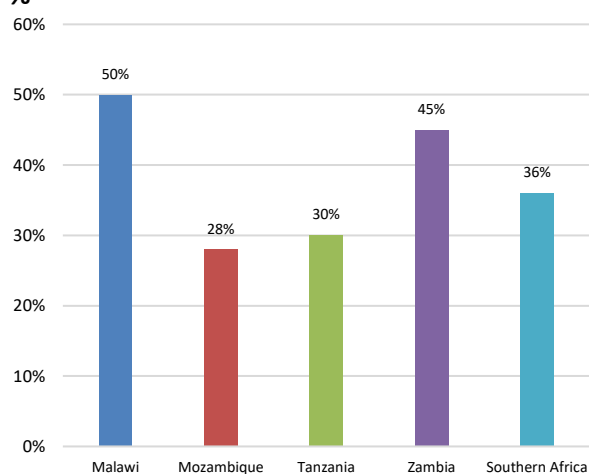
### Impact of Gender Inequality

Gender inequality significantly shapes labour market outcomes in Malawi, influencing workforce participation, employment quality, income levels, and access to social protection. While women constitute a substantial share of the workforce, structural and institutional barriers limit their economic opportunities and reinforce labour market segmentation. For example, very few Malawian mothers with newborns are receiving maternity benefits (see Table 1 ahead).

### Large Proportion of Women in Leadership

It is interesting to observe that Malawian women's participation in leadership and decision-making positions is high, hovering above the neighbouring countries concerning proportion of women in senior and middle management positions. Similarly, the country has the highest share of women in managerial roles among neighbouring countries (Figure 7). This figure, however, must be interpreted cautiously: women's predominance in informal enterprises and small sample sizes in formal employment surveys influence the statistics. Nonetheless, the overall picture shows that gender parity in managerial, corporate, and political leadership remains a distant goal.

**Figure 7: Proportion of women in management positions in Malawi and neighbouring countries, %**



Source: International Labour Organization, ILOSTAT.

### Trade Unions and Gender Equality

The Malawian trade union movement actively promotes gender equality in the area of work, particularly through advocacy on violence and harassment, collective bargaining, and the protection of maternity and paternity rights. Trade unions also play an important role in raising awareness and promoting gender-responsive workplace policies.

Nevertheless, the impact of these efforts remains constrained by weak union coverage in the informal economy, and difficulties in converting policy commitments into enforceable rights and measurable outcomes.

## Youth

Youth represent the future backbone of Malawi's labour market, playing a central role in shaping employment trends, productivity, and economic growth. Their integration into decent and productive work is therefore critical for achieving sustainable development.

### A Youthful Population

Malawi's population structure is characterised by a pronounced "youth bulge", referring to the growing share of young people within the population. Around 37% of the working-age population—equivalent to 3.7 million youth aged 15–24 years—fall within this category.<sup>26</sup> Overall, more than 70% of Malawians are under 30 years of age, making the country one of the youngest populations in the world.<sup>27</sup> This demographic pattern presents both opportunities and challenges for the labour market and the wider economy.

### Youth Policies and Employment Strategies

The National Youth Policy of Malawi (2023–2028) is in implementation phase, having been formally

launched and now being disseminated across the country. It reflects a more modern, inclusive approach to youth empowerment and aligns with broader national development strategies. Government commitment at high levels, including presidential support and cross-sector directives, has been clear. However, effective implementation still faces challenges such as ensuring adequate financing, strengthening institutional coordination, and deepening meaningful youth participation in execution and decision-making.

### High Youth Unemployment

Malawi's youth employment-to-population ratio was halved over the past decade, reaching 30% in 2024.<sup>28</sup> Or stated differently, a much smaller share of Malawi's youth population is engaged in work today than ten years ago, indicating a significant deterioration in young people's labour market attachment.

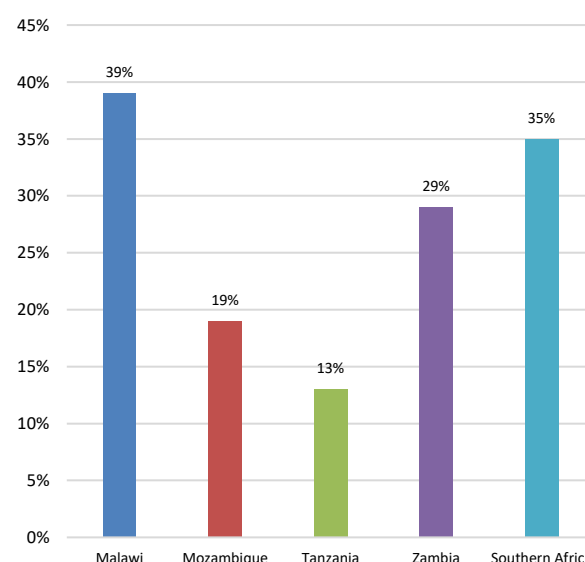
This trend is supported by some improvements in school enrolment in Malawi, reflecting in positive shifts at employment by education levels (see Figure 9 ahead). On the other hand, youth unemployment is currently up to 19%, particularly in urban areas and among educated youth. Also, an alarming high group is not in education, employment or training (see ahead), which not only supports the drop in young people's labour market attachment but also reflects structural weaknesses in the labour market and pose significant risks to long-term development. Labour market exclusion among youth leads to underutilisation of human capital, entrenches informal and low-productivity employment, and weakens returns to education.

### Alarming High NEET Rate

The Not in Education, Employment, or Training (NEET) rate provides a broader measure of youth labour market engagement than unemployment

alone. Malawi's NEET rate stands at 39%, which is one of the highest in Southern Africa (see Figure 8). While this suggests that many young people are neither studying or working, it also highlights the need to improve the quality of education, training, and employment opportunities to ensure productive and sustainable youth participation in the labour market.

**Figure 8: Proportion of youth (aged 15-24 years) not in education, employment or training in Malawi and neighbouring countries, %, latest data**



*Note: Data are based on Labour Force Survey, except for Mozambique's Household Budget Survey that could underestimate the NEET rate.*

*Source: International Labour Organization, ILOSTAT.*

### Youth Employment Characteristics

The private sector dominates employment in Malawi but has limited capacity to create sufficient formal jobs to absorb the large youth population entering the labour market each year. As indicated, many young people work in the informal economy, often in low-paying, unstable, or subsistence-level jobs. This situation suggests that to enhance Malawian youth participation in the labour market, a combination of skills development, policy reforms, and social support is essential.

## EDUCATION AND TRAINING

### Key Findings

- Reforms in Malawi's education system have led to modest improvements in employment outcomes.
- The high incidence of child labour highlights the disconnect between the education system and the labour market.
- TEVET programmes are increasing -> faces challenges related to effectiveness, accessibility, and labour market relevance.
- Trade unions are emerging as strategic partners within the TEVET ecosystem.

The link between education, vocational training, and the labour market reflects how effectively the education system and skills development programmes prepare individuals to meet employers' needs, enhance employability, and contribute to sustainable economic growth.

### Reforming the Education System

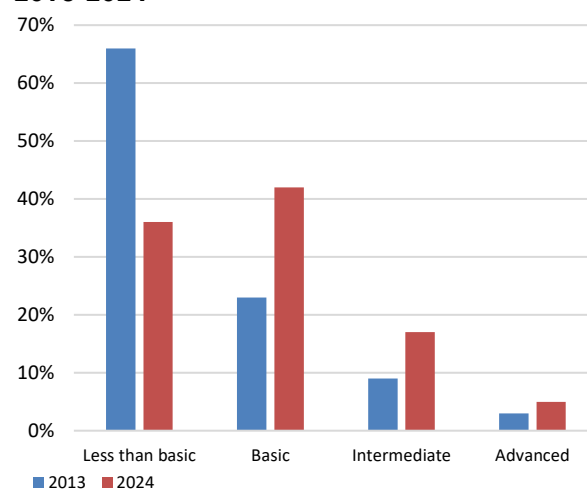
In recent years, Malawi has implemented wide-ranging reforms to improve the quality, accessibility, and relevance of education to labour market demands. Notable efforts include: i) curriculum modernisation with a stronger focus on technical and vocational education, ii) expansion of digital inclusion, and iii) reform of the Technical, Entrepreneurial and Vocational Education and Training (TEVET) system.

### Positive Structural Shifts

In Malawi, education remains one of the largest recipients of government expenditure, averaging 16% of total spending, although this share has shown a gradual decline in recent years.<sup>29</sup> The country has made notable gains in expanding education access over the last decade, especially at the primary and secondary levels, which is reflected in the employment by education (see Figure 9). However, weak learning outcomes and

a persistent education–employment mismatch mean many graduates remain unemployed or stuck in informal, low-productivity work. Structural challenges like quality, relevance of skills training, and limited formal job opportunities are key barriers that must be addressed to translate education gains into genuine employment and economic growth.

**Figure 9: Malawi's employment by education, %, 2013-2024**



Source: Malawi Labour Force Surveys.

### Systemic Hurdles in Education

Malawi's education system faces deep-rooted structural challenges that weaken human capital development and labour market outcomes. Declining primary completion rates and persistently high dropout rates—driven by poverty, early marriage, and insufficient school infrastructure—remain major obstacles.

Overcrowded classrooms, limited teaching resources, and undertrained teachers contribute to low literacy and numeracy skills among school leavers. As a result, the country produces a predominantly low-skilled workforce, heavily concentrated in informal and subsistence activities.

These systemic weaknesses fuel skills mismatches, low productivity, and limited employability among

youth, constraining economic diversification and decent job creation—key barriers to realising Malawi’s demographic dividend.

### *Trade Unions and Education System*

Trade unions—particularly the Teachers Union of Malawi (TUM)—play an active but constrained role in shaping the education sector. Their advocacy has helped raise awareness about teacher welfare, pay arrears, and overcrowded classrooms. However, their institutional bargaining power remains limited due to the absence of binding sectoral agreements and tight fiscal controls by the government. Nevertheless, there are efforts to bring in sectoral agreements.

## **Vocational Training**

### *TEVET Reforms to Improve Inclusivity*

Malawi has strengthened its Technical, Entrepreneurial and Vocational Education and Training (TEVET) legal and policy framework to expand access, improve inclusivity, and align training with labour market needs.<sup>30</sup> For instance, the government recently launched the TEVET Strategic Plan (2024–2030), which aims to increase access to quality TEVET from 23,000 to 125,000 trainees and from 33,000 to 160,000 in the informal ‘sector’ by 2030.<sup>31</sup> The strategy also prioritises governance reform, industry alignment, and institutional capacity building within the TEVET system.

The country is developing a National Qualifications Framework to enhance quality assurance and comparability of qualifications. Alongside formal programmes, non-formal training remains widespread, and many companies organise their own training cycles. Approximately 33% of firms in Malawi offer formal training, placing the country among the highest in the region.<sup>32</sup> However, these firms represent a small formal segment within an

economy dominated by informal micro and small enterprises (MSEs).

In the informal sector, traditional apprenticeships continue to play a central role in skill transmission, particularly in construction, mechanics, welding, and carpentry.<sup>33</sup>

### *Limited TVET Coverage*

A central factor is that Malawi’s working-age population with vocational education or training remains very limited, represented just 0.4% in 2024, with a deep gender gap – 7 out of 10 were men.<sup>34</sup>

Funding constraints limit the system’s reach and effectiveness. The private sector contributes about 2% of total training expenditure, primarily covering personnel costs, while public financing accounts for only 4.2% of the total public education budget.<sup>35</sup> This underinvestment restricts the system’s ability to scale up and respond to changing labour market demands.

Another indicator shows that the narrow formal sector leads relatively few firms offering training, reducing the effectiveness of TVET in meeting labour market needs. These circumstances result in high unemployment or underemployment among graduates, skills shortages in formal industries, persistent reliance on the informal economy, and slow private sector growth and innovation.

### *Weak TVET Linkages*

Enrolment in public TEVET institutions is increasing, with strong examination performance at lower qualification levels, especially among women. However, outcomes decline significantly at higher levels of study.<sup>36</sup> Although this system has grown, skills mismatch, poor training quality, and weak industry linkages bring direct and significant impacts on the labour market.

Even well-trained youth may fail to translate education into productive employment because the workplace exposure and firm-led training infrastructure is too limited.

Bridging the gap requires not only reforms in the education and training systems, but also broader economic transformation—including the creation of higher-productivity jobs in industry, services, and modernised agriculture.

### *Trade Unions as Strategic Stakeholders*

Trade unions in Malawi are evolving from traditional labour representatives to strategic actors in the TEVET ecosystem. They advocate for relevant and inclusive skills development, particularly in emerging green sectors such as renewable energy.<sup>37</sup> Furthermore, there is growing potential to deepen involvement in TEVET policy planning and strategy. The MCTU's position within the tripartite framework and potential participation in Sector Skills Councils make it a key partner in advancing the future development of Malawi's TEVET system.<sup>38</sup>

## **SOCIAL PROTECTION**

### **Key Findings**

- Malawi's social protection system is currently undergoing legal and policy reforms.
- The system provides limited protection, both in terms of quality and the proportion of the population it covers.
- Low participation in social insurance and contributions reflects unequal and ineffective access to programmes.
- The absence of formal social protection tripartite boards → restricts the representation of workers and employers in decision-making.

Social protection and the labour market are closely connected to develop a country's welfare, as social protection programmes play a central role in enhancing the well-being of workers, promoting job security, and reducing poverty.

### *Social Protection is Undergoing Reform*

In Malawi, social protection is governed by a mix of legislation and policy documents, including the Pensions Act, the Employment Act, and sector-specific laws covering public assistance, social cash transfers, and public works programmes. A comprehensive Social Protection Bill is in draft stages, aiming to harmonize the legal framework for various schemes, clarify institutional roles, and ensure compliance with ILO standards. The 2024–2029 National Social Protection Policy underpins the bill and seeks to address challenges such as fragmentation, weak coordination, and inadequate benefits.<sup>39</sup>

A key focus is on the informal economy, which dominates the workforce and leaves most workers excluded from social security mechanisms, including pensions, health insurance, and income security. Ongoing reforms emphasise developing affordable, innovative schemes for informal workers, raising awareness of social security benefits, and strengthening coordination among stakeholders in the informal sector.

### *Trade Unions and Social Protection*

Trade unions play an influential role in implementation of social protection. Malawi still lacks a statutory tripartite board overseeing social protection, but there are efforts to establish one. Coordination primarily occurs through inter-ministerial committees and technical working groups, which sometimes include employer and worker representatives.

The MCTU has actively shaped the National Pension Scheme, advocating for coverage



extension to informal and self-employed workers. Together with the Employers' Confederation of Malawi (ECAM), MCTU has highlighted the financial pressures of a growing informal workforce on pension contributions.<sup>40</sup>

### Allocation is Increasing

Social protection allocations in Malawi's national budget have more than doubled between 2022/23 and 2024/25, reaching 3.7% of the total government budget, or 1.2% of GDP.<sup>41</sup> This increase is largely due to additional funding from the Malawi Social Support for Resilience Project (MSSRLP). Despite this growth, funding remains insufficient given high population growth, widespread informality, and weak tax systems. For instance, the Social Cash Transfer Programme currently reaches only 10% of the ultra-poor in each district.<sup>42</sup>

### Central Social Protection Programmes

Malawi's social protection schemes fall into two main categories: contributory programmes, funded by workers and/or employers, and non-contributory programmes, fully funded by the government or donors.

Key contributory programmes include:

- National Pension Scheme (NPS), which is covering formal sector workers under the Pension Act 2010.
- Employment Injury Scheme provides compensation for work-related injuries.

Key non-contributory programmes include:

- Social Cash Transfer Programme (SCTP).
- Public Works Programme (PWP).
- School Meals and nutrition support programmes.
- Health Care Waivers for vulnerable populations.

### Social Insurance Remains Underdeveloped

While Malawi has expanded social protection through non-contributory programmes, central social insurance schemes remain underdeveloped. Coverage is largely limited to formal sector workers, leaving informal workers—comprising roughly 90% of employment—without access to social security benefits. This gap contributes to a persistently high poverty rate of 72% and challenges in targeting social safety net programmes, which sometimes benefit wealthier groups more than the intended poor.<sup>43</sup> Table 1 illustrates the limited coverage of social protection services in Malawi compared to Southern Africa; for example, Malawi's employment injury schemes coverage is about 27 times lower than regional average, 1.5% vs. 40%, respectively.

**Table 1: Proportion of population covered by social protection services in Malawi and Southern Africa (SA), %, latest data**

Indicator	Malawi	SA
Population covered by at least one social protection benefit	20%	59%
Persons above retirement age receiving a pension	8.9%	82%
Persons with severe disabilities collecting disability social protection benefits	8.9%	53%
Unemployed receiving unemployment benefits	0%	13%
Proportion of population covered by social protection floors/systems	1.5%	40%
Mothers with newborns receiving maternity benefits	2.2%	11%
Children/households receiving child/family cash benefits	33%	62%
Poor persons covered by social protection systems	12%	-
Employed covered in the event of work injury	1.5%	40%
Vulnerable persons covered by social assistance	18%	51%

Source: International Labour Organisation, *Key Indicators of the Labour Market (KILM)*.

### ***Pension Coverage is Slowly Increasing***

Malawi has a small elderly population but projected to rise from 5% in 2022 to 9% by 2050, creating mounting pressure on both contributory and non-contributory pension schemes.<sup>44</sup> The passage of the Older Persons' Act of 2024 marked a step forward. The pension system is mandatory for most employees and funded by both employee and employer contributions.

The Malawi government has set a minimum monthly pension floor of about MWK 100,000 (US\$58, depending on exchange rate in 2025) to much higher, depending on career earnings, for the lowest-paid retired civil servants. Regarding the broader contributory pension funds (private/public hybrid) under the Pension Act there is no standardised payout amount published. Payouts depend heavily on how much everyone has contributed over their working life and investment returns on those contributions. Thus, pensions can be very modest for many Malawian retirees, particularly for those who spent their careers in lower-paid jobs or the informal economy.

So far, pension coverage has increased from 2.3% in 2016 to 8.9% in 2022—still far below the Southern Africa average of 82%.<sup>45</sup> Low coverage reflects the dominance of the informal economy, limited contributions, weak institutional frameworks, low awareness of benefits, and mistrust in fund management.

### ***Informal Social Protection Systems***

Informal social protection remains key, especially in rural areas. Vulnerable populations rely on family and kinship networks, community savings and loan groups, mutual aid societies, and faith-based organisations for food, labour, financial support, and assistance during emergencies. While essential, these informal mechanisms are limited in scale, lack regulation, and face challenges from urban migration and weakening community ties. For example, informal networks are eroding under pressure of poverty and commercialisation; and formal systems largely still ignore the informal sector. For Malawi to strengthen overall social protection resiliency, greater inclusion of the informal workforce, stronger linkages between informal safety nets and formal programmes, and sustainable financing will be critical.

## APPENDIX: ADDITIONAL DATA

**Table 2: Malawi's main acts of legislation governing the labour market**

Laws
<b>1. Employment Act (2000, amended in 2021)</b> <ul style="list-style-type: none"> <li>Core labour law covering employment conditions: employment contracts, minimum wages, working hours, termination of employment, maternity leave, and dispute resolution.</li> <li>2021 amendment enhanced protection against unfair dismissal and reinforced maternity rights.</li> </ul>
<b>2. Labour Relations Act (1996)</b> <ul style="list-style-type: none"> <li>Regulates trade union activities, employer organisations, collective bargaining, and industrial action.</li> <li>Establishes the Industrial Relations Court (IRC) and procedures for dispute settlement.</li> <li>Upholds the rights to freedom of association and collective bargaining.</li> </ul>
<b>3. Occupational Safety, Health and Welfare Act (1997)</b> <ul style="list-style-type: none"> <li>Covers the responsibilities of employers to ensure a safe and healthy work environment.</li> <li>Includes provisions on workplace inspections and enforcement measures.</li> </ul>
<b>4. Workers' Compensation Act (2000)</b> <ul style="list-style-type: none"> <li>Govern compensation to workers who suffer injuries or occupational diseases arising out of and in the course of employment.</li> </ul>
<b>5. Pensions Act (2010)</b> <ul style="list-style-type: none"> <li>Provides for mandatory employer contributions to pension schemes.</li> <li>Regulates the operation of pension funds and protects workers' retirement benefits.</li> </ul>
<b>6. Technical, Entrepreneurial and Vocational Education and Training (TEVET) Act (1999)</b> <ul style="list-style-type: none"> <li>Establishes the framework for vocational and technical education to enhance workforce skills and employability.</li> </ul>

**Table 3: Legal reservations in Malawi concerning the rights to organise, collective bargaining, and strikes**

Right to organize
<ul style="list-style-type: none"> <li>Restrictions on trade unions' right to organise their administration.</li> <li>Categories of workers prohibited or limited from forming or joining a union, or from holding a union office.</li> </ul>
Right to collective bargaining
<ul style="list-style-type: none"> <li>Barriers to the recognition of collective bargaining agents.</li> <li>Limitations or ban on collective bargaining in certain sectors.</li> </ul>
Right to strike
<ul style="list-style-type: none"> <li>Discretionary determination or excessively long list of "essential services" in which the right to strike is prohibited or severely restricted</li> <li>Barriers to lawful strike actions: Excessively long prior notice / cooling-off period; discretionary determination or excessively long list of "services of public utility" in which a minimum operational service is can be imposed in the event of strikes; other excessively complex or time-consuming formalities to call a strike. even days before taking such action"; compulsory recourse to arbitration, or to long and complex conciliation and mediation procedures prior to strike actions.</li> </ul>

Source: International Trade Union Confederation, Survey of Violations of Trade Union Rights, Malawi: Legal, August 2025.

**Table 4: Status of ratified ILO Conventions in Malawi**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
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
Occupational safety and health	C155 - Occupational Safety and Health Convention, 1981	2019
	C187 - Promotional Framework for Occupational Safety and Health Convention, 2006	2019
<b>Governance Conventions</b>		
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
<b>Technical Conventions (Up-to-date)</b>		
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	C184 - Safety and Health in Agriculture Convention, 2001	2019
Employment Policy	C159 - Vocational Rehabilitation and Employment (Disabled Persons), 1983	1986

Source: International Labour Organization, NORMLEX, Malawi, August 2025.

**Table 5: CBAs coverage in Malawi, 2024**

Sectors	Workers	Women
Private schools	200	-
Tea sector	37,500	11,700
Sugar sector	15,000	-
Public universities	1,000	-
Teachers in public service	70,000	-
Civil service	262,000	97,230
<b>Total</b>	<b>385,700</b>	<b>N/a</b>

Source: ILO, NORMLEX, Direct Request (CEACR) - adopted 2024, published 113rd ILC session (2025), Right to Organise and Collective Bargaining Convention, 1949 (No. 98) – Malawi.

**Table 6: The main demands of the African trade unions in the declaration statement calling for the Just Transition agenda, 2023**

Main demands in the declaration statement calling for the Just Transition agenda
1. Decent work and quality jobs: Trade unions insist on the creation of quality jobs as part of climate change policies. They demand that these jobs uphold labour rights and prioritise decent working conditions for all. This includes investments in skills development and training for workers to adapt to emerging green industries.
2. Social protection: Workers adversely affected by climate change must benefit from social protection measures, including income support, access to health care, education, and training to facilitate their professional reorientation. Trade unions are committed to protecting the most vulnerable workers and communities from the potential impacts of climate policies.
3 Worker Participation: Workers must be involved in the development and implementation of climate-related policies and projects, as they have valuable insights into the realities of their industries and communities.
4. Community Engagement: Local communities and stakeholders must be involved in decision-making on climate initiatives. Priority should be given to investment in sustainable infrastructure, green technologies and community resilience.
5 Gender equity: Trade unions demand that gender considerations be integrated into climate policies, recognising that women are often the most affected by the effects of climate change. They call for the empowerment of women through training, leadership and gender-sensitive policies.
6. Investment in green jobs: Trade unions call for substantial investment in green technologies, renewable energy and sustainable agriculture. They believe this investment will boost economic growth, create jobs and help preserve the environment.
7. Labour rights and just transition plans: Trade unions demand that labour rights be enforced and upheld in the context of climate policies, including the right to organise and the right to collective bargaining. Comprehensive just transition plans must be developed to outline pathways for affected workers and communities through the transition period.
8. Reskilling and Upskilling: Trade unions call for reskilling and upskilling programmes to equip workers with the skills needed for the transition to green industries by adapting to the needs of the labour market.
9. Support for impacted industries: The industries most vulnerable to the impacts of climate change policies should be given targeted support and resources to help them transform their operations while safeguarding jobs.
10. Transparency and accountability: Trade unions call for transparency in the allocation of resources and the distribution of benefits resulting from climate initiatives. They also call for accountability mechanisms to be put in place to hold stakeholders accountable for meeting their just transition commitments.

Source: ITUC-Africa, Africa Climate Summit: African trade unions call for a just transition.

**Table 7: Malawi's Key Workforce Data**

Indicator	Value
Working Age Population	11,920,300
Labour force participation rate	50%
Unemployment rate	15%
Employed share	
<i>Urban</i>	17%
<i>Rural</i>	83%
<i>Public</i>	4.7%
<i>Private</i>	95%
Employed by aggregated sector share	
<i>Agriculture</i>	45%
<i>Industry</i>	6.4%
<i>Service</i>	40%

*Note: Data reflecting a more narrowly defined active workforce aged 15-64 and focusing on actual employment rather than the broader labour force concept used by international datasets.*

*Source: Malawi National Labour Force Survey 2024.*

**Table 8: Malawi's legal framework and policy for migration**

Laws
<ul style="list-style-type: none"> <li>Immigration Act (1964): Governs the movement of people into and out of Malawi. Amendments are being prepared to align with international protocols.</li> <li>Refugee Act (1989): Provides for the registration of refugees and asylum seekers through a Refugee Status Determination (RSD) process. It incorporates definitions from the 1951 Geneva Refugee Convention and the 1969 OAU Convention.</li> <li>Malawi Citizenship Act (1966), which was reformed 2019, allowing dual citizenship for both adults and children. The reform also introduced safeguards against statelessness and removed racial grounds for citizenship acquisition, though concerns remain regarding the exclusion of women's right to pass citizenship to spouses and the lack of judicial review for ministerial decisions.</li> </ul>
Policies
<ul style="list-style-type: none"> <li>National Labour Migration Policy: A draft policy aimed at protecting labor migrants and maximizing the benefits of labour migration for socioeconomic development.</li> <li>National Registration Act: Applies to foreign nationals granted residence permits but has historically excluded child asylum seekers, though practical arrangements have been made to register their births.</li> <li>Trafficking in Persons Act (2015): Criminalizes sex and labour trafficking.</li> <li>The Malawi Diaspora Engagement Policy (2017) aims to channel remittances toward development but has yet to achieve tangible labour market effects.</li> </ul>

*Source: DTDA data collection.*



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