

Malawi

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69%

Population below international poverty line

€37

per month

National minimum wage

€108

per month

Rural living wage

76%

Agricultural workforce

26%

Agriculture share of GDP

2

low

Risk to workers' rights

Context

The population of Malawi is just over 18 million people,^[1] with over 80% of the population residing in rural areas.^[2] Agriculture plays an important role in the country's economy, accounting for a quarter of the nation's GDP.^[3] Approximately 44%

of the population is formally employed in the agricultural sector,^[4] however, most people make a living from agriculture or supplement their incomes through agriculture-related activities.

The majority of farmers in Malawi are smallholders practicing subsistence agriculture. Nearly 80% of all smallholder farmers grow maize, a staple of the Malawian diet. Historically, lack of crop diversity in its agricultural sector has made Malawi particularly susceptible to market and climate shocks.^[5]

Malawi's top crops by export quantity are tobacco, raw sugar, soybeans and tea, respectively.^[6] In terms of production, sweet potatoes, cassava, sugar cane and maize are the top crops in Malawi.^[7]

Wages

Minimum wage

The government of Malawi set the minimum wage at 35,000 Malawi Kwacha (37 EUR) per month, both for rural and urban areas.^[8] Although there is a government mandated minimum wage, a large percentage of the population works in the informal sector, meaning that these rights are not ensured for a large part of the workers. In Malawi is estimated that 88% of the working population are employed in the informal sector.^[9] In rural Malawi, where the majority of the population resides, only 6% of workers are waged or salaried, and three quarters of the workers are subsistence farmers.^[10] Lack of income and low employment opportunities in rural Malawi have created an environment in which citizens are willing to work for low wages.^[10]

Living wage

The **Global Living Wage Coalition benchmark** estimates the living wage for rural Southern Malawi to be 101,361 Malawi Kwacha (108 EUR) per month.^[11] This estimate is based on a family of 5 with 1.59 full time workers. The study is focused on a tea growing region and provides context of wages for workers on tea estates, as these are among the few formal jobs available in rural Malawi. Tea states are concentrated in the Southern region of Malawi and are estimated to employ some 50,000 workers. The wages that tea workers receive are typically higher than the government established minimum wage, which makes tea estates essential drivers of the rural economy. Still, current wages of tea workers are well below the estimated living wage.^[12]

What's happening

INITIATIVE

Ethical Tea Partnership ↗

The Ethical Tea Partnership runs a full range of programmes to help tea farmers in Malawi improve their economic standing.

INITIATIVE

Malawi Tea 2020 ↗

Coalition of Malawian tea producers, trade unions and tea buyers creating an industry that provides living wages, living incomes, and improved nutrition.

RESOURCE

Living Wage Benchmark, rural Malawi ↗

Living Wage estimate with a focus on tea growers in Southern Malawi. Global Living Wage Coalition, 2019.

Footnotes

1. World Bank. (2019). <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=MW>
2. World Bank. (2019). <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=MW>
3. World Bank. (2019). <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=MW>
4. World Bank. (2019). <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=MW>
5. FAO. (2015). FADPA Country Fact Sheet on Food and Agriculture Policy Trends Malawi. <http://www.fao.org/3/a-i4491e.pdf>
6. FAOSTAT. (2017). http://www.fao.org/faostat/en/#rankings/commodities_by_country_exports
7. FAOSTAT (2018). http://www.fao.org/faostat/en/#rankings/commodities_by_country
8. WageIndicator Foundation. (2020). <https://wageindicator.org/salary/minimum-wage/malawi>
9. U.S. Department of State. (2018). <https://www.state.gov/reports/2018-country-reports-on-human-rights-practices/malawi/>

10. Anker R. & Anker M. (2018). Living Wage for rural Malawi with Focus on Tea Growing area of Southern Malawi. https://www.globallivingwage.org/wp-content/uploads/2018/05/LivingWageReport_Malawi.pdf
11. Global Living Wage Coalition. (2019). Living Wage Update: October 2019-Malawi Tea Estate Sector. https://www.globallivingwage.org/wp-content/uploads/2018/05/Update-Report_Malawi_2019-1.pdf
12. Global Living Wage Coalition. (2019). <https://www.globallivingwage.org/living-wage-benchmarks/rural-malawi/>