



# Mozambique

## Mozambique: INTRODUCTION

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Chart 1: Political map of Mozambique



Chart 1 is a political map of Mozambique.

Located in Southern Africa, Mozambique is nestled between Tanzania, Malawi, Zambia, Zimbabwe, South Africa and Eswatini. It is one of the 22 low-income countries in Africa and had an estimated population of about 33 million in 2023. The country has considerable mineral reserves, vast arable land and an extensive coastline along which flows the warm Mozambique current that feeds its rich aquatic life.

Mozambique achieved independence in 1975, but only after the end of a 15-year civil war in 1992 did it begin to experience socio-economic progress. Between 1993 and 2015, Mozambique was one of Africa’s fastest-growing economies, with an average annual growth rate of about 8% as the fruits of several factors such as political and macroeconomic stability, rebound in post-war economic activity, more Foreign Direct Investment (FDI) into the extractive industries and post-war reconstruction.<sup>[1]</sup> During this period, important gains have been achieved, such as reduced maternal and child mortality rates, increased access to basic education services for girls and boys, water and electricity. Around one-third of the population now has access to electricity, compared to barely 4% in 1998, and over the last decade, new HIV cases have fallen by 34% and AIDS-related deaths by 27%.<sup>[2]</sup> The combination of these results is reflected in the improvement of the life expectancy of Mozambicans from 51 years in 1992 to about 61 in 2021.

Yet, the country faces significant development challenges. It is among the poorest countries in the world, with a GDP per

capita of US\$447 (market exchange rate) or US\$1 243 (purchasing power parity (PPP)) in 2022, only ahead of Somalia, Central African Republic, Burundi and South Sudan in Africa. According to the latest estimates, by the end of 2022, 71% of Mozambicans lived below the international poverty line of US\$2.15 per day<sup>[3]</sup> and the country is among the most unequal in sub-Saharan Africa. In its 2021/2022 report, the United Nations Development Programme (UNDP) classified Mozambique as a country with low human development, with a score of 0.446 (out of 1) on the Human Development Index (HDI). Mozambique ranks 185th out of 191 countries, far below its neighbours.

The post-2015 growth has been slow (averaging 3% between 2016 and 2022) amid the “hidden debt” scandal which coincided with a series of shocks, including an insurgency in Northern Mozambique, tropical cyclones and the Covid-19 pandemic, while unemployment, poverty and inequality have increased.

The previous decade of high growth rates was not accompanied by structural transformation and industrialisation of the economy, which continues to rely heavily on the extractive sector, with limited linkages with the rest of the economic sectors, and a low-productivity agriculture sector, which is extremely vulnerable to weather shocks and climate change. Factors such as inadequate infrastructure, ineffective policy implementation, corruption and a poor business environment constrain economic diversification and the quality of growth.<sup>[4]</sup>

The government is now faced with a pressing question of how to achieve long-term sustainable and inclusive growth to ensure steady reductions in income inequality and extreme poverty. Expectations from the gas megaprojects in its northern provinces to transform the country's future are high. However, experience elsewhere in Africa has shown that natural resource extraction has rarely lived up to its promise, often doing more harm than good. Translating growth and revenue from natural resource extraction into improved and inclusive development outcomes requires visionary leadership and developmentally oriented governing elites to carefully manage and invest the revenue in sustainable economic and human development.

## Endnotes

1. The World Bank, Poverty Reduction Setback in Times of Compounding Shocks: Mozambique Poverty Assessment, June 2023.
2. UK-Mozambique development partnership summary, Policy paper, July 2023
3. Salome Ecker et al.(2023), the impact of the cost-of-living crisis on poverty in Mozambique and possible policy responses, United Nations Development Programme.
4. Neil Balchin et al (2017). Economic transformation and job creation in Mozambique, Synthesis paper.

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## About the authors

Dr Kouassi Yeboua currently is a senior research consultant to the African Futures and Innovation programme in Pretoria. In his prior role as staff senior researcher, he recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

Dr Blessing Chipanda joined the African Futures and Innovation (AFI) programme in January 2023. Before joining the ISS he worked as an assistant lecturer/ research assistant at the University of Pretoria, Department of Economics. He is particularly interested in tasks within the wider realm of international trade, development economics, public policy, monetary policy, and econometric modelling. Equally interested in economic and socio-economic activities that impact social welfare. Blessing has a PhD in economics from the University of Pretoria, South Africa.

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