



Mozambique

Mozambique: CONCLUSION

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Chart 38: Policy recommendations

Recommendations

- Tackle corruption by initiating awareness campaigns, digitising exchanges between government, citizens and business, and bringing to justice those who engage in corrupt practices.
- Capitalise on the power of new technologies to improve the public financial management system
- Improve domestic revenue mobilisation through digitisation of tax collection methods.
- Improve the road network with a reliable, all-weather road network to facilitate agricultural production and commercialisation.
- Protect agricultural production and commercialisation from weather events by investing in climate-resilient infrastructure.
- Focus on ecosystem restoration to protect rural communities against the negative impacts of climate change.
- Reform the business environment by reducing business costs and risks through better business regulation.
- Empower the Mozambique Investment Promotion Centre to attract manufacturing FDI for value creation and technology diffusion.
- Invest in human capital development, focussing on vocational education and training (TVET) and STEM courses.
- Continue the roll-out of modern contraceptives by focusing on the underserved, younger, more rural population groups
- Continue to invest in the prevention of natural hazards and improve early warning systems.

Chart 38 summarises the policy recommendations for the geography.

The study aimed to model Mozambique's future, examining its Current Path development trajectory to 2043 and modelling ambitious yet realistic scenarios across eight sectors. The Current Path analysis showed that Mozambique faces significant development challenges impeding progress: weak governance, corruption, slow demographic transition, infrastructure and human capital bottlenecks, low agriculture productivity, and limited economic diversification. Although the country has made post-1992 progress, and will improve its economic and human development outcomes going

forward, Mozambique is likely to miss most of its targets set out in the National Development Strategy (2023-2043). Even despite expected revenues from gas megaprojects, Mozambique will likely continue to have a larger number of people living in extreme poverty in 2043, implying that the Current Path is not a good option.

The various scenarios simulate ambitious but realistic policy interventions across eight sectors (agriculture, education, governance, infrastructure, demographics and health, financial flows, manufacturing and trade). Infrastructure development shows the most significant impact on economic growth, but no single scenario can achieve inclusive growth alone. An integrated development push across key sectors is essential, as demonstrated by the Combined scenario. Progress will depend on the quality of governance and institutions, as weak governance leads to public financial mismanagement, macroeconomic instability and poor policy implementation.

Improving governance transparency and effectiveness is crucial as a starting point. Corruption impacts a country's ability to deliver relevant services, economic growth and sustainable economic development. Mozambican authorities should effectively tackle corruption by:

- Initiating awareness campaigns, digitising exchanges between government, citizens and business, as well as bringing to justice and punishing those who engage in corrupt practices. For instance, [Rwanda](#) has moved from a high level of corruption to one of the lowest in sub-Saharan Africa through strong political will and a shift of cultural views on the morality of corrupt practices, prevention and sanction. This is not impossible for Mozambique.
- Capitalising on the power of new technologies to improve the public financial management system that reduces opportunities for theft of public resources and increases the risk of detection.
- Including independent investigative journalism in their anti-corruption tool kit. Investigative journalists can mitigate corruption by reporting on financing, procurement and project execution.
- Improving domestic revenue mobilisation to sustain public investment and to improve macroeconomic stability. Digitisation can help boost domestic revenue mobilisation by enhancing tax efficiency.

Agriculture productivity and commercialisation need to be improved. To this end, Mozambique authorities should:

- Improve the transport infrastructure network, especially in rural areas, with a reliable and all-weather road network to facilitate agricultural production and commercialisation. Given Mozambique's large rural population, investing in rural road infrastructure will promote positive economic impacts such as improved rural incomes, increased agricultural productivity and increased participation in the economy. Additional mobility and connectivity for rural population groups will promote positive social impacts such as reducing poverty, reducing maternal mortality rate and improving paediatric health.
- Invest in productivity enhancing technologies and facilitate access to high-yield, disease- and drought-resistant seedlings, fertiliser and credit guarantees for farmers and support R&D activities in building resilience and agricultural productivity.
- Protect agricultural production and commercialisation from weather events by investing in climate-resilient infrastructure. For instance, solar power that facilitates irrigation and temperature control for food storage could be adopted.
- Adopt an ecosystem-based approach that focuses on ecosystem restoration and protection (for example, forest protection, wetland restoration, catchment and soil rehabilitation) to protect rural communities against floods and other negative impacts of climate change and land degradation. Nature-based solutions, such as catchment rehabilitation, have proven effective in preventing flood damage by minimising run-off in periods of excessive rainfall.

- Provide agricultural extension services to train farmers on profitable crop production, crop rotation, irrigation techniques and marketing.

In addition to increasing agricultural productivity, Mozambique needs to expand economic diversification and industrialisation for inclusive and sustainable growth. To foster economic diversification and industrialisation, Mozambican authorities should:

- Undertake reforms in the business environment aimed at reducing business costs and risks by improving the quality of business regulation. Simplifying administrative procedures and formalities makes it easier for firms, specifically small- and medium-sized enterprises (SMEs) to do business, to test new ideas and to grow. This will help reduce the level of informality. Mozambique can learn from Rwanda to create a business-enabling environment that will support structural transformation and increase productivity. With intensive efforts to improve its regulatory quality to create incentives for doing business, Rwanda has become the second-best place to do business in sub-Saharan Africa.^[1]
- Empower the Mozambique Investment Promotion Centre to actively work to attract manufacturing FDI for value creation and encourage FDI-local firms' linkages for technology diffusion. The zero-tariff privilege with the US under the African Growth and Opportunity Act (AGOA) should be used to lure foreign investors to invest in Mozambique to export to the US. This will help the country to diversify and sophisticate its exports. The Mozambique Investment and Export Promotion Agency (APIEX) should make an effort to identify and expand new export markets for 'made in Mozambique' goods. In this regard, authorities should refine the National Trade Policy in line with the AfCFTA and accelerate its implementation. The AfCFTA is an avenue for Mozambique to diversify its exports away from the primary goods.
- Address infrastructure deficits which undermine private sector development in the country. A reliable electricity supply in rural areas can be provided through mini-grid and off-grid solutions using renewable energy and improving the performance of Electricidade de Moçambique (EDM). Improve broadband connectivity by expanding the provision of LTE infrastructure (wireless broadband communication for mobile devices) in poorer areas.
- Invest in human capital and skills development with particular attention to vocational education and training (TVET) and science, technology, engineering and mathematics (STEM) courses. The qualified-teacher/pupil ratio should be increased, especially in rural areas, to boost the quality of education. Our interviews with experts in Maputo indicated that there is a shortage of skilled labour in the extractives sector; there are not enough qualified Mozambican engineers to work in the gas sector.

Efforts to reduce the fertility rate and accelerate the demographic transition would contribute to poverty reduction. Mozambican authorities should:

- Continue the roll-out of modern contraceptives by focusing on the underserved, younger, more rural population groups where contraceptive awareness-raising campaigns and uptake remain low.
- Educate men on their role in family planning and ensure that the onus of birth control does not fall only on women.

Mozambique is prone to natural disasters, especially cyclones, floods and droughts which could affect the development prospects forecast in this study, particularly in agriculture and infrastructure. Natural disaster preparedness is essential and Mozambican authorities should:

- Continue to invest in the prevention of natural hazards and improve early warning systems.
- Reinforce adaptation measures in the agriculture, fisheries, energy, environmental and water sectors, with particular

attention to the coastal zones.

In conclusion, a dedicated implementation of these policies, aligned with the pillars of Mozambique's National Development Strategy, is essential for the country to achieve its development objectives. The success of these recommendations depends on the committed effort and dedication of Mozambique's authorities. While setting development agendas and targets is a strength of many African countries, the challenge remains in effective implementation. With focused efforts, Mozambique can overcome this challenge and realise its development goals.

Endnotes

1. T Bernatzki, M Busse and R Hoekstra, Promoting Rwanda's business environment: Impact of reforms and drivers of change, *Development Policy Review*, 40:2, 2022, e12578.

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