IOA 2019 ACBR

AFRICA COUNTRY BENCHMARK REPORT

Mozambique Profile

Cattle remain central to traditional agriculture. Cattle remain central to traditional agriculture in Mozambique, as the 35 million arable hectares employ approximately 80% of the population.

Image courtesy of ILRI/Stevie Mann

MOZAMBIQUE

#36 MOZAMBIQUE

OVERVIEW ANALYSIS

Mozambique's impressive economic growth in recent years, accelerated by the exploitation of new gas deposits, suffered a setback from a government secret spending scandal in 2015. Subsequent reforms have stabilised the economy. These reforms seem to have also inspired a political rapprochement between the governing party Frente de Libertação de Moçambique (Frelimo) and their long-time opposition Resistencia Nacional Moçambicana (Renamo), who has been excluded from national governance since the end of the civil war in 1992. A worrisome insurgency of Islamic terrorists in the north is the first instance of organised terrorism in Southern Africa. Combined with political uncertainty and the economic impact of devastating cyclone hits, Mozambique dropped a significant 8 country places in ACBR 2019 overall score.

KEY OPPORTUNITIES

- Newly discovered reserves of natural gas are transforming the economy
- Private and public investment in infrastructure aided transportation
- Mozambique's impressive natural attractions have yet to be fully exploited by tourism

KEY CONCERNS

- Southern Africa's first Islamic terrorists attacks have targeted Mozambique
- Poverty is pervasive, and economic growth must be channelled to uplift all Mozambicans
- Climate change is worsening seasonal flooding and cyclones

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION	PREDOMINANT LANGUAGE	POPULATION WITHOUT ELECTRICITY	LITERACY RATE	PRIMARY ELECTRICITY SOURCE
Christianity	Emakhuwa	75.8% (#42) ▼ 4	58.8% (#38) ▼ 1	Hydroelectric

IMPORT/ EXPORT	EXTERNAL DEBT	ACTIVE CONFLICT	LAND SIZE	INTERNET PENETRATION
Petroleum/ Aluminium	US$ 10.272 billion (#17) ▼ 2	Yes	799,380 km^2 (#16)	17.5% (#31) ▲ 6

CONTRIBUTIONS TO GDP BY SECTOR

AGRICULTURE	INDUSTRY	SERVICES
22.3%	23%	54.7%

POPULATION AGE BREAKDOWN

0-14	15-24	22-54	55+
44.7%	21.6%	27.4%	6.3%

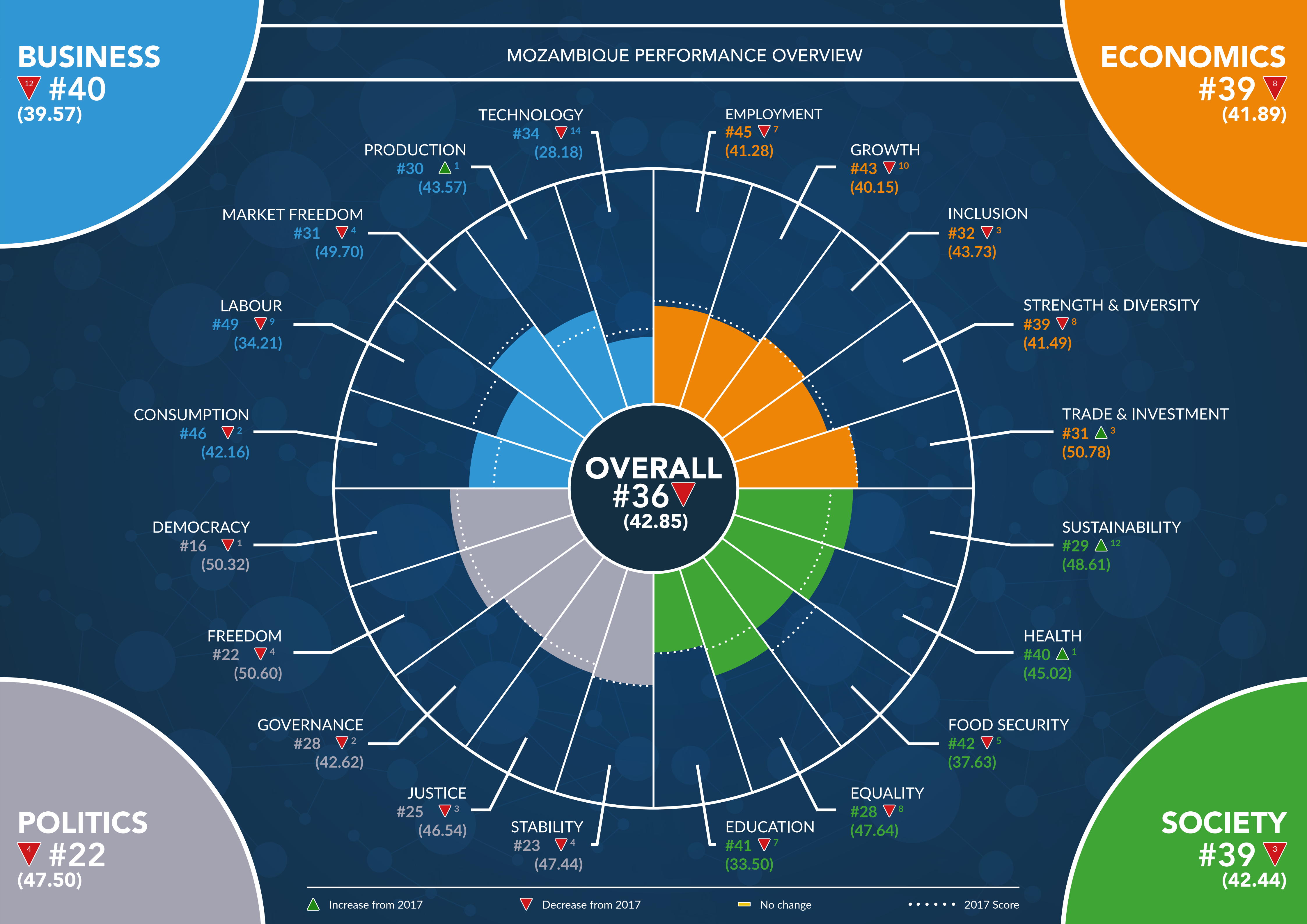
NATIONAL GOVERNANCE

Term:
15/01/2015 - present
5 years (2 term limit)

Political Party:
FRELIMO

Recent Electoral Information:
15/10/2014
2 778 497 Votes
57%
Voter turnout: 48.64%

President
Filipe Nyusi


MOZAMBIQUE PERFORMANCE OVERVIEW
BUSINESS
12 #40
(39.57)
ECONOMICS
#39 8
(41.89)
POLITICS
4 #22
(47.50)
SOCIETY
#39 3
(42.44)
OVERALL
#36
(42.85)
TECHNOLOGY
#34 14
(28.18)
PRODUCTION
#30 1
(43.57)
MARKET FREEDOM
#31 4
(49.70)
LABOUR
#49 9
(34.21)
CONSUMPTION
#46 2
(42.16)
DEMOCRACY
#16 1
(50.32)
FREEDOM
#22 4
(50.60)
GOVERNANCE
#28 2
(42.62)
JUSTICE
#25 3
(46.54)
STABILITY
#23 4
(47.44)
EDUCATION
#41 7
(33.50)
EQUALITY
#28 8
(47.64)
FOOD SECURITY
#42 5
(37.63)
HEALTH
#40 1
(45.02)
SUSTAINABILITY
#29 12
(48.61)
TRADE & INVESTMENT
#31 3
(50.78)
STRENGTH & DIVERSITY
#39 8
(41.49)
INCLUSION
#32 3
(43.73)
GROWTH
#43 10
(40.15)
EMPLOYMENT
#45 7
(41.28)
Increase from 2017
Decrease from 2017
No change
2017 Score

MOZAMBIQUE BUSINESS ANALYSIS

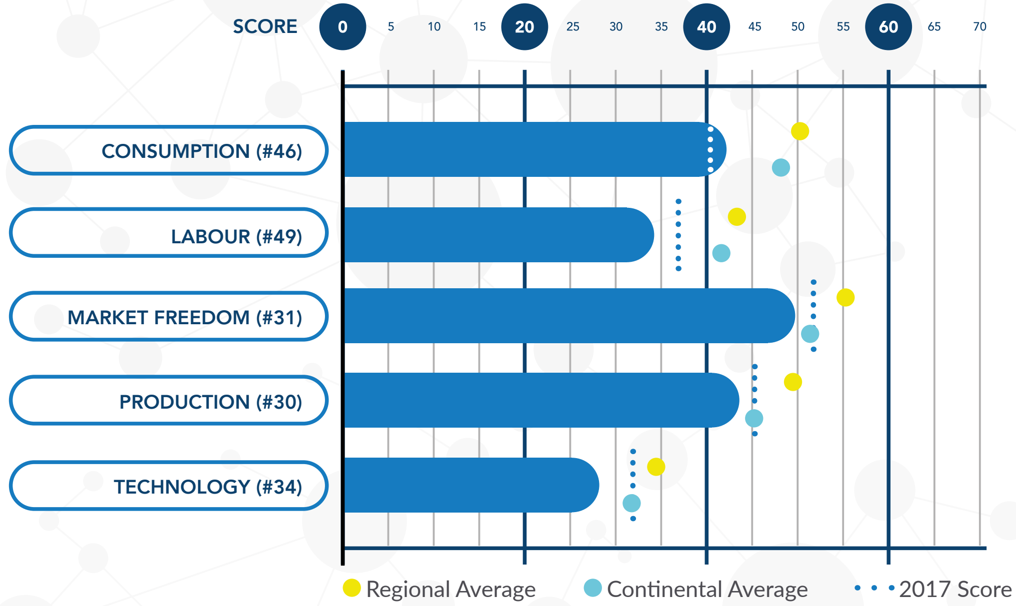
#40

12

BUSINESS OVERVIEW

As a former Portuguese colony, Mozambique has a business sector that still operates in ways characteristic of Portugal, informally and socially. Portuguese is the official language, which often requires foreign business people to be accompanied by translators. The economy is dominated by but not restricted to a few long-term players, such as South Africa's Sasol in the energy sector and Telecomunicações de Moçambique, the state-owned fixed line telecommunications monopoly. New investors are advised to establish contacts in a business community that prizes congeniality. Mozambique's wealth of natural resources has ensured significant international trade. Infrastructure improvements have been both public. The sea ports are expanding and the new Maputo-Katembe Bridge has reduced travel time between the capital on the northern bank and Katembeon the southern bank from hours to minutes. Mozambique possesses large reserves of coal, natural gas, timber and other natural resources. However, these are largely exported as raw materials, whose value is determined by fluctuating world commodity prices. Electricity generation is a growth sector. While importing 7.7 million MWh of electricity, production from the Cahora Bassa Dam exports 10 million MWh, and government wants export production increased. The gradual recovery from government's secret spending scandal and the devastating effect of cyclones on agricultural and other businesses had led to a significant 12 position decline in the Business quadrant, from 28th in the last survey to a current 40th place.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

Mozambique data availability

98.9%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.41%	77.78%	#11

The highest of all quadrants, Mozambique currently scores a high 98.90% for business data availability, thus ranking 11th continentally. This compares favourably with both the regional average for Southern Africa, currently at 87.41%, as well as the continental average of 77.78%. Despite this good score, observers such as the African Peer Review Mechanism (APRM) have warned that corporate and government collusion poses a considerable threat to future commercial transparency.

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES	LABOUR FORCE IN MILLIONS	INDUSTRIAL PRODUCTION GROWTH	PRIME LENDING RATE
36% (#38)	12.98 million (#10)	10.5% (#3)	27% (#46)

% ADULTS WITH A BANK ACCOUNT	ANNUAL AIR PASSENGERS	MOBILE SUBSCRIPTIONS	NATIONAL 3G COVERAGE
41.67% (#19)	0.57 million (#17)	52.12 per 100 (#40)	35% (#42)

MOZAMBIQUE ECONOMIC ANALYSIS

#39

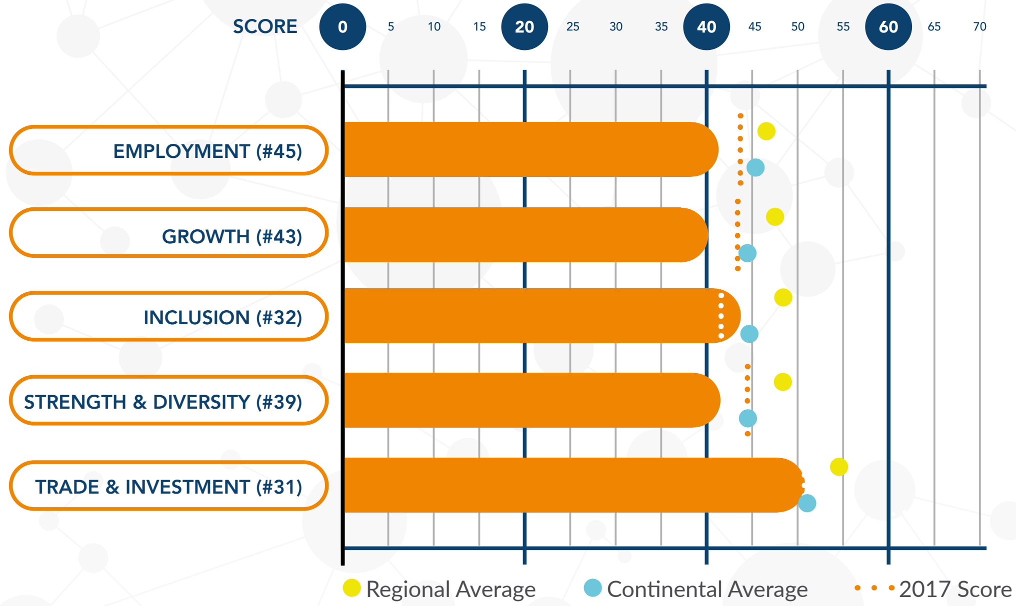
8

ECONOMIC OVERVIEW

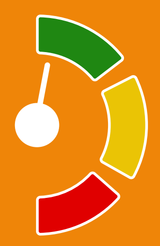
The 'hidden debt' crisis caused by government's secret amassing of multi-billion-dollar loans undercut both economic confidence and conviction in public institutions, causing donors to pull back from sponsorships and bilateral co-operations. However, a consistent pay-down of the national debt since 2017 is restoring support. Mozambique is attempting to shed a Marxist-style command economy established at independence. The effort has not been completely successful. Major companies like the railway, ports authority and telecommunications remain under state control. Hitting the economy hard has been a series of cyclones bringing heavy winds and flooding. Exciting the interest of investors has been regular discoveries of new natural gas reserves. Because global commodity prices dictate the profitability of Mozambique's extractives industry, the need for more manufacturing of value-added products for export made from local agricultural and mineral commodities is pressing. This would liberate Mozambique from fluctuating world commodity. While South Africa is Mozambique's largest trading partner, China is a significant buyer of Mozambican exports. A scaling back of purchasing from China has impacted GDP growth.

Down from 31st place in the previous period of review, Mozambique sunk eight positions in the Economics quadrant to 39th place. Cyclone damage and economic liberalisation that is proving slow to implement are affecting the country's score performance.

ECONOMIC SCORES & RANKINGS



ECONOMIC DATA COMMENTARY



Mozambique data availability

94.02%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
87.18%	77.78%	#19

Falling slightly below the previous quadrant, Mozambique currently scores a relatively high 94.02% for economic data availability, thus ranking 19th continentally. This too compares favourably with the respective regional and continental averages of 87.18% and 77.78%. At present, corruption poses a considerable obstacle to improved economic transparency, although sources such as the Mozambique data portal sponsored by the African Development Bank provide reliable macroeconomic indicators.

ECONOMIC STATISTICS

GDP PER CAPITA	UNEMPLOYMENT RATE	TRADE BLOC MEMBERSHIP	INFLATION RATE
US$ 1,300 (#47)	25% (#51)	AFTZ, SADC	17.5% (#47)

GDP AT PPP	CURRENCY AND GOLD RESERVES	FDI NET INFLOWS	BUDGET SURPLUS (+) OR DEFICIT (-)
US$ 36.7 billion (#23)	US$ 2.19 billion (#19)	US$ 2,319 million (#7)	-6.9% (#39)

MOZAMBIQUE POLITICAL ANALYSIS

#22

4

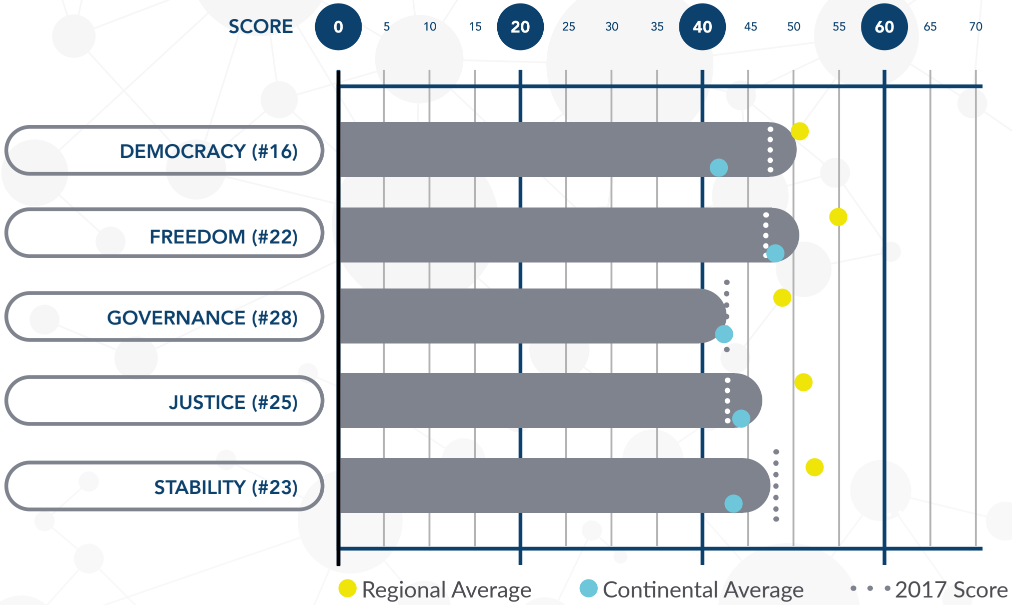
POLITICAL OVERVIEW

The tensions between the Frelimo government and the Renamo opposition, both civil war antagonists that became political parties, are now being addressed. The catalyst for change seems to be the deaths of the civil war leaderships and an openness to change by government after economic reforms were introduced in 2016. Renamo has a strong base in some central areas of the country but has not been able to exert any influence on a national level. Another contentious issue has been the state media, controlled by the Frelimo government, which has historically shown a bias against Renamo.

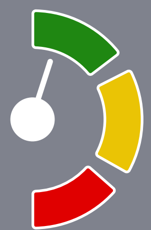
Corruption has undermined good governance in the ipso facto one-party state for a long time, but the 2015 'hidden debt 'crisis was the costliest scandal in the country's history. The IMF cut country assistance after discovering that government had lied and had broken their financial agreements by taking out billions of dollars in off-the-books loans to pay for secret army beholden to the president.

The impact of an Islamic insurgency in the north has also impacted Mozambique's position in the Politics quadrant, which decreased by four ranks, from 18th in the previous review to the present 22nd place. This decline in rank reflects governance malfeasance that has come to light in recent years, exposed by the highest segment score descent for Mozambique in Governance. However, these problems are now being corrected.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY



Mozambique data availability

90.07%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
88.82%	82.86%	#25

The lowest of all quadrants, Mozambique currently scores 90.07% for political data availability, thus ranking 25th continentally. Despite being the lowest score, this too stands in excess of the respective regional and continental averages of 88.82% and 82.86%, thus reinforcing general comprehensiveness in coverage with additional room for improvement. Despite this performance, Mozambique has long functioned as a one-party state with nascent undercurrents of political volatility.

POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES	MILITARY EXP AS % OF GDP	REFUGEE INFLOW	NUMBER OF RIGHTS
3 (#50)	0.8% (#10)	N/A (#N/A)	64 (#9)

DATE OF INDEPENDENCE	NET OFFICIAL DEVELOPMENT ASSISTANCE	WOMEN IN PARLIAMENT	CAPITAL PUNISHMENT
25/06/1975	US$ 1,531 million (#10)	39.6% (#5)	Abolished

MOZAMBIQUE SOCIETAL ANALYSIS

#39

3

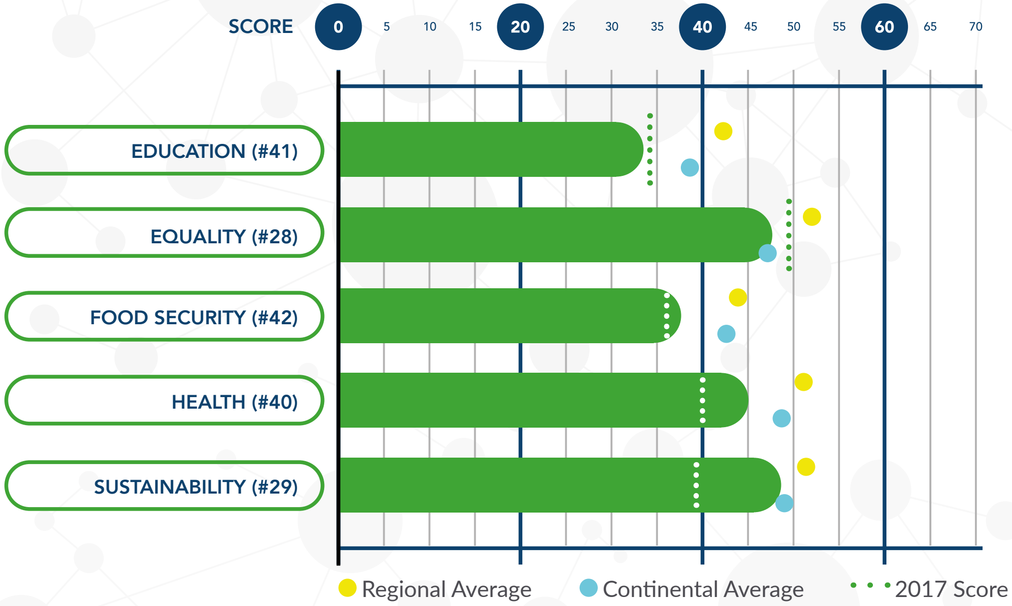
SOCIETAL OVERVIEW

As one of Southern Africa's poorer countries, Mozambique is largely rural. Of the two-thirds of the population that live in rural areas, only 47% have access to clean water, worsening the problems of cholera, diarrhoea and typhoid. Nationally, the health infrastructure is poor. Less than half (42%) of urban dwellers have toilets and running water for washing. Among rural residents, only 10% have these, which is the lowest percentage in Africa. A large ratio of three out of four Mozambicans has no electricity, and 40% are illiterate.

HIV/AIDS has impacted the country's social structure. Affecting virtually all families, one out of ten Mozambicans is infected with HIV/AIDS, which is a total of 2.1 million people. This number is growing, along with AIDS-related deaths, now totalling 70,000 annually. Mozambique has the world's 5th-highest AIDS mortality rate. The spread of HIV/AIDS is related to poverty, as is child malnutrition. Mental and physical stunting of children due to poor nutrition is widespread.

In the Society quadrant, the country saw a decline of three ranks to 39th place. Despite a growing economy, improvements in Mozambicans' social welfare have been slow. This is reflected in the eight-placement fall in the Equality segment, where Mozambique had previously achieved their best Society scores. Scores and ranks are down in Education and Food Security. However, a sharp rise of 12 places was recorded in Sustainability.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

Mozambique data availability

95.92%

REGIONAL AVERAGE	AFRICAN AVERAGE	CONTINENTAL RANK
84.54%	75.28%	#9

Continuing its relatively high performance, Mozambique currently scores 95.92% for societal data availability, thus ranking 9th continentally. As before, this too fares rather favourably with the respective regional and continental averages of 84.54% and 75.28%. Despite this, however, Mozambique often lags behind its peers in terms of key development indicators, including those pertaining to poverty, education and sanitation. In order to ensure sustainable long-term growth, improvements are necessary.

SOCIETAL STATISTICS

POPULATION SIZE AND GROWTH RATE	LIFE EXPECTANCY	HIV PREVALENCE	SEXUALITY TOLERANCE
26,573,706 (#14) at 2.46% p.a (#17)	53.7 years (#45)	12.3% (#8)	LGBTQ Legal

ACCESS TO DRINKING WATER	HEALTH EXPENDITURE (% OF GDP)	PRIMARY EXPENDITURE (% OF EDU. TOTAL)	SOCIAL MEDIA PENETRATION
51.1% (#50)	5.35% (#30)	49.25% (#12)	6% (#36)

CONTACT

IN ON AFRICA

PHONE: + (27) 11 027 4027

EMAIL: info@inonafrica.com

WEB: www.inonafrica.com

ADDRESS: 146 Beyers Naude Drive, Franklin Roosevelt Park, Johannesburg, 2195

@inonafrica In On Africa In On Africa