**Introduction**

The Swedish International Development Cooperation Agency (Sida) has launched a new analytical framework, the Multidimensional Poverty Analysis (MDPA), for understanding poverty in multiple dimensions. It is part of Sida’s efforts to further strengthen the poverty focus and its contribution to Agenda 2030. This MDPA of Mozambique is based on findings from the recent analyses related to the different dimensions of poverty in Mozambique that the Embassy had access to (see References), combined with existing knowledge within the Embassy. None of the existing analytical frameworks used to analyze poverty in Mozambique is as broad as the MDPA, which includes the dimensions of power and voice, and human security, which are more difficult to capture, especially in quantitative terms.

This analysis is a working paper that will be used as a reference document in various internal processes.

SDGs have been added in the text in conjunction to certain topics or statistics. The intentions is merely to guide the reader in terms of associating the topics with certain SDG goals, and not to describe Mozambique ambitions/progress related to the SDGs.

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1 Agenda 2030 for Sustainable Development was adopted by the UN General Assembly in September 2015. The agenda contains 17 goals (the Sustainable Development Goals - SDG) and 169 targets. The SDGs aim to diminish poverty and hunger, realize human rights for all, achieve gender equality and empowerment for all women and girls, as well as lasting protection for the planet and its natural resources - in short, eradicating poverty and achieving sustainable development.

2 For example, the National Poverty Assessment from 2016 from MEF with support from UNUWIDER, the World Bank Poverty Assessment from 2018, and the Swedish Poverty Analysis series from certain districts in Niassa called the Reality Check series from 2011-2015, conducted by ORGUT, CMI and COWI, which both include certain dimensions non-monetary poverty. It is worth noting that the Demographic Health Survey (DHS) used for calculating the widely used Oxford Policy Human Development Initiative (OPHI) multidimensional poverty index was last done in 2011 and has therefore not been used in this synthesis. The same goes for the SDG database which did not contain updated data for MZ, hence more recent data, analysis and reports were available and used.
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<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
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<tr>
<td>AU</td>
<td>Africa Union</td>
<td>INE</td>
<td>National Institute of Statistics</td>
</tr>
<tr>
<td>CET</td>
<td>Chief Economist Team (Sida)</td>
<td>MSMEs</td>
<td>Micro, small and medium sized enterprises</td>
</tr>
<tr>
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<td>Audited Financial Accounts (government/yearly)</td>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
</tr>
<tr>
<td>CIT</td>
<td>Corporate Income Tax</td>
<td>NCCAMS</td>
<td>National Climate Change Adaptation and Mitigation Strategy</td>
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<tr>
<td>CIP</td>
<td>Centro de Integridade Publica (NGO)</td>
<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change</td>
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<tr>
<td>CMI</td>
<td>Christian Michelsen Institute</td>
<td>LNG</td>
<td>Liquid Natural Gas</td>
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<td>Danish Consultancy Firm</td>
<td>MASA</td>
<td>Ministério da Agricultura e Segurança Alimentar</td>
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<tr>
<td>CUT</td>
<td>Single Treasury Account</td>
<td>ODA</td>
<td>Official Development Assistance</td>
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<td>DB</td>
<td>Doing Business index</td>
<td>OECD</td>
<td>Office of Economic Cooperation and Development</td>
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<td>DHS</td>
<td>Demographic Health Survey</td>
<td>OPHI</td>
<td>Oxford Policy and Human Development Initiative</td>
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<td>ECDYRS</td>
<td>Dutch Consultancy Firm</td>
<td>ORGUT</td>
<td>Swedish Consultancy Firm</td>
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<tr>
<td>EISA</td>
<td>Electoral Institute of Southern Africa</td>
<td>PAYE</td>
<td>Withholding tax on employee income</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
<td>PCIA</td>
<td>Peace and Conflict Impact Assessment</td>
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<td>Foreign Direct Investment</td>
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<td>Public Expenditure and Financial Accountability</td>
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<td>FID</td>
<td>Final Investment Decision (Gas)</td>
<td>PFM</td>
<td>Public Financial Management</td>
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<td>International Monetary Fund</td>
<td>PIT</td>
<td>Personal Income Tax</td>
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<td>GCI</td>
<td>Global Competitiveness Index</td>
<td>PPP</td>
<td>Power Purchase Parity</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
<td>R&amp;D</td>
<td>Research and Development</td>
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<td>Government Finance Statistics</td>
<td>SADC</td>
<td>Southern African Development Community</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
<td>SISTAFE</td>
<td>Integrated Financial Management Law and System</td>
</tr>
<tr>
<td>GoM</td>
<td>Government of Mozambique</td>
<td>SOEs</td>
<td>State Owned Enterprises</td>
</tr>
<tr>
<td>GRID</td>
<td>Global Report on Internal Displacement</td>
<td>SRHR</td>
<td>Sexual Reproductive Health and Rights</td>
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<tr>
<td>HBS</td>
<td>Household Budget Survey</td>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>HDR</td>
<td>Human Development Index</td>
<td>TB</td>
<td>Tuberculosis</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
<td>UIS</td>
<td>UNESCO Institute for Statistics</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
<td>UNESCO</td>
<td>UNs Educational, Scientific, and Cultural Organization</td>
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<td>IDMC</td>
<td>Internal Displacements Monitoring Centre</td>
<td>UNICEF</td>
<td>UNs International Children's Emergency Fund</td>
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<tr>
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<td>International Futures</td>
<td>UNWIDER</td>
<td>UNs University - World Institute for Development Economics Research</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
<td>UPR</td>
<td>Universal Periodic Review</td>
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<tr>
<td>MEF</td>
<td>Ministry of Economy and Finance</td>
<td>USD</td>
<td>United States Dollars</td>
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<td>MISA</td>
<td>Media Institute of Southern Africa</td>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
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<td>MITADER</td>
<td>Ministry Land, Environment and Rural Development</td>
<td>WB</td>
<td>World Bank</td>
</tr>
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<td>Ministry of Health</td>
<td>WDI</td>
<td>World Development Indicators</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
<td>WDI</td>
<td>World Development Indicators</td>
</tr>
<tr>
<td>IFMIS</td>
<td>Financial Management and Information System</td>
<td>WFP</td>
<td>World Food Program</td>
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Summary: Poverty Reduced, Poverty Remains

Mozambique has reduced poverty in all forms measured in the last 15 years. Recent poverty assessments all show a decline in monetary poverty rates from 60.3% to 48.4%, reduction in multi-dimensional poverty rates from 92.8% to 71% and a reduction in poverty using the international poverty line from 78.5% to 62.9%. There have been significant improvements in rural and urban areas and in every province, and in all human development indicators. Reduction in monetary poverty has been driven by a stable macroeconomic environment that has fostered high growth, which has provided an environment where incomes and living standards have been raised. Increased enrollment in schools, lower infant and maternal mortality, increased life expectancy, increased access to basic services including education, water, sanitation and electricity, and increased ownership of traditional and non-traditional assets, has driven the reduction in – measurable – multi-dimensional poverty. Trends observed in national assessments are confirmed by district level analysis.

However, Mozambique continue to trail regional peers and the country remains in the lowest category for the Human Development Index (HDI) ranking 180/189 in 2017 – lower than DRC and Sudan – driven by one of the lowest levels of educational attainment in the world, high communicable disease burden and low GDP/capita. Strong population growth – driven by high fertility rates and the increased life expectancy – has led to an increase in the number of people living below the national poverty line from 11 million (2003) to 12.3 million (2015). An expected population growth of +24 million people over the next 23 years reaching 53 million in 2040, will put pressure on service delivery and employment. Unless Mozambique embarks on a different development path, it will miss out on the so-called “demographic dividend”, have the same number of people living in poverty in 2040 and not reach SDG 1 of eradicating poverty by 2030 (Table 1).

Table 1. Extreme poverty forecast in relative and absolute terms (using international poverty line 1.90$ PPP)
Inequality is high and on the rise with a widening gap between rich and poor, urban and rural areas and the south and central/northern provinces which remain the poorest and most populated parts of the country. The gini-coefficient rose to 0.56 (2014/15) from 0.47 (2008/9), which places Mozambique among the most unequal countries in Sub-Saharan Africa (SSA). 79% of the poor live in rural areas, with substantially worse welfare indicators, especially for children, driven by lower access to basic public services among other things. More than 50% of the poor live in Zambezia and Nampula in the north, driven by weaker economic performance, worse education and health outcomes, the least amount of public spending and the lowest social transfers per capita compared to other provinces. High inequality, geographical and regional differences and an exclusive rather than inclusive economic development pattern are important explanatory factors behind the weaker than expected reduction in poverty.

The gap between men and women has become smaller, but Mozambique still ranks low on gender equality with gender specific aspects of poverty. People living in poverty are more likely to live in larger female headed households, especially where the head is single, separated or divorced. Female headed household are more likely to work in agriculture (in general a more vulnerable economic activity in Mozambique), have less secure access to land, be self-employed in the informal sector, and have less formal education. Women are worse off than men in key development indicators like poverty, employment and education. Higher drop-out rates for girls already in primary school, in an already severely underperforming education system might be one of the main explanatory factors for these gender gaps later in life, putting attention to commonly referred underlying causes such as high prevalence of early marriages (which is linked to Sexual Reproductive Health and Rights-SRHR) and discriminatory practices.

Poverty in terms of power and voice, related to democracy and human rights, is increasing. Despite progress, democratic governance continues to be weak and has recently deteriorated, as concluded in several negative trends in global indexes and confirmed by national observations. This has slowed down the processes for reducing poverty and inequality through a less efficient state administration with weaker service delivery; unequal public spending between provinces; and one of the highest public debt in Africa with reduced fiscal space that comes with it. The failure to conclude accountability processes related to grand corruption cases has undermined the social contract between citizen and state institutions, further weakening the rule of law. There is shrinking space for civil society and media, with several examples of threats to opposition members and those with critical opinions, which has weakened accountability and democratic governance for all citizens, but even more so those regions and segments of the population that were already lagging behind.

Poverty in terms of human security has manifested itself differently, depending on different types of conflicts, with different consequences in various parts of the country. The political conflict has affected people living in specific regions, where more polarized regions such as Sofala, Tete and Manica, have been more affected, with loss of lives, disrupted economic activities and service delivery. The recent insurgent movement and escalation of violence, has affected civilians living in the concerned district in Cabo Delgado in the same way, and especially women and children which have been targeted. Taking into account reputational damage, disruption of transportation routes and effects on the sensitive tourism sector, the people and areas indirectly affected by these conflicts are estimated to be more than that.

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vi Niassa (67%), Nampula (65%) and Zambezia (62%) are the provinces with the highest poverty rates.

vii A gini of more than 0.50 is considered to be high and a jump from 0.47 and 0.56 is considered unusual and even difficult to attain. 0.56 is the highest Gini in all Sweden’s development cooperation countries (CET ppt 2018).
1 Economic and Social Context

1.1 Demographics

Almost doubling the population by 2040: Mozambique has 28.9 million people\(^{13}\) (Table 2), adding over 15 million people over the last 23 years (around 3\% annually), making it the 12\textsuperscript{th} most populous country in Africa.\(^{14}\) There are about 1.2 million more women than men.\(^{15}\) There are large regional differences where the provinces of Zambezia and Nampula constitute 39\% of the national population, but 50\% of the people living in poverty.\(^{16}\) Forecasts predict that Mozambique will add an additional 24 million people over the next 23 years, having 53 million people by 2040 (Table 3), making it the 10\textsuperscript{th} most populous country in Africa.\(^{17}\) Growth, job creation and service delivery will need to “run just to keep up” with population growth: a major challenge to improve outcomes for individuals in the future.\(^{18}\)

Increased life expectancy and high fertility rates are drivers behind population growth: Mozambique has significantly reduced infant- and under-5 mortality which has improved life expectancy, now at 57.6 years, adding over 10 years in the last 20 years.\(^{20}\) (see Health section. Fertility have decreased during the last 15 years, but remain high and trail regional peers (Tanzania, Zambia and Zimbabwe). In 2016, the fertility rate was 5.1 births per woman, which is the 13\textsuperscript{th} highest rate in Africa.\(^{21}\) Among the reasons for high fertility rates are low use of contraceptives, high infant mortality rates and low female education attainment.\(^{22}\) Low female education attainment is a key driver of early marriage, as keeping girls in school delays marriage and therefore also pregnancy (see Education section). Teenage pregnancies are among the highest in SSA.\(^{23}\)

<table>
<thead>
<tr>
<th>Province</th>
<th>Total</th>
<th>Hombres</th>
<th>Mulheres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moçambique</td>
<td>28,861,863</td>
<td>13,800,857</td>
<td>15,061,006</td>
</tr>
<tr>
<td>Niassa</td>
<td>1,865,076</td>
<td>906,680</td>
<td>959,296</td>
</tr>
<tr>
<td>Cabo Delgado</td>
<td>2,333,278</td>
<td>1,131,236</td>
<td>1,202,042</td>
</tr>
<tr>
<td>Nampula</td>
<td>6,102,867</td>
<td>3,241,344</td>
<td>3,161,523</td>
</tr>
<tr>
<td>Zambezia</td>
<td>5,110,787</td>
<td>2,422,399</td>
<td>2,688,388</td>
</tr>
<tr>
<td>Tete</td>
<td>2,764,169</td>
<td>1,349,992</td>
<td>1,414,177</td>
</tr>
<tr>
<td>Manica</td>
<td>1,911,237</td>
<td>915,621</td>
<td>995,616</td>
</tr>
<tr>
<td>Sofala</td>
<td>2,221,803</td>
<td>1,071,830</td>
<td>1,149,973</td>
</tr>
<tr>
<td>Inhambane</td>
<td>1,496,824</td>
<td>687,102</td>
<td>809,722</td>
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<tr>
<td>Gaza</td>
<td>1,446,654</td>
<td>666,656</td>
<td>779,998</td>
</tr>
<tr>
<td>Maputo Provincia</td>
<td>2,507,098</td>
<td>1,178,487</td>
<td>1,328,611</td>
</tr>
<tr>
<td>Maputo Cidade</td>
<td>1,101,170</td>
<td>529,510</td>
<td>571,660</td>
</tr>
</tbody>
</table>

Table 2. National population figures from Census 2017 (INE)

Table 3. Population by cohorts, history and forecast (1990-2040), (UN Population Division and International Futures)\(^{19}\)
Half a million yearly entrants in to the labour market by 2025: With nearly 45% or 13 million people under 15, Mozambique has a high dependency ratio\textsuperscript{eii} of nearly 1 to 1, and though this will decline until 2040 – it will still be high compared to Africa (16\%) and the world (37\%) in 2040 (Table 3).\textsuperscript{24} As the working age population rapidly increases, the yearly entrants into the labour market will rise from around 300,000 today to 500,000 in 2025.\textsuperscript{25} The dependent population will rise from 13.2 million in 2014 to 18.6 million in 2030.\textsuperscript{26} Apart from productive employment, basic needs of a growing population will put additional pressure on the already strained government’s ability to provide basic services, such as health, education, social protection, water and sanitation and infrastructure including electricity. It is estimated that the government will need to provide education and health services to over 7 million additional young people in 2040.\textsuperscript{27} The “demographic dividend” will only become true if fertility rates are reduced, employment opportunities created and the above-mentioned services delivered with quality outcomes. If not, the large and young population could be a driver of instability, especially if there is continued social and political exclusion for large segment of the society.

1.2 Macroeconomics

High growth - but slower than expected reduction in poverty: Economic growth in Mozambique has been high and steady since the beginning of 2000s, averaging around 7.2% annually making it one of the fastest growing countries in SSA. Incomes have increased with GDP per capita rising from 561$ to 1128$.\textsuperscript{28} This growth was supported by a slow but gradual improved performance of the agricultural sector, productivity in services, sound macroeconomic management, large scale foreign direct investment (FDI) and donor support.\textsuperscript{29} Mozambique’s stock of FDI between 2000-2017, reaching almost 38 billion USD, is the third largest in Africa, peaking at 42% of GDP in 2013 which is by far the highest of Sweden’s development cooperation countries.\textsuperscript{30} FDI has been concentrated to mining (Vales' coalmine in Tete with one of the largest deposits in the world), aluminum (Mozals' aluminum facility in Boane) and recently also natural gas (in the Rovuma Basin in Cabo Delgado), but also banking, agriculture and real estate. Between 2013-15 more than 50% of FDI was related to natural gas which is likely to continue to dominate these statistics.\textsuperscript{31} Large levels of FDI concentrated in capital-intensive extractive sectors only, boosting growth and exports, but creating few jobs is one of the main reasons for the slower than expected reduction in poverty (see Employment section). Despite poverty decreasing during the same period, estimates show that a more inclusive growth pattern could have supported twice as much poverty reduction after the 2000s.\textsuperscript{32} If that would happen estimated outlooks predict that monetary poverty could be reduced to 21.8% by 2030 (national poverty line).\textsuperscript{33}

Recent developments highlight the vulnerability of the economy in several ways: Economic growth slowed significantly in 2015-2018 due to a combination of external and internal factors. In 2015 there was an external shock to the economy, ignited by a drop in important commodity prices and aggravated further by extreme weather conditions (effects of El Niño). The external shock was coupled with a grand corruption scandal carrying severe macroeconomic consequences, triggered by the discovery of the so-called “hidden loans”\textsuperscript{“} in April of 2016 (see Political/Institutional context). This destructive combination had a number of consequences: a hard hit on the agriculture sector and most peoples’ livelihoods with more than a million people in need of food aid due to droughts and floods; less external financing (due to the suspension of budget support from all donors and cancelled standby credit facility loan from IMF); reduced confidence from international capital markets (after defaulting on state guaranteed debts); decrease in FDI linked to delayed investment decisions related to gas; high inflation rates; an exchange rate in free fall; and an unsustainable public debt (one of the highest in

\textsuperscript{eii} Meaning that for every working age adult there is a dependent.

\textsuperscript{e} In 2015 M2 had a net ODA received (as % of GNI) of 12.4% which was the 5\% highest in all Sweden’s development cooperation countries.

\textsuperscript{f} The hidden loans case floated to the surface in April 2016 when it was discovered that Mozambique had 2.2 BUSD (approx. 15% of GDP) in undisclosed debt, in the form of state-guaranteed loans given to three state-owned companies in the area of maritime security and tuna fishing. The loans added to an already high public debt level and triggered a crisis that is yet to be resolved. No one is yet to be held accountable for the case, even though the former Minister of Finance that’s signed off on the loans was arrested in South Africa in January 2019, related to an US Department of Justice investigation of the same case. Sweden funded a forensic audit of the loans.
Africa, reducing fiscal space for the future). Estimates show that the spike in staple food\(^{34}\) inflation (going up as much as 40%) that followed the economic crisis and the extreme weather events in 2016-17 may have translated into a poverty increase of 4-6 percentage points, with rural areas taking the hardest hit (Table 4).\(^{34}\) The situation stabilized in 2017-2018, after strong monetary measures – curbing inflation and stabilizing exchange rate – and some fiscal measures, the recovery of commodity prices and exports (mainly coal), a signed investment decision for one of the major gas projects and recovery in the agricultural sector due to more favorable weather conditions in parts of the country.\(^{35}\)

**Table 4. Stable food price spikes and national poverty rates (WB)**

<table>
<thead>
<tr>
<th>Province</th>
<th>Initial</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nampula</td>
<td>71.1</td>
<td>81.5</td>
</tr>
<tr>
<td>Cabo Delgado</td>
<td>61.9</td>
<td>71.3</td>
</tr>
<tr>
<td>Namibe</td>
<td>61.9</td>
<td>71.3</td>
</tr>
<tr>
<td>Zambézia</td>
<td>64.3</td>
<td>78.3</td>
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<td>Tete</td>
<td>64.3</td>
<td>78.3</td>
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<tr>
<td>Maputo Province</td>
<td>62.0</td>
<td>75.1</td>
</tr>
<tr>
<td>Total</td>
<td>68.6</td>
<td>75.8</td>
</tr>
</tbody>
</table>


**1.3 Domestic Revenues and Grants**

Mozambique has an impressive tax revenue over GDP ratio at 21.4% of GDP (2016)\(^{36}\) which is considerably higher than neighboring countries and the highest among all Sweden’s development cooperation countries.\(^{37}\) Mozambique’s main domestic taxes are corporate income tax (CIT), personal income tax (PIT), including withholding tax on employee income (PAYE), the value added tax (VAT), and excise duties. The VAT is the tax that contributes most to tax revenues followed by CIT. In recent years one-off capital gain taxes from the gas sector have also contributed subrationally (3% of GDP in 2014 and 2.7% of GDP in 2017). In 2019, direct taxes are estimated to surpass indirect taxes for the first time. Despite good progress in domestic revenues, and continued inflow of grants, it has not been enough to cover public expenditure needs (Table 5).

**Table 5. Revenues vs Expenditures**

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic Revenues</th>
<th>Grants</th>
<th>Total Expenditures</th>
</tr>
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<tbody>
<tr>
<td>2006</td>
<td>0.0</td>
<td>0.0</td>
<td>4.0</td>
</tr>
<tr>
<td>2010</td>
<td>0.3</td>
<td>0.3</td>
<td>4.0</td>
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<tr>
<td>2011</td>
<td>0.3</td>
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<td>4.0</td>
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<td>2012</td>
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<td>4.0</td>
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<tr>
<td>2015</td>
<td>0.3</td>
<td>0.3</td>
<td>4.0</td>
</tr>
<tr>
<td>2016</td>
<td>0.3</td>
<td>0.3</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: GFS

Maize, rice and cassava, which constitute on average more than 30% of the food budget share.
By 2025 oil and gas revenues are projected to make up half of total revenues: The development of Liquified Natural Gas (LNG) projects in Cabo Delgado are expected to become the major source of government revenue from 2023 onwards, gradually increasing from 5% to over 50% share of total revenue with state participation, corporate tax and profit share as main revenue sources (Table 6).

Table 6. Gas revenue projections

Mozambique- revenue projections from 2016

Lag between (a) discovery and (b) actual revenues to government was at least 12 years

An estimated 3 trillion m$^3$ in natural gas reserves is greater than the total gas reserves of Nigeria and could make Mozambique the 3rd largest LNG exporter after Australia and Qatar. Projections of revenues became clearer with the ENI company sign its investment decision, aiming for production start in 2023-24. The larger Anadarko decision is yet to be signed with uncertainties surrounding Mozambique’s sovereign debt crisis and process of reaching enough sales agreements. If signed in Q1 2019 production could start in 2033. Mozambique’s future fiscal balance, as a pre-requisite for public expenditures to reduce poverty, is closely linked to the timeline for production of gas, the quality of management of the revenues and quality in public investment decisions. There are several bad examples from the continent of the “resource curse” that Mozambique needs to avoid, including the risk of “Dutch disease” that could hamper the potential of other sectors that are more important for job creation.

Proportion of donor aid in the state budget is decreasing: Official Development Assistance (ODA) inflows have been above 1 billion USD per year since 2000, rising to 2.3 billion 2013 before declining rapidly. In the aftermath of the “hidden loans” in 2016 the suspension of budget support (around 200 MUSD yearly) and cancellation of the IMF credit facility (around 180 MUSD) also exerted fiscal pressure.

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$xii$ The Resource curse refers to the paradox that countries with an abundance of natural resources, tend to have less economic growth, less democracy, and worse development outcomes than countries with fewer natural resources (Wikipedia).

$xiii$ The Dutch disease is relationship between the increase in the economic development of a specific sector (for example natural resources) and a decline in other sectors (like the manufacturing or agriculture). The putative mechanism is that as revenues increase in the growing sector, the given nation's currency becomes stronger (appreciates) compared to currencies of other nations (manifest in an exchange rate). The nation's other exports become more expensive, and imports becoming cheaper, making those sectors less competitive.

$xiv$ The Pre-source curse is a word game with the term Resource curse. It refers to several cases, especially in countries with weak political institutions, where the economy begins to underperform long before the production of the natural resource has started. James Cust and David Mihalyi, “The Pre-source curse”, IMF, Finance and Development, Dec 2017, Vol.54, No.4.
proportion of donor aid in the overall state budget reduced from 40% in 2006 to about 7% in 2016, partly due to a rapid increase in the budget, but also a trend of increased projects and higher degree of off-budget flows. While the share of ODA of GDP remains high, ODA per capita is declining.

1.4 Public Expenditures and Priority Sectors

Despite progress in service delivery during the last decades, several outcomes related to service delivery are below expectations with less than half of enrolled children completing primary school; lagged progress in infant and maternal mortality; social protection outreach only covering 20% of poor households; about half of the population lacking access to clean water and a small proportion using improved sanitation facilities and limited outreach of key infrastructure including electricity. Spending has not been equitable and has not targeted the poorest quintiles of the population. District level analysis shows that the public sector is omnipresent in the district and communities but only partially delivers on its responsibilities.

Table 7. Spending on priority sectors (CGE and ECORYS)

There has been a decline of the share of government expenditures to priority sectors from around 40% in 2009 to around 35% in 2016 (Table 7). Expenditures to priority sectors risks further decline due to high public debt levels and associated costs. Due the “hidden loans” and aggressive domestic borrowing, debt servicing costs rose to 21% of the budget (2017) and is expected to increase to 30% of the budget in the medium term, with the risk of crowding out expenditures to priority sectors. Analysis shows that there is limited space to increase allocations to priority sectors in the next 5-6 years. Given that limited additional funding will be available, the main policy option to attain better outcomes in the short-term seems to be improved allocative efficiency. The need for allocative efficiency is confirmed in analysis that show that Mozambique spends more compared to its peers to achieve similar results in education and health sectors, and analysis of the wage bill that shows that Mozambique has a higher wage bill compared to peer countries (Table 8) and that it has been rising a lot since 2010 from 8% of GDP to 11.3% of GDP in 2016. The high wage bill has mainly driven by high average compensation and not employment levels.
The health sector has showed progress in several areas: increased institutional births and immunization coverage; increased life expectancy; reducing infant mortality from 138/1000 in 1990 to 59/1000 in 2016 (but higher for boys than girls); reduced under-5 mortality from 220/1000 in 1993 to 71.3/1000 in 2016 (but higher for boys than girls); reduced maternal mortality from 1000/100,000 to 408/100,000 in 2016. Since 2010, new HIV infections have decreased by 24% and AIDS-related deaths have decreased by 46%. Health spending averaged 3% of GDP between 2009-2016, and 9% of total expenditures, slightly lower than the SSA average. A breakthrough related to SRHR occurred in 2014 when free abortion was legalized up to week 18, a prerequisite for safe abortions.

But important challenges remain: with severe shortage of health workers where Mozambique trails regional peers with a ratio of 4.5 workers/10,000 people; high ratio of administrative/health workers; unequal workload between provinces leading to inefficiencies; vast regional disparities in spending, with higher spending in the South and lowest spending per capita in Zambézia and worst access to facilities in Cabo Delgado; Mozambique lags behind regional peers in terms of HIV/AIDS prevalence, Malaria, TB and nutrition; a life expectancy of 57.6 years being 5.5 years lower than regional peers; a high communicable disease burden (51% higher than regional peers); and high maternal mortality. High maternal mortality is linked to the issue of unsafe abortions, with high levels of teenage pregnancies (46% of girls between 15-19 years reported to have had an unintended pregnancy in 2015), which in turn is linked to low level of education, patriarchal structures, beliefs in society, women’s social and economic dependency on men, and limited decision-making power – with few women able to exercise their reproductive and sexual rights. Mozambique still has an HIV prevalence of 12.5% (adults 15-49) with an estimated 2.1 million people living with HIV. Prevalence is higher among young women compared to young men.

Mozambique has one of the highest rates of childhood undernutrition in the world with more than 43% of children under-5 suffer from stunting (chronical undernutrition). Stunted individuals often have physical or cognitive impairments that can limit their ability to progress through school and/or limit their ability to work. Chronic malnutrition is driven by food insecurity, poor hygiene, health and sanitation, inadequate maternal and child health care. A large part of the population has a diet that is not diverse enough in terms of fats, protein and micronutrients like iron.
Mozambique has the sixth highest suicide rate in the world: The overall rate increased with 11.5% between 2000-2012, and high rates commonly indicate unmet mental health needs and a high prevalence of depression.\textsuperscript{64} Even though suicide deaths are more prevalent among men – attempts are more common among women.\textsuperscript{65} A study from 2014 from rural districts in central Mozambique found out that 14% of female headed households were clinically depressed, possibly as a consequence of experiencing food insecurity more often, living further away from clinics and frustration over limited opportunities in life.\textsuperscript{66}

Increased investment in education has brought positive results: significantly increased enrollment rates with abolition of school fees in 2004; higher school attainment for all educational levels, both for boys and girls (Table 9); doubling the number of teachers between from 64,940 in 2004 to 134,919 in 2016, which helped reduce the pupil-teacher ratio from 76 to 62 (still high compared to SSA average of 41); and reducing the average distance travel to schools.\textsuperscript{67} High spending shows that education is a priority sector for the government, with education spending at 6-7% of GDP, higher than the SSA average of 4%, and spending as a % of total expenditures at 19%, higher than the SSA average at 14%.\textsuperscript{68}

<table>
<thead>
<tr>
<th>School attainment by educational level</th>
<th>2002/03</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>0.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Some technical</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Completed secondary</td>
<td>2.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Some secondary</td>
<td>5.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Completed primary</td>
<td>12.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Some primary</td>
<td>25.1</td>
<td>14.3</td>
</tr>
<tr>
<td>None</td>
<td>55.0</td>
<td>21.8</td>
</tr>
</tbody>
</table>

Table 9. School attainment by educational level.

Mozambique has one of the lowest educational attainment levels in the world with a severe gender gap and geographical inequalities with consequences for socio-economic development. The average years of schooling is lower for both men and women compared to regional peers, but is much lower for women. Adults over 15 years have received an average of 2.5 years of schooling (ranked 184 globally out of 186).\textsuperscript{69} Only 56% of the population (15 years and older) is literate, but recent improvement can be seen in the age group of 15-24 years where the rate is 71%.\textsuperscript{70} Primary school completion rate of 48% and secondary of 22% are far behind the SSA average (Table 10). With few children completing primary school, only a small number of children are eligible for secondary school enrollment. There are significant gaps in teacher’s knowledge and teaching ability\textsuperscript{71}, with less skilled teachers, high teacher absenteeism at 56%\textsuperscript{72} as well as student absenteeism in the Centre and North; unequitable spending between provinces with Tete, Nampula, Cabo Delgado and Zambezia consistently underfunded; low learning outcomes (only 6.3% of Grade 3 pupils having the requisite reading competences in 2013), and; an education system struggling to provide the basic cognitive skills for children.\textsuperscript{73} District level analysis report that despite the existence of school buildings, these are not being used since many have lost faith in education as a way out of poverty, that children are needed for work, especially in the poorest segments of the communities.\textsuperscript{74}
One of the reasons behind low educational completion is the high drop-out rate for girls due to teenage pregnancies and/or early marriages. Early marriage is common, with 48.2% of females between 20-24 years married before their 18th birthday and 14.3% before they turned 15.75 Having children early increases the chances for girls to drop-out, having more children in life and higher dependency ratios. In comparison to boys and young men, girls and young women are more exposed to sexual abuse and exploitation in schools. 70% of schoolgirls know of cases of teachers having sex with girls in exchange for grades76.

The enrollment ratio in tertiary education has steadily increased over the last ten years with 6.9% enrolled in 2017.77 Slightly more men than women are enrolled, but the gender-gap is decreasing. Access to higher education is highly inequitable and several studies show that access is determined by income. A state loan scheme for tertiary education is planned, but not yet in place. Higher education and research remains critically underfunded, even though students pay fees also in public universities. Funding is inadequate to provide the facilities, infrastructure and academic staff required to provide quality education as well as conduct quality research. Mozambique has on average 37 full time equivalent researchers per million inhabitants, compared to 7000 for Sweden.78 In 2006 the government committed itself to allocate 0.8% of GDP on research and development (R&D) by 2010, which is less than the Africa Union (AU) commitment target of 1% of GDP and compared to Sweden’s 3.2-3.3% of GDP. However, the expenditure on R&D only reached 0.34% of GDP in 2015.79

Mozambique has made important progress in social protection with three main social safety net programs, mainly funded by government.xv Despite these efforts coverage remains low with less than 500,000 poor households covered, accounting for less than 20%xvi of the estimated poor households.80 Apart from low coverage, the value of the cash transfer is also low at 8.6-17 USD per household/month. Expenditures related to social protection remain low in relation to the needs and set government targets. For 2018 the allocation for the sector has increased and represents 0.6% of GDP but falls short of the GoM strategy target of 2.4% of GDP.82 It is estimated that a fully implemented strategy could reduce poverty incidence by 7.5%, but also poverty depth and inequality.83 Moving forward, a well-developed social protection system could become an important redistribution mechanism and safeguard that some of the future national wealth is redistributed to the poorest segments of society.

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76 Social pension (PSSB), productive social safety net (PASP), and direct social support (PASD).
77 There is a total of 2.46 million poor households in the country, with 12.3 million people living under the basic needs poverty line and average of five members per households.
1.5 Employment

The formal sector firms have doubled the number of jobs since 2003 at the same time as informal sector incomes have increased. There are about 10.7 million people in employment and they are mainly found in the informal sector. The formal sector accounts for about 1 million jobs, where approximately 43,000 formal enterprises create 525,000 jobs and the rest, around 400,000, are public sector jobs. This means that more than 90% – approx. 9.7 million of the employed – work in the informal sector, mainly smallholder farmers (mainly subsistence), micro and small enterprises or informal wage jobs. Currently an additional 300,000 youth enter the labour market yearly and it is expected that this number will increase to 500,000 by 2025. Unemployment is over 25%, but youth unemployment is 42.7% with young, urban, relatively well-educated workers more likely being unemployed. There is a high share of working poor, with 76.8% of total employed working but not earning enough to reach above the 3.10$/day PPP poverty line, and 84.6% considered to be in vulnerable employment (unpaid family work or own account workers). District level analysis confirms that new type of employment opportunities, mainly in agriculture and services, have increased (with improved roads stated as the most important factor), and that this has benefitted the slightly better-off (those with some resources, networks and skills) and not the poorest.

Table 11. Sector shares of GDP and jobs.

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Agriculture</td>
<td>38.1%</td>
<td>31.4%</td>
<td>30.5%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Industry</td>
<td>10.7%</td>
<td>21.1%</td>
<td>19.7%</td>
<td>18.8%</td>
</tr>
<tr>
<td>Services</td>
<td>51.8%</td>
<td>47.7%</td>
<td>49.8%</td>
<td>55.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>86.6%</td>
<td>80.5%</td>
<td>80.4%</td>
<td>71.0%</td>
</tr>
<tr>
<td>Industry</td>
<td>4.4%</td>
<td>3.4%</td>
<td>4.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Services</td>
<td>9.0%</td>
<td>16.1%</td>
<td>15.0%</td>
<td>24.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: World Bank Group, Jobs Cross-Cutting Solutions Area data file for Mozambique

Growth has been driven mainly by capital-intensive mega-projects that produce for export, but create very few jobs. Between 1992 and 2010 the mega-projects accounted for 72% of total capital investment but generated only 5% of total expected employment, and newly registered mega-projects will generate a mere 1.7 jobs per 1 million USD invested, compared to 77 jobs for other projects.

There has been a shift in the labour market with a fall in the share of agriculture and rise in services as share of GDP and jobs (Table 11), where non-farm wage jobs and non-farm self-employment have both increased threefold. Manufacturing (part of Industry in Table 11) exists, but has declined in importance since Mozambique once had Africa’s 7th largest manufacturing sector. It is dominated by wood processing and furniture production, even though the economic potential with regards to value addition in the forestry sector is untapped. The main export is still timber, of which over 90 % was to

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xvii From a poverty perspective it is therefore more important to look at the creation of “good jobs” rather than unemployment figures.

xviii Well-known examples are the Moza aluminum smelter, the Vale coal mine, and the Sasol gas project.
China.\textsuperscript{91} The levels of illegal timber export has been high during the last 15 years, with some decline the last years and this could be further improved with the MoU on sustainable forest management signed between Mozambique and China in 2018.\textsuperscript{92}

But 71\% of the share of jobs are still in agriculture, but even if productivity has increased in the last decades it is still low also by regional standards. An increasing share of jobs – now 24\% – have moved to the service sector where productivity, despite being six times larger than agriculture (and with high levels of informality) is still low. Hence, the limited structural transformation that has taken place is a move from unproductive employment in agriculture to unproductive employment in the service sector.\textsuperscript{93} Even though productive employment opportunities have been created, they have not been expanding fast enough to absorb the growing labor force, which is one of the main reasons behind the slower than expected reduction in poverty and pre-requisite for achieving the demographic dividend.

There are gender specific aspects of employment: Women are overrepresented in the informal sector and many more women work in agriculture. Women also spend more time doing unpaid domestic work. Men are more likely to work in formal wage jobs, i.e. higher earning jobs. One underlying reason for this is likely to be related to the sharp difference in education between women and men, as well as traditional and discriminatory practices.\textsuperscript{94}

Micro, small and medium sized enterprises (MSMEs) and smallholder farmers are key for employment (jobs and incomes) in the labour market. There are an estimated 5.4 million people are engaged in (MSMEs), including 4.5 million MSME owners and about 850 000 employees.\textsuperscript{95} MSMEs face a weak competitiveness and weak business environment, where Mozambique still ranks low on the Global Competitiveness Index (133/140 in 2016), and Doing Business ranking (137/190 in 2016). Constraints identified by entrepreneurs include: inefficient bureaucracy, red tape and corruption; poor infrastructure (including access to a reliable supply of grid-based power); access to financial services (with 75\% of MSME owners are financially excluded\textsuperscript{96}); access to land, and crime/theft.

Agriculture is still the main source of livelihood and income for most Mozambicans: There are an estimated 3.2 million smallholder farmers who account for 95\% of total agricultural production, and about 400 commercial farmers who account for the remaining 5\%.\textsuperscript{97} Mozambique nearly tripled total agricultural output over the past 20 years. Over the same period, agricultural production per capita, which is a better measure of agricultural efficiency, increased by 78\%. Mozambique ranks 19\textsuperscript{th} in agricultural production per capita in Africa.\textsuperscript{98} Over half of agricultural production is concentrated in staples like maize (29\%), cassava (13\%) and sorghum (11\%). FAO estimates that 80\% of all smallholder farmers farm maize or cassava, and that those two crops cover about a third of total agricultural land. The main export crop is tobacco (37\% of export value), followed by sugar, cotton, bananas, seeds and nuts. Main imports are rice, wheat and palm oil; main import partners are South Africa and Thailand. Agriculture is practiced on less than 10\% of the arable land and largely in flood- and drought-prone areas. Challenges such as low productivity – with low use of improved inputs and the dominance of rain-fed agriculture which also makes the sector vulnerable to shocks – low value-addition, weak market access/linkage and low access to financial services, hamper higher earnings.\textsuperscript{99} Moving forward and as food demand will outpace supply, Mozambique needs to fill the gap with food imports. It is estimated that food import dependence will increase from 5\% in 2016 to 25\% in 2040. This increase in food imports could have major implication for food security in the country, if the country does not increase agricultural production to meet current and future needs.\textsuperscript{100}

Even though the service sector has grown – including financial services, tourism, trade, transport, and the public sector – this has not benefitted people living in poverty. As workers move away from agriculture towards non-farm work, both in rural and urban areas, many remain in relatively low-productivity, informal self-employment. Except for wholesale and retail trade, formal service sector
jobs tend to require more education and higher-level skills. This effectively excludes most of the labor force, which remains trapped in low-skilled self-employment. Manufacturing is small and has lagged behind the economy as a whole. The sector lacks investments and suffers from several specific business environment constraints related to low quality and quantity of input needed; low level of exports due to high licensing costs; legal risks; and low level of access to financial services. Only 12% of manufacturing firms are run by women.

1.6 Infrastructure
Mozambique has made substantial progress in many areas of infrastructure, but it continues to be one of the main explanatory factors for the rural-urban divide: Rural households are more isolated and less mobile than urban ones. They are more than twice the distance from the nearest water source, further away from food markets, bus stops, primary schools, health facilities and police stations, which drives rural/urban inequalities. It contributes to “time poverty” with higher input costs, in terms of time, and lower returns, and especially for women who – despite working as much as men – also spend time on unpaid household duties. Mozambique has some of the lowest road provision in Africa (ranked 47th). About 22% of roads are paved and mainly in urban areas. 17% of the rural population is estimated to live within 2 km of the nearest road in good condition, which makes approximately 16 million people lack connection to an all-season road. While Mozambique has made progress on extending improved water facilities over the past 25 years, increasing access by 45% since 1990, it still has one of the lowest access rates in Africa. About 49% of the population (13.7 million people) does not have access to an improved water source (ranks 49th in Africa). While access to improved sanitation facilities has doubled over the past 25 years, Mozambique still ranks 39th in Africa. Only 21% of the population has access to improved sanitation facilities, with over 22 million people lacking access to basic sanitation. The low WASH access (170th in the world), is one factors behind the high infant mortality and child malnutrition rates. ICT access has expanded rapidly, especially in the past 5 years, driven by mobile phone network coverage and mobile phone access, but broadband access is lagging. Mobile phone subscriptions doubled between 2012 and 2014 reaching 70 per 100 people, explained mainly by entry of a third mobile service provider (Movitel) in 2011, subsequently expanding coverage and reducing prices. Mozambique still ranks on the low end in Africa in terms of fixed (50th) and mobile broadband (39th) subscriptions per 100 people. Even though access to electricity has doubled during the last decades, it continues to be limited to about 25% of the population. Most of those without electricity live in rural areas, where only 5.5% of the rural population had access to electricity (2012), while nearly 55% had access in urban areas. This uneven distribution drives rural/urban inequalities in public services; access to communication; security through provision of street lights, which is especially important for women; and in possibilities for productive uses of electricity.

2 Political and Institutional Context

2.1 Political Parties and Power Sharing
Despite officially being a multi-party democracy since 1994, many consider Mozambique’s democratic transition incomplete. Mozambique scores 52/100 in 2018 (down from 56/100 in 2016) on the Freedom House index and is considered “partly free”. Mozambique has deteriorated to 3,85/10 in the Economist Intelligence Unit’s Democracy Index 2018, and is now classified as an “authoritarian regime”. The reason for this drop was the alleged fraud that took place in the 2018 municipal election. The principle of “the winner takes it all” is often referred to as the main explanation for the lack of power sharing on different levels where the electoral victor gets to decide everything.
Parliamentary elections, even though this is not a requirement of party membership for civil service personnel; party affiliation and loyalty rather than merits and competence, even though this is not a stated norm. District level analysis shows Frelimo’s strong influence on the State through de facto requirement of party membership for civil service personnel in the particular districts that were part of the analysis. Combined with hierarchical governance systems, this has negative consequences for competence, diversity of opinions, efficiency in delivery of tasks which severely hampers effective and democratic governance. District level analysis show that decision-making power at the local level is still limited and follows a similar pattern. The combination of being more concerned with individual gain, within a centralized, hierarchical, bureaucratic system with weak capacity is likely an explanatory factor for the “implementation gap” experienced in various sectors, where speedy approval of reforms rarely are followed up by speedy implementation.

The capacity of the central administration is much stronger than provincial and local governments. The combination of low capacity on local level and high corruption levels leads to sub-optimal service delivery to citizens. District level analysis confirms an increased presence of public institutions and delivery of basic services, but that the quality of services has not improved in general. Accessibility remains unequal for people living in poverty in general, but for women in particular, since moving from access to usage depends on a combination of socio-economic position and socio-cultural

Frelimo (The Front for the Liberation of Mozambique) and Renamo (The Mozambique National Resistance) remain the country’s two main political forces, with MDM (Mozambique Democratic Movement) gaining some parliamentary mandates in the last general election. The battle between these two political forces have a long and violent history during the civil war. Following the signing of the Peace Accord in 1992, Frelimo has governed the country, but Renamo has managed to transform itself to a political movement and gain support and votes, but so far not managed to win any presidential elections. Renamo’s strong support in certain provinces, where they claim to have won the last elections, has been one of the causes of resurgence in violence during electoral cycles (like in 2013) as well as a key argument for enhanced political and fiscal decentralization (see Peaceful/Conflict context). Even though change at the central level is more likely to depend on changes within Frelimo, the picture may be changing on provincial and district levels as more elected bodies will be included in the electoral system before the elections in 2019 and 2024 respectively. This could potentially increase political competition and deconcentration of power with greater autonomy to provinces, districts and municipalities. But the reform comes with several political, administrative and budgetary challenges.

2.2 Governance and Corruption
A long-term positive trend in governance has been countered by a negative trend in recent years, which is captured in global indexes and mirrored in domestic reports from civil society and other independent sources. Mozambique’s score on the Mo Ibrahim Index of African Governance has gone down from 54.0 out of a 100 (2008) to 51.0 (2017), which is slightly higher than the SSA average, but lower than SADC (Southern African Development Community) average of 56.0. Mozambique is ranked 25th out of 54 African countries. The situation is considered “increasingly deteriorating” in the areas of rule of law, transparency and accountability, and participation and human rights. The ranking for transparency and accountability is particularly low and in decline. Domestic reports from civil society and other independent sources confirm this trend; freedom of speech is declining and the municipal elections in 2018 were marred by allegations of fraud, which has been a recurrent theme in previous elections. Several obstacles remain for institutional independence and impartiality of judiciary.

Even though Mozambique has shown gradual improvements in governance over a longer period, the term “state-capture” is sometimes used when describing governance in Mozambique; Recruitment and rewards in the public administration, especially for those aiming at higher positions, are said to be based on party affiliation and loyalty rather than merits and competence, even though this is not a stated norm. District level analysis shows Frelimo’s strong influence on the State through de facto requirement of party membership for civil service personnel in the particular districts that were part of the analysis. Combined with hierarchical governance systems, this has negative consequences for competence, diversity of opinions, efficiency in delivery of tasks which severely hampers effective and democratic governance. District level analysis show that decision-making power at the local level is still limited and follows a similar pattern. The combination of being more concerned with individual gain, within a centralized, hierarchical, bureaucratic system with weak capacity is likely an explanatory factor for the “implementation gap” experienced in various sectors, where speedy approval of reforms rarely are followed up by speedy implementation.

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*State capture* is a type of systemic political corruption in which private interests significantly influence a state’s decision-making processes to their own advantage.
competence. The consistent funding gap for education, health and other social services is expected to be further challenged by upcoming demographic pressures.

The development of public financial management (PFM) has been a central part of the country’s effort to build state capacity since 2002, with the approval of the Integrated Financial Management Law, followed by introduction of the financial management system itself and a Single Treasury Account, which all are fundamental building blocks for a PFM system. The system has gradually improved, expanded and strengthened over time. The PEFA assessment conducted 2015 paints a carefully positive picture and scores in line with Rwanda’s and Tanzania’s. In the aftermath of the “hidden loans”, Mozambique pushed several key PFM reforms related to strengthened approval processes of state guarantees, oversight and management of State-Owned Enterprises (SOEs) and autonomous institutions. The PFM system still has challenges and some of the main areas of continued concern are: fiscal risks (including from implementation of mentioned reforms and debt management), policy based budgeting (including medium term budgeting and planning), procurement, audit, and legislative scrutiny/oversight. Strengthening these areas will be an important part of contributing to more effective use of public expenditures.

Corruption is common, costly and puts a brake on socio-economic development. Corruption in various forms is common and may be labelled as endemic and brings enormous costs for the country. In 2016 the cost of corruption for the last ten years was assessed to 4.9 billion USD, equivalent to around 30% of GDP in 2014 and 60% of the 2015 budget. The cost of the “hidden loans” were almost 2.2 billion USD (around 15% of GDP at the time) and have so far only brought costs, a series of negative effects, including the risk to consume some of the future gas revenues. There is a perception in society that corruption is on the rise, where Mozambique’s score in Transparency International Corruption Perception Index has dropped from 31/100 in 2012 to 25/100 in 2017 (lower score higher perception of corruption), ranking the country 153/180 in the world. The limited transparency and accountability that has come in the aftermath of the hidden loans shows the weak capacity of the judicial system but also gives fuel to arguments that you can escape accountability if you are powerful enough. Strong messages related to anti-corruption in beginning of 2018 are positive and needed, but have so far not been followed by any major changes in policy.

2.3 Human Rights

The human rights situation is on a declining trend. Arbitrary detention occurs and affects particularly vulnerable groups such as farmers and persons belonging to, or believed to belong to, the opposition. The ceasefire in December 2016 between Frelimo and Renamo out an end to a period with frequent armed geographically isolated clashes between government security forces and Renamo-linked armed groups that committed several abuses since 2014, including killings, enforced disappearances, kidnappings, arbitrary arrests, and destruction of property. Mozambican law enforcement is yet to investigate a range of serious crimes and among them 10 high-profile cases including senior opposition members, state prosecutors, and prominent academics, who were either killed or injured in apparently politically motivated attacks in 2016. In April 2018 Mozambican civil society organizations handed in a petition to the Chair of the Parliament asking for a clarification on several acts of violence against critics of the Government.

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99 The law is applicable to all state institutions and the system it establishes includes budget preparation, accounting, treasury management, asset management and internal control. The legal and institutional framework established in the SISTAFE law is complemented with laws regarding taxes, procurement, municipalities and the supreme audit institution, many of which have been updated over the past 5 years.

100 The 2015 PEFA highlights that 50% of the value of public acquisitions are procured through direct bidding and that in 2014 UFSA statistics showed that 67.6% of processes did not apply competitive methods.

101 The 2015 PEFA notes that the effectiveness of the internal audit function of the IGF has increased. Due to the capacity weaknesses of internal controls, recommendations from internal audits are difficult to translate into systemic improvements and changes in behavior. Although consistent data is lacking, audits from TA and IGF as well as from private audit firms show a relatively high degree of non-compliance with rules and procedures. For more information see Tribunal Administrativo, 2015, Relatorio e Parecer sobre a CGE 2013.
There is a general trend of shrinking space for civil society and media. Violence and threats against journalists and civil society activists have increased, with The Media Institute of Southern Africa (MISA) reporting 51 cases of press violations between 2010 and 2016, while Mozambique dropped 26 spots in the World Press Freedom Index between 2013-2017 (to 99 of 180). The abduction and beating of the journalist Ericino de Salema on 27 March 2018, gained international and national attention but none has been prosecuted. Another attack on press freedom came on 23 July 2018 when the Council of Ministers approved the new regulations on media accreditation fees (known as Decree No. 40/2018) which were later signed into law introducing exorbitant annual fees for foreign and national journalists. The law is yet to be implemented. At the local and district level, prior authorization for demonstrations is often requested by local authorities even though the law clearly states that prior authorization is not required, further entrenching on the power and voice people have, especially in the rural areas of the country. In general civil society is weaker in rural areas.

Marginalized groups are hindered to operate in society: Registration of LGBTIQ+ associations have been hindered by authorities with reference to the Law of Associations, that states the right to deny legal status to associations which have an objective that “offends public moral”. However, the clause has been declared as unconstitutional by the Constitutional Council and does not constitute a legal reason to hinder registration. A proposition that was handed in by the government to the parliament in July 2018, that would make it more difficult, time consuming and costly to form and register NGOs, especially for organizations outside of the capital, is an example of shrinking space for CSOs.

3 Environment Context

The majority of the population are heavily dependent on the environment for their livelihoods and incomes. Most people living in poverty in Mozambique rely on agriculture and fisheries with 70% of the people employed in agriculture (and many more dependent on its production) and approximately 60% of the poor in the country living in costal zones. Agriculture is practiced on less than 10% of the arable land and largely in flood- and drought-prone areas. It is estimated that that Mozambique’s forest coverage is 41 % of the total land, but due to a high deforestation rate (currently 0,8 %/annually) the forested land has been rapidly reduced during the last 25 years. The drivers of deforestation in MZ are mainly unsustainable agriculture practices (over 80 %) as well as exploitation of timber and fuelwoods (charcoal and firewood). The use of fuelwood for cooking is also negatively affecting the health status especially for women, girls, boys and elders, and will only on long term be substituted by other energy sources. The provinces with highest deforestation in absolute numbers are Manica, Nampula and Zambezia, and these provinces are considered to have highest forest potential in the country. The process of deforestation has a direct negative impact on economic value of native forests as well as the conservation of biodiversity. Other pressing environmental issues are land degradation and overfishing.

A large share of the agricultural production depends on favorable weather conditions making production very vulnerable to changes in weather patterns. Droughts are common in the south, cyclones along the coastline while floods occur in the whole country. Recent unfavorable weather conditions, a possible consequence of climate change, triggered a food security situation (2016/17) when one of the strongest droughts in 35 years due to the El Niño hit Mozambique which led to 2.1 million people in the country becoming food insecure. Mozambique is still recovering from the effects and parts of the country is currently (agricultural season 2018/2019) facing a new drought situation that once again could lead to high levels of food insecurity. Reoccurring tropical cyclones are also among the climate effects that the country must adapt to. In February 2017 a tropical cyclone hit Inhambane. The province suffered a vast loss of crops and required extra humanitarian aid. In addition, infrastructure such as roads, bridges and infrastructure, were heavily damaged, affecting access to electricity, and the mobility of people.
Expected increases in temperature and rainfall from climate change is expected to lead to more varied precipitation, affecting both agriculture and fishery. The effects of extreme weather events will vary from region to region, but extreme weather patterns, such as droughts and severe flooding, will continue to have devastating effects for large parts of the population. Weather fluctuations will cause increased uncertainty of the official start of the agricultural season, estimated to cause a 25% drop in revenue in some regions.\textsuperscript{139} An increase in temperature is expected to negatively affect the fish stock of the oceans (and indication of this can be seen from coastal resources such as coral reefs which are set to decline by 70-90% at 1.5°C temperature rise and >99% at 2°C increase\textsuperscript{140}). Such a reduction would mean increased food insecurity and threatened income reliability while simultaneously placing coastal ecosystems under even greater stress with increased competition for fish stocks that are already considered over exploited. Mozambique was ranked as 8\textsuperscript{th} most vulnerable to climate change impacts on fisheries compared to neighboring Tanzania which was ranked 31\textsuperscript{15}. The northern parts of the country are most vulnerable.\textsuperscript{141} Coastlines and areas of high water and agriculture stress are called “hotspots” for climate-driven out-migration.\textsuperscript{142} Even though Mozambique is not among the countries that is projected to experience high volumes of climate-driven migration, it is surrounded by countries that will. By 2050, SSA is projected to have 86 million climate migrants.\textsuperscript{143} Mozambique falls in the category of high risk of humanitarian crisis (rating 6/10), and is at higher risk compared to regional peers (Malawi, Tanzania, Zambia and Zimbabwe).\textsuperscript{144} Adaptation to these new conditions for agriculture and fishery in different parts of the country is currently weak, and if doesn’t improve – and since climate-related disasters are likely to become more frequent – there is a risk that people will be pushed into poverty.\textsuperscript{145}

The institutional capacity essential to deal with adaptation and mitigation and to coordinate environment and climate change issues has been strengthened in recent years, with the creation of an institutional home for these issues with the creation of MITADER in 2015/16. But capacity continues to be weak, especially at the local level, as illustrated in the insufficient support both national and local institutions were able to give as a response to the recent crisis.

Northern provinces, rural areas and women and girls are more at risk to climate induced effects. Exploitation of gas and other natural resources have already and will continue to affect both the local and the regional environment in Mozambique, causing land reformation that will affect both land and marine ecosystems and some resettlements.\textsuperscript{146} The northern parts experience is more affected by environmental degradation, is the most populous region in the country and instability for other reasons (see Peaceful/Conflict context) could exacerbate existing vulnerabilities.\textsuperscript{147} For poor people living in rural areas, resource exclusion directly affects their chances of survival, making them highly vulnerable to climate risks and shocks.\textsuperscript{148} Because of the high proportion of women in agriculture, women are more at risk to climate induced effects in the country.

4 Conflict/Peaceful Context

The return to armed violence and political contestation on a national level. The fraught relationship between the ruling party Frelimo and the main opposition party Renamo is key to understanding of many of the underlying causes of conflict and antagonism in Mozambican society. The peace process in the late 1980s and early 90’s that brought the civil war to an end through the Peace Accord of 1992, has been described as mostly successful. However, the resurgence of armed conflict in 2013 has shown that the peace agreement was insufficient insofar as it failed to disperse all ex-combatants and allowed Renamo to maintain an armed militia.\textsuperscript{149} It also did little to provide alternative opportunities for former combatants to return to civilian life. Thus, Renamo successfully transformed into a legitimate political party, but maintained an armed faction, which still poses a threat to state legitimacy. Since the end of the civil war, Frelimo has made several concessions to
Renamo (both financial and political) without resolving the key issues of demilitarization and state decentralization. Even in times of no armed violence, the conflict dynamic between Frelimo and Renamo plays out in various ways in communities hindering social and economic development.

**Frelimo use of traditional chiefs in local communities resulted in further marginalization of Renamo.** In the early 2000s, Frelimo used traditional chiefs in local communities to build legitimacy and popular support, strengthening their presence in rural areas which previously had a strong allegiance to Renamo. This contributed to the build-up of tension as Renamo felt their support was being undercut. This tactic was largely successful and played a significant part in the Frelimo landslide victory over Renamo in 2009 elections, which resulted in further marginalization of Renamo ex-rebels. The weakening of the opposition was one of the reasons for the return to armed violence in 2013 which climaxed in 2014 when the leader of Renamo, Afonso Dhlakama, threatened to re-ignite civil war. A temporary ceasefire was initiated during the elections in 2014, however armed clashes escalated in October 2015 until another ceasefire was established in December 2016 and peace negotiations were initiated by President Nyusi. The refugee situation deteriorated during 2016, with around ten thousand refugees seeking refuge in Malawi, while even more were internally displaced (mainly in Tete) – the majority have now returned. Key to the escalated violence was Frelimo’s rejection of the decentralization bill in April 2015 which was reported to have undermined President Nyusi’s authority over the party.

**Demilitarization is a key part of the peace process.** A permanent cease-fire was signed in March 2017. Renamo’s leader Afonso Dhlakama died of natural causes in May 2018, but peace efforts continued, albeit at lower intensity, with the interim leader Ossufo Momade (who was elected new leader of Renamo in January 2019). In August 2018, Renamo and the government signed a MoU on demilitarization, that focused on integrating Renamo soldiers in police and military. The MoU also created three technical groups. An international group of military advisors were invited by President Nyusi to observe and provide technical advice to the DDR process. After the publication of the results of the municipal elections held on 10 October 2018, Renamo announced that they would suspend their participation in the peace negotiations due to fraud in several municipalities. This showed the mistrust and the challenges that still exist and lowers the incentives for Renamo to fully disarm. Lately civil society has highlighted the exclusion and demanding inclusion of women in the peace and reconciliation process, with the government showing some interest to engage on this issue. President Nyusi is under pressure to demilitarize Renamo before the general elections, planned for October 2019, or run the risk of a re-escalation of the conflict.

**Increased polarization in society and between provinces in the country.** In the years following the first general elections in 1994, and as the economy grew, Renamo strongholds in central/northern provinces received an unequal share of investments and resource allocation from central government. Partially due to this, regional inequality is high, with central and northern parts disproportionately suffering from low quality and access to services and fewer employment opportunities. The governance aspects described in Political/Institutional context are a driving factor for the increased polarization. The polarization is enhanced by the political parties drawing support from different ethnic groups, leaving fewer ethnic groups from the central/northern provinces represented in parliament and the government. However, differences have mostly resolved around economic and regional factors, rather than issues of identity and ethnicity, however there is a risk that identity politics could be mobilized.

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xxii Frelimo having mainly support from Shangana-Ronga and Makonde in the south, while Renamo has most support from the Ndau, Sena and Makua in the central/north.
Outbreak of armed violence in Cabo Delgado in early 2015. There is limited reliable information and analysis on the security situation in Cabo Delgado. There is information that radical Islamic preachers moved into towns in Cabo Delgado in early 2015, preaching an anti-state ideology. According to this information, they had set up their first military cells by late 2015 and launched a first series of deadly attacks by October 2017 on both civilians and state infrastructure, having performed at least 75 small-scale attacks by end of August 2018. In total, at least 203 persons (security forces, civilians, rebels) have been killed, over 800 homes burnt, causing displacement and insecurity in the area. There are several potential drivers of the violence. The insurgent movement has likely benefited from the marginalization of the predominantly Muslim Mwami ethnic group, by the mostly Catholic Makonde – combined with high youth unemployment and widespread poverty. According to reports other aspects might have created conducive conditions for the might be the existence of an illicit economy, that is protected by corruption and gains from instability. The illicit trade is said to be related to wildlife poaching, drug trafficking, gemstone smuggling, human trafficking and illegal timber logging and has undermined state legitimacy by providing alternative income opportunities to local population, but also by the alleged involvement by powerful elites. The government has downplayed the insurgency and received criticism on how it has handled the situation through military and police response. There are also concerns regarding private security companies hired by the oil and gas companies, which might have escalated violence.

At community level, contestation over land and use rights is one of the most common conflicts, and causes for tension. Issues resolve around the new land tenure laws post-war, the use and ownership of state farms, land registration (which can only be made in the capital), demarcation of unregistered land after flooding, boundaries and restrictions in reserve areas, appropriation of communal land by hunting, timber trafficking, gemstone smuggling, human trafficking and illegal timber logging and has undermined state legitimacy by providing alternative income opportunities to local population, but also by the alleged involvement by powerful elites. The government has downplayed the insurgency and received criticism on how it has handled the situation through military and police response. There are also concerns regarding private security companies hired by the oil and gas companies, which might have escalated violence.

Resettlement due to operations of the extractive industries have increased in the last years. For instance, in 2015, a village east of Nampula was flooded due to the waterways that connected the wetlands to the sea had been cut off by mining waste, washing away 48 houses and leaving 173 partially destroyed. Resettlements exacerbate risks for women and girls to face gender based
violence while at the same time decreasing access to education and health care. Women also risk higher levels of exclusion in resettlement processes.\textsuperscript{166} It is not only the extractive industries that are responsible, but the state also has large responsibilities in resettlement processes, and has on occasions not provided the agreed services and resources.

**Weather shocks is one of the main reasons for displacement.** At the end of 2017, 10,000 persons were living in displacement, with high unreliability of reported displacements and returns (2017).\textsuperscript{167} Mozambique is highly vulnerable to extreme weather events, causing frequent displacement of larger groups of the population\textsuperscript{168}, competition over resources\textsuperscript{169}, and deteriorate food and nutrition security, disproportionally affecting women and marginalized persons, with risk being more accentuated in the northern and central provinces of Cabo Delgado, Nampula and Sofala.\textsuperscript{170} Security risks often increase, due to temporary living conditions, especially for women, girls and boys.

**Gender Based Violence (GBV) as a security risk for women and girls:** Official numbers indicate that 22\% of women aged 15-49 years having experienced physical intimate partner violence (IPV) and/or sexual violence at least once in their lifetime, and 16\% in the year.\textsuperscript{171} However, several studies from all around the country that indicate much higher levels, Nampula 49\% (life) and 46\% (year),\textsuperscript{172} and a study of 1200 women (aged 15-45 years) living in Maputo, Inhambane, Sofala, Zambezia and Cabo Delgado found that almost half of the women had experienced 47.5\% and 25\% severe physical assault with injury in the last year. The high levels of IPV may be partly due high levels of early marriage, as research has showed that women who are married between 15 and 17 years old are at increased risk of IPV.\textsuperscript{173} There is a lack of comprehensive data related to marginalized groups such as persons living with HIV/AIDS, LGBTQI persons, persons in prostitution, and persons with (dis)abilities, but they likely face an even higher risk of violence.
5 Dimensions of Poverty

5.1 Who is poor?

Even though Mozambique has managed reduce poverty in all forms measured during the last 15 years, with significant improvements in rural and urban areas and in every province, with reduced gap between women and men, considerable resource poverty remains with high levels of vulnerability. 12.4 million people still living in monetary poverty and even more than that if one measures with international poverty lines, and measurable dimensions of multi-dimensional poverty. With the 5.5S/day poverty line (WB calculations, 2011 PPP), 92% or almost everyone is poor in Mozambique.

There has been less poverty reduction in certain geographical areas and for certain groups, confirmed by high and rising inequality, placing Mozambique among the most unequal countries in SSA. People living in poverty are not catching up with the small richer segment. People in rural areas (79% of the resource poor) and central/northern provinces in general – but Zambezia and Nampula in particular (50% of the resource poor) – have lagged behind in terms of resources, opportunities and choice. All service delivery is less accessible and/or of lower quality in rural areas and in central/northern provinces.

Out of the few but slowly increasing opportunities and choices in terms of employment or service delivery (including social protection schemes), there is a segment of people living in poverty that is slightly worse-off that have not been able to benefit. These are the most vulnerable groups with less assets like land, less support from family members, low economic diversification and occasional employment, often female-headed households, women, children and elderly. Even though the gender gap has become smaller, women still score lower than men in key development indicators. People living in poverty are more likely to live in larger female headed households, especially where the head is single, separated or divorced. Female headed household are more likely to work in agriculture, have less secure access to land, to be self-employed in the informal sector, and to have less formal education. There are groups in society that are more likely to be marginalized, and hence have even more difficulties in benefitting from opportunities: LGBTQI persons, persons with HIV/AIDS, persons in prostitution, persons with drug abuse, the mentally ill, and people with disabilities.

People living in central and northern parts of the country, women, and vulnerable and marginalized groups are more affected by environmental degradation and disasters.

Poverty in terms of power and voice, related to democracy and human rights, is increasing. Weak democratic governance, deteriorating human rights situation and high corruption has slowed down the processes for reducing poverty and inequality, made the state apparatus less effective, with large costs for the economy and society, undermined the social contract between citizen and state institutions, reduced the space for civil society, media and critical opinions, which has weakened accountability and democratic governance for all citizens but even more so those regions and segments of the population that were already lagging behind.

Poverty in terms of human security has occasionally risen in specific areas through conflict and insecurity. Different conflicts have manifested themselves differently and in various parts of the country. The political conflict has affected people living in specific regions, where more polarized regions such as Sofala, Tete and Manica, have been more affected, with loss of lives, disrupted economic activities and service delivery. The recent insurgent movement and escalation of violence, has affected civilians living in the concerned district in Cabo Delgado in the same way, and especially women and children which have been targeted by the insurgents. However, considering reputational damage, disruption of transportation routes and effects on the sensitive tourism sector, the people and areas indirectly affected by these conflicts are far more than that, even though such these indirect effects are more difficult to estimate.
5.2 Why are people poor?

5.2.1 Population growth has made poverty reduction slower than expected

The high population growth has added additional pressure on service delivery and employment. Despite reductions in relative poverty, the absolute number of people living in poverty has increased, since employment creation and service delivery have not been able to keep up. Population growth has been driven by high fertility rates and the increased life expectancy. High fertility rates have in turn been driven by low education levels, low use of contraceptives and high infant mortality rates. High infant mortality rates have to a large extent been driven by WASH related issues.

5.2.2 High level of vulnerability for a large part of the population

The triple crisis (macroeconomic, governance and weather related) and its consequences showed that people who have escaped poverty are easily pushed back. High level of dependence on rain-fed agriculture, mostly conducted in flood-prone areas with limited improved agricultural inputs, and limited adaptability so far, makes most Mozambicans livelihood very vulnerable to extreme weather changes, as manifested several times. Rural areas are more vulnerable than urban.

5.2.3 A pattern of exclusive rather than inclusive economic development

The high levels of FDI have been concentrated to capital and not labor-intensive sectors (like agriculture, service or manufacturing) and have therefore not contributed to jobs and incomes. The limited structural transformation that has taken place is from un-productive agriculture to slightly higher (but still low) productive service sector. Agriculture has suffered from limited diversification and underdeveloped value-chains, but has also vulnerable to extreme weather conditions directly affecting millions of livelihoods. The economic potential in the forestry sector is untapped, with limited value-addition. MSMEs have contributed below their potential in all sectors due to a weak business environment, where access to financial services continues to be a limiting factors but skills and also several infrastructure constraints.

5.2.4 The development divide between:

5.2.4.1 Rich and poor

The most vulnerable part of the population have not been able to access the few but slowly increasing opportunities, in terms of employment and service delivery (including social protection). This segment of society lacks the resources, skills and connections needed to benefit from these opportunities and have therefore been captured in poverty.

5.2.4.2 Rural and urban

Access to roads, education, health, water and sanitation, and electricity are unevenly distributed, hampering development and triggering lower scores in almost all development indicators in rural compared to urban areas. Rural areas have worse access to infrastructure, service delivery and employment opportunities. The rural population has limited access to opportunities and are more likely to be involved in agriculture with associated vulnerabilities. Lack of infrastructure has contributed to isolation, longer distance to water source, markets, schools, bus stops, health facilities, etc, contributing to poverty and “time poverty”.

5.2.4.3 Provinces

The most populous provinces Zambézia and Nampula have the worst education and health outcomes; and in general, the central/northern provinces have worse infrastructure; higher levels of environmental degradation (and hence higher degree of vulnerability), and less economic activity than the south. While the aspects of economic activity could possibly be explained by the Maputo province and its proximity to South Africa (being the economic center
of the country with higher access to capital, skills and markets) – the differences in spending and service delivery could possibly be explained by political reasons. The most populous provinces Zambézia and Nampula are the poorest ones (together with Niassa) and they receive the least amount of public spending with the lowest social transfers per capita.

5.2.4.4 **Women and men**
Despite a reduced gap between women and men in recent years, the gender gap is still very high with continued large socio-economic costs. There are clear gendered aspects of poverty. Persons living in poverty are more likely to live in larger female headed households, especially where the head is single, separated or divorced. Female headed household are more likely to work in agriculture, have less secure access to land (sometimes due to discriminatory practices), to be self-employed in the informal sector, and to have less formal education. Women are worse off than men in key development indicators like poverty, employment and education, and are also more affected by environmental degradation.

5.2.5 **A severely underperforming education system including large gender gaps**
Mozambique has one of the lowest educational attainment scores in the world, with very low primary completion rate for girls. Higher drop-out rates for girls already in primary school, in an already severely underperforming education system might be one of the main explanatory factors for these gender gaps later in life, putting attention to commonly referred underlying causes such as high prevalence of teen pregnancies and/or early marriages, gender based violence and discriminatory practices. Low female education also has had negative effects for health (one reason behind high fertility rates) and employment (higher dependency ratios).

5.2.6 **Weak governance and deterioration of human rights**
Democratic governance has been weak, leading to a continued lack of power and voice of persons living in poverty, by slowing down the processes for reducing poverty and inequality, less efficient state administration with weaker service delivery; unequal public spending between provinces; and one of the highest public debts in Africa reducing fiscal space for poverty reduction. The failure to conclude accountability processes related to grand corruption scandals has undermined the social contract between citizen and state institutions, further weakening the rule of law. The is shrinking space for civil society and media, and those with critical opinions has weakened accountability and democratic governance for all citizens, but even more so those regions and segments of the population that were already lagging behind.

5.2.7 **Corruption has been common, braking socio-economic development and increasing costs**
Corruption in various forms is common and has had enormous costs for the country. The costs of petty corruption are less seen and more accepted as a normal modus operandi, but in the long-term have same accumulative damage for socio-economic development as the high-profile cases. The hidden loans case has also given fuel to the arguments that some people with power have been more concerned with individual gain rather than development.

5.2.8 **Conflict and insecurity has hindered/slowed down poverty reduction**
The several different parts of the conflict between Frelimo and Renamo (armed, political, economic) have been driven by lack of demilitarization and decentralization, and the protraction of the conflicts have affected the macro- and micro level in multiple ways, with the economic asymmetries between provinces in the country being the most visible one. The outbreak of violent attacks in Cabo Delgado is a new occurrence and risks hindering further poverty reduction in one of the most deprived provinces. At community level, land conflicts, tensions related to food insecurity situations and gender based violence emerge as the main reasons of conflict, tensions and insecurity.
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