

MOZAMBIQUE

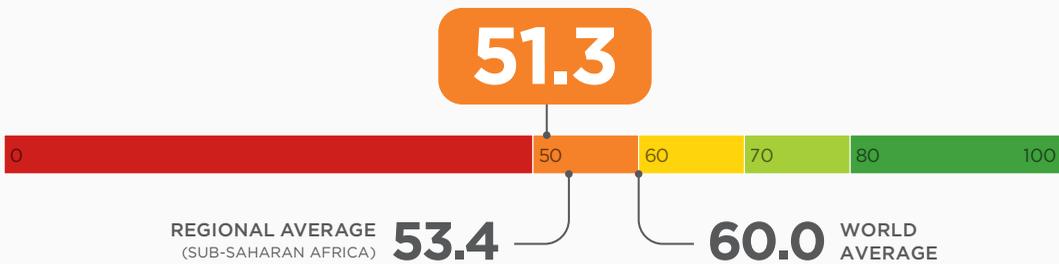
WORLD RANK: **142** | REGIONAL RANK: **32**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Mozambique's economic freedom score is 51.3, making its economy the 142nd freest in the 2022 *Index*. Mozambique is ranked 32nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

In the past half-decade, Mozambique's economy grew slowly from 2017 through 2019, contracted in 2020, and resumed growth in 2021. Economic freedom has declined from highs reached in the early part of this century, but the recent five-year trend is positive. With improved scores for **government spending** and **fiscal health**, Mozambique has eked out a 1.4-point overall gain of economic freedom since 2017 and has managed to maintain its position in the "Mostly Unfree" category for three consecutive years. Monetary freedom is relatively good, but **government integrity** and **investment freedom** are very weak.

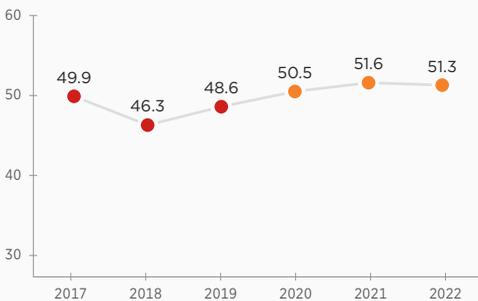
IMPACT OF COVID-19: As of December 1, 2021, 1,941 deaths had been attributed to the pandemic in Mozambique, and the government's response to the crisis ranked 61st among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
31.3 million

GDP (PPP):
\$40.8 billion
-0.5% growth in 2020
5-year compound annual growth 2.6%
\$1,277 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
3.1%

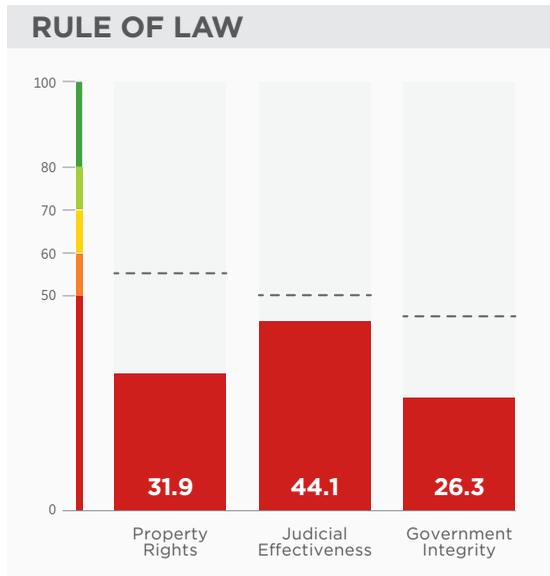
FDI INFLOW:
\$2.3 billion

PUBLIC DEBT:
122.2% of GDP

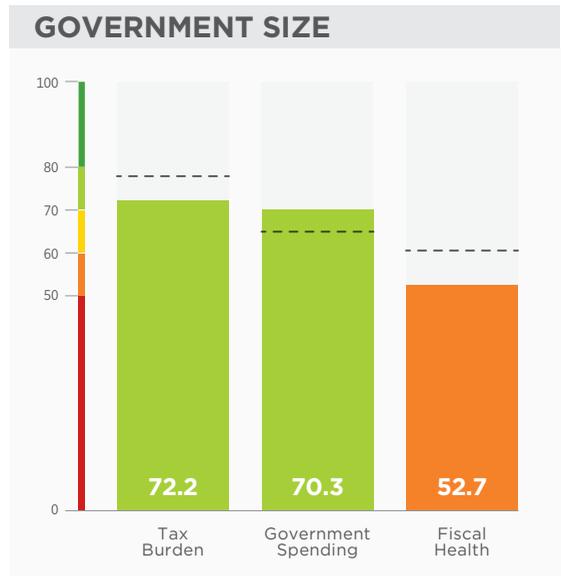
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Mozambique Liberation Front (FRELIMO), headed since 2015 by President Filipe Nyusi, has been in power since independence from Portugal in 1975. Nyusi was returned to office in a landslide October 2019 election that was deemed neither free nor fair. A 16-year civil war between FRELIMO and the rebel Mozambican National Resistance (RENAMO) ended with a peace agreement in 1992, but there has been sporadic violence since 2013. A brutal Islamist terrorist group in the North threatens the development of large gas fields. International legal proceedings to determine liability for the furtive accrual of massive unauthorized government debt are ongoing. More than half of the population remains below the poverty line and reliant on subsistence agriculture.

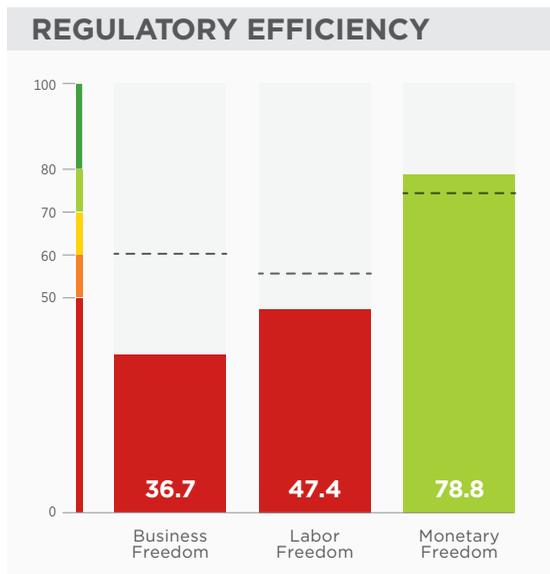
12 ECONOMIC FREEDOMS | MOZAMBIQUE



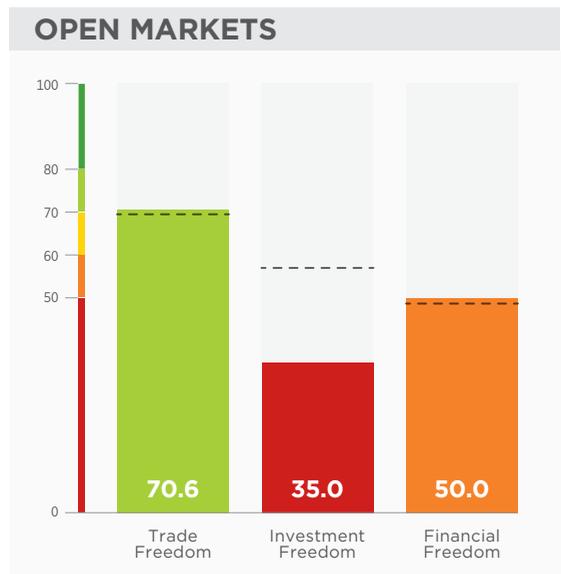
The legal system recognizes and protects property rights with respect to buildings and movable property, but private ownership of land is forbidden because all land is owned by the state. The judiciary is independent but hampered by executive interference. Corruption remains widespread at the highest levels of government. Patronage networks are deeply entrenched, and various groupings compete for state resources.



The top individual income and corporate tax rates are 32 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 27.1 percent of total domestic income. Government spending has amounted to 31.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 122.2 percent of GDP.



Business operating costs are high, partly because of poor infrastructure. Several large corporations have put plans for the extraction of natural gas on hold because of terrorism. Most of the labor force works informally in subsistence agriculture. The government continues to subsidize legacy Marxist-Leninist state-owned enterprises that compete unfairly with privately owned companies in several sectors.



Mozambique has four preferential trade agreements in force. The trade-weighted average tariff rate is 7.2 percent, and four nontariff measures are in effect. Although there is no formal investment screening process, lingering institutional and regulatory shortcomings undermine expansion of the private sector. The financial sector is dominated by banking and remains underdeveloped.