WORLD RANK: **134** REGIONAL RANK: **28**

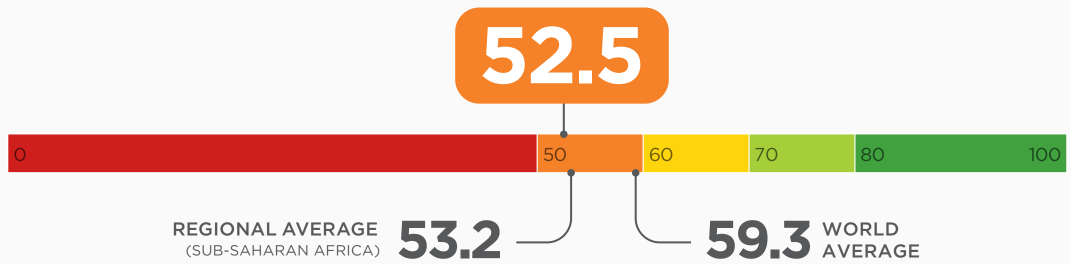
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

MOZAMBIQUE

Mozambique's economic freedom score is 52.5, making its economy the 134th freest in the 2023 *Index*. Its score is 1.2 points better than last year. Mozambique is ranked 28th out of 47 countries in the Sub-Saharan Africa region, and its overall score is below the world and regional averages.

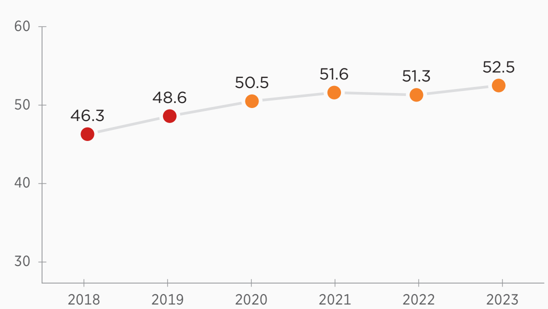
Mozambique has been implementing much-needed reforms in its regulatory and investment frameworks. Private-sector economic activity has increased, but privatization of state-owned enterprises has slowed. Critical institutional shortcomings continue to discourage long-term economic development. The legal framework is ineffective, and judicial proceedings remain vulnerable to corruption and political interference.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
32.2 million

GDP (PPP):
$43.1 billion
2.2% growth in 2021
5-year compound annual growth 2.1%
$1,341 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
5.7%

FDI INFLOW:
$5.1 billion

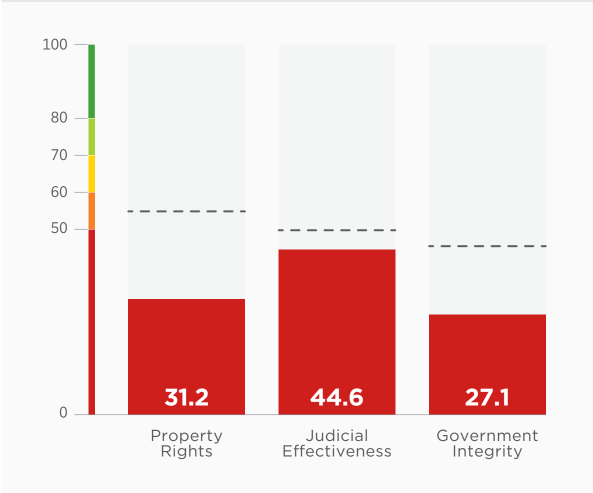
PUBLIC DEBT:
106.4% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The Mozambique Liberation Front (FRELIMO), headed since 2015 by President Filipe Nyusi, has been in power since independence from Portugal in 1975. Despite a 1992 peace agreement ending the 16-year civil war between FRELIMO and the Mozambican National Resistance (RENAMO), sporadic violence has persisted. Islamist terrorists threaten the development of large gas fields in the North, and a multinational military force has been deployed to the area. 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.

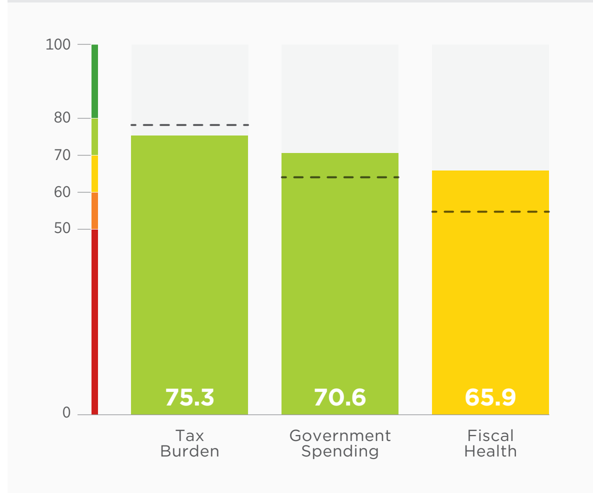
12 ECONOMIC FREEDOMS | MOZAMBIQUE

RULE OF LAW



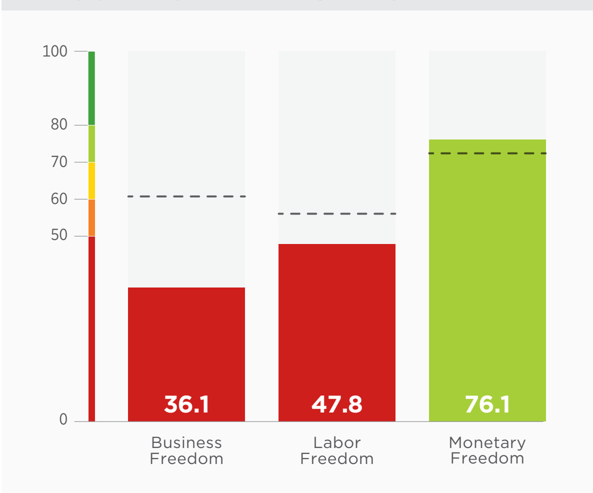
The overall rule of law is weak in Mozambique. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

GOVERNMENT SIZE



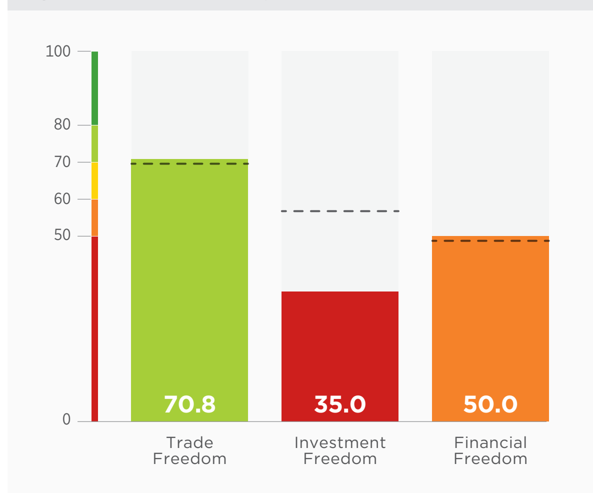
The top individual and corporate tax rates are 32 percent. The tax burden equals 20.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 31.3 percent and –3.0 percent of GDP. Public debt equals 106.4 percent of GDP.

REGULATORY EFFICIENCY



The regulatory system is complicated and opaque, and business processes are mired in bureaucracy. Hiring and firing workers is difficult, and the institutional framework's limitations increase the time needed to resolve labor disputes. The most recent available inflation rate is 5.7 percent.

OPEN MARKETS



The trade-weighted average tariff rate is 7.1 percent. The government approves investments depending on the size of the investment. Institutional and regulatory shortcomings continue to undermine expansion of the private sector. The financial sector is dominated by banking and remains underdeveloped.