

# MOZAMBIQUE

Mozambique profile on the Development Data Hub:

<http://devinit.org/country/mozambique>

Extreme poverty (defined in notes) in Mozambique has been decreasing but over half of the population (16 million people) remain among the poorest 20% of people in the world. People in the top 20% of the income distribution hold more than half of total income.

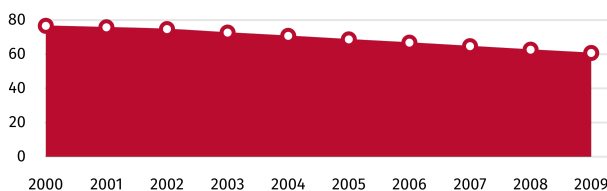
- International resources are significant in Mozambique, with FDI accounting for more than 60% of inflows in 2014
- Government spending per person in Mozambique is among the lowest in the world at US\$509 (PPP 2014)
- Most sectors receive the majority of aid in the form of cash – whether grants or loans and equity

## Overview



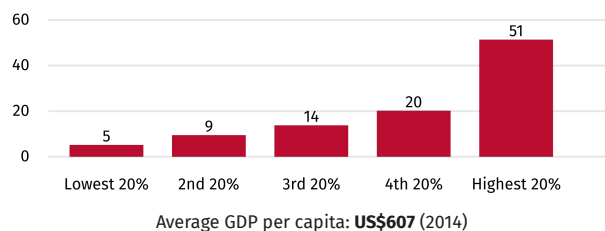
**Extreme poverty rates fell from almost 80% in 2000 to 61% at the latest estimate in 2009**

2000-2014, % of population living on under \$1.25 per day



**The richest 20% of Mozambique's population has 10 times the income of the poorest 20%**

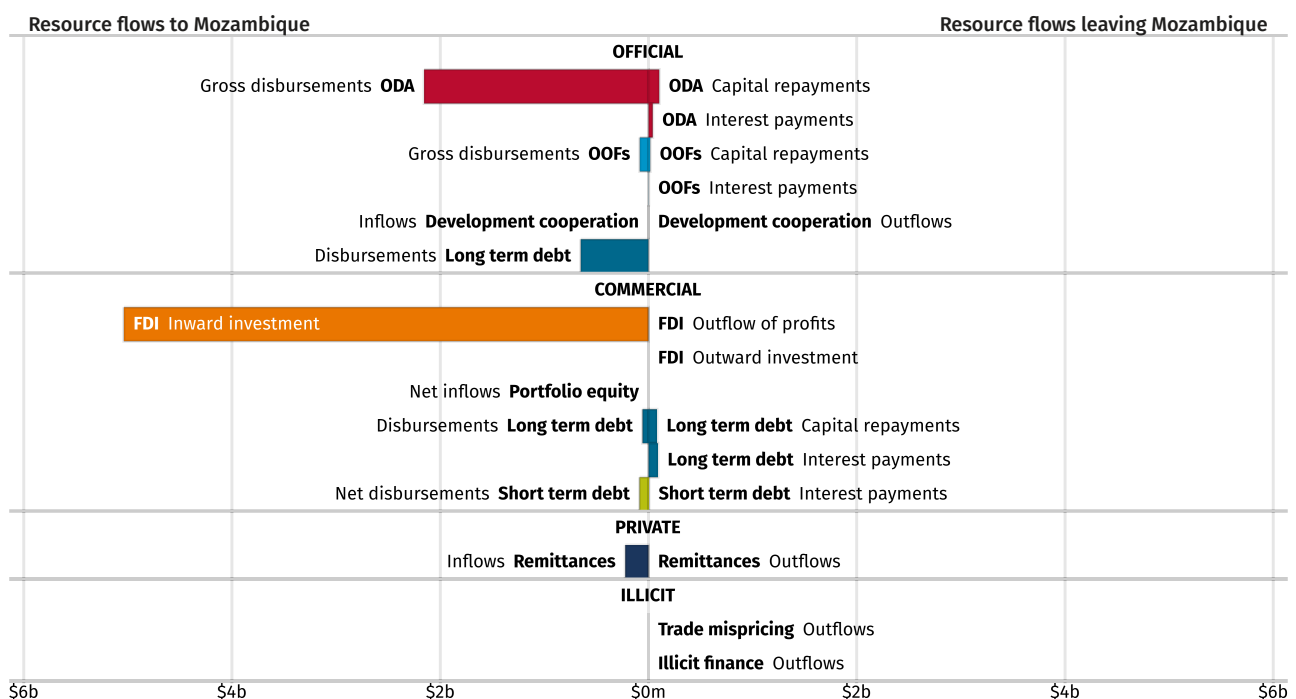
2014, share of income of bottom 20% of population



## Resource flows to and from Mozambique

**FDI is the largest inflow and is more than twice the size of the second largest, ODA**

2014, international resource inflows and outflows (US\$ billions, constant 2012 prices)



Notes: We define extreme poverty as measured using the \$1.25 (PPP 2005) extreme poverty line. 2. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Depth of poverty is a measure of the average gap in incomes for people living below the poverty line spread across the population of the whole country, expressed as a percentage of the \$1.25 a day poverty line. 'Domestic public resources available' refers to the total non-grant revenue either collected or projected to be collected by the government in the financial year 2014. Across countries in sub-Saharan Africa the richest 20% of the population have 10 times the income of the poorest 20% on average. Acronyms: FDI: foreign direct investment; ODA: official development assistance.

## Domestic resources

Direct and indirect taxes provide similar proportions of revenue. International, rather than domestic finance, provides the main financing mechanism and makes up 21% of the total resource bundle. Capital expenditure accounts for 36% of total spending, and is sourced through similar shares of domestic and international funding.

### Grant funding accounts for 13% of total government revenue

2013, latest year of actual revenue (US\$ billions, constant 2012 prices)

Total Revenue and grants 100% of total   US\$5bn	revenue 87% of total   US\$4.3bn	Non-Tax Revenue 13% of total   US\$0.6bn	
		Tax Revenue 74% of total   US\$3.7bn	International Trade Taxes 7% of total   US\$0.3bn
			Taxes on Goods and Services 29% of total   US\$1.4bn
			Income And Profits 36% of total   US\$1.8bn
	Grants 13% of total   US\$0.7bn	Budget Support 2% of total   US\$0.2bn	
		Project Grants 9% of total   US\$0.4bn	

### Domestic finance provides only a small proportion of overall financing

2013, latest year of actual financing (US\$ billions, constant 2012 prices)

Financing 100% of total   US\$1.6bn	Net Domestic Finance 14% of total   US\$0.2bn		
	Net External Finance 86% of total   US\$1.4bn	Amortization -2% of total   US\$-0.1bn	
		Disbursement 92% of total   US\$1.5bn	Other Disbursements 29% of total   US\$0.5bn
			Project Loans 29% of total   US\$0.5bn
			Nonproject Support 34% of total   US\$0.5bn

### Spending on wages accounts for 47% of recurrent and 26% of total government expenditure, and interest payments accounts for only 2% of the total.

2013, latest year of actual expenditure (US\$ billions, constant 2012 prices)

Total Expenditure 101% of total   US\$6.7bn	Recurrent Expenditure 57% of total   US\$3.8bn	Compensation to Employees 27% of total   US\$1.8bn	
		Goods And Services 18% of total   US\$1.2bn	
	Capital Expenditure 36% of total   US\$2.4bn	Transfer Payments 9% of total   US\$0.6bn	
		Externally Financed 16% of total   US\$1.1bn	
		Domestically financed 20% of total   US\$1.3bn	
	Net Lending 7% of total   US\$0.5bn		

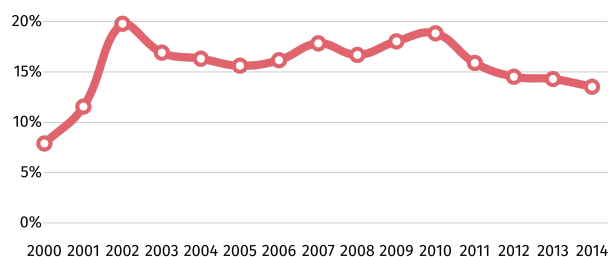
Notes: Year of data refers to the 2014 fiscal year running from January 2014 to December 2014. The pink boxes represent negative values, typically showing repayments of loans under financing. For labels that are too small to read, please refer to the online country profile page on the Development Data Hub for more details.

## ODA

Mozambique received US\$2.2 billion in gross ODA in 2014, an 11% decrease from 2013 disbursements. ODA as a percentage of national income has been decreasing overall since 2000. Mozambique receives over half its aid as cash – both grants and loans and equity. These are the main forms of aid delivery from both IDA and the UK, the second and third largest providers. The US, the largest provider to Mozambique, reports most of its aid as mixed project aid, making it hard to identify the dominant delivery channel. The health and infrastructure sectors combined receive almost half of all aid to Mozambique.

### ODA relative to GDP has fallen since 2013, but remains high at 13.2%

Gross ODA % of GDP

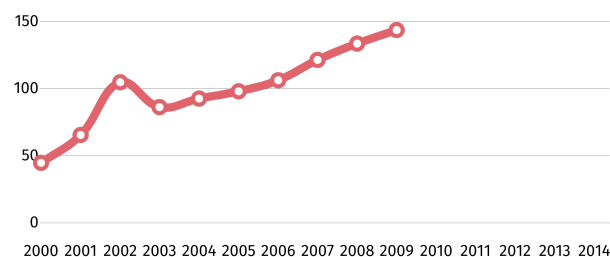


Total ODA as a % of GDP

Total ODA (excl-non-transfer) % of GDP

### After fluctuating due to debt relief, ODA per poor person in 2009 returned to a level similar to 2000

ODA per person living under \$1.25 a day



Total ODA as a % of GDP

Total ODA (excl-non-transfer) % of GDP

### Cash – as grants and as loans and equity – is the main form of aid to Mozambique

2014, gross disbursements

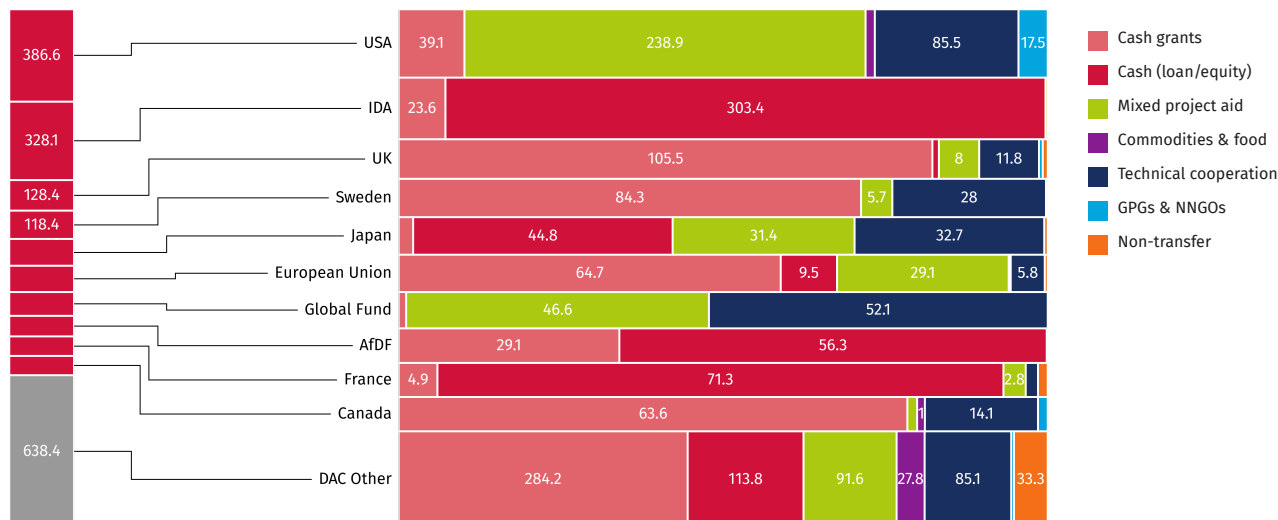


Note: GPGs, global public goods; NNGOs, Northern non-governmental organisations.

### 62% of US aid is reported as mixed project aid; 92% of IDA's aid is in the form of loans and equity

2014, US\$ millions, gross disbursements

Aid from the ten largest donors



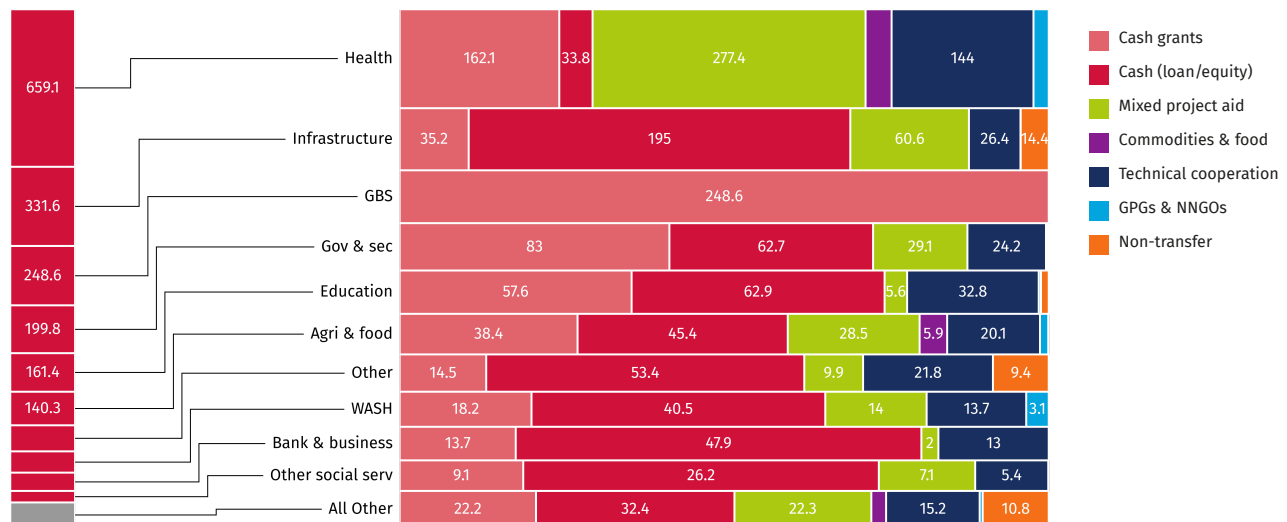
Note: The spikes in ODA receipts in 2002 and 2006 are due to exceptional debt relief. ODA is equivalent to 0.64% of GDP in all developing countries and 2.6% in sub-Saharan Africa in 2014. Acronyms: GDP: gross domestic product; IDA: International Development Association.

## What is aid spent on?

### 31% of all aid goes to the health sector; while all budget support aid is delivered as cash grants

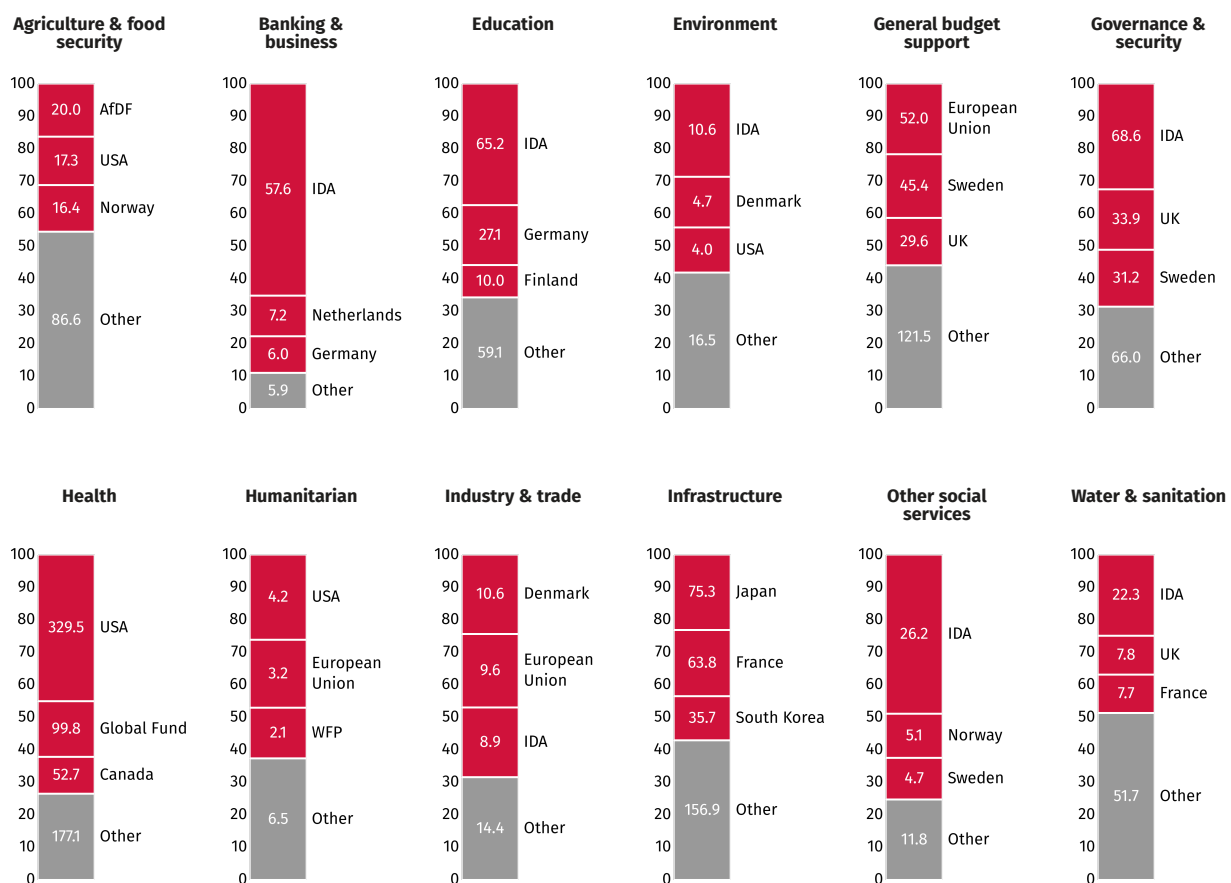
2014, US\$ millions, gross disbursements

Total aid by sector



### The US provides half of all aid to the health sector; IDA provides over 70% of banking and business aid

2014, gross ODA, % of total (US\$ disbursements in columns)



Notes: Data is from the OECD Development Assistance Committee (ODA and other official flows data), the World Bank (long-term debt, remittances, gross national income (GNI) and poverty), the United Nations Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure), Global Financial Integrity (illicit financing and trade mispricing). Other official flows (OOFs) are typically loans that are either not sufficiently concessional to count as ODA, or are mainly in support of commercial objectives, such as donor exports. All data in US\$ is in 2012 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: FDI: foreign direct investment; IMF: International Monetary Fund; OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.