



Mozambique's Economic Outlook

Governance challenges holding back economic potential

December 2016

Introduction

The discovery of large natural gas reserves in the Rovuma Basin has positioned Mozambique as an exciting investment opportunity in Africa. Natural resource discoveries are attracting major investment and demanding a qualified workforce, although the large majority of Mozambique's workforce does not possess the necessary skills. Nevertheless, Mozambique's socioeconomic prospects heavily depend on how effectively government will manage new windfalls going forward as natural gas projects come online post 2020.

Regardless of its impressive economic growth performance over the past 15 years, Mozambique remains a low income economy. Recent growth came from a low base, and has not been very inclusive. The majority of Mozambique's population is based in rural areas, with just 31.9% of the population living in urban areas. The urban population is growing by 3.3% per year, while the country's overall average population growth is 2.5%. It is projected that by 2040 around 40% of the population will live in cities.

Despite the country's current debt conundrum, the projected economic boom associated with the development of the gas sector is expected to have multiple positive externalities for the rest of the economy. To rationalise public operations, promote good governance, improve transparency and reduce fiscal risks, government has approved an independent external audit of public funds and legislation to reform public enterprises. More privatisations and the closure of public companies is anticipated over the short term given public sector mismanagement and also increased competition from the private sector. This is viewed as a progressive move for the economy in general, and provide numerous opportunities for firms looking to expand into Mozambique.

Political overview

Following the end of Mozambique's civil war in 1992, the country has seen relative political stability. Frente de Libertação de Moçambique (Frelimo), Mozambique's long-standing political party, won the last presidential election in October 2014. Filipe Nyusi emerged as the new president. Mozambique's next national election will be in 2019 and Frelimo are likely to win the election.

Tensions between Frelimo and Resistência Nacional Moçambicana (Renamo), the official opposition, reignited towards the end of 2014 due to allegations of vote rigging in the election that year. Small, violent encounters have occurred in several of Mozambique's central and northern provinces. Given a lack of military and financial capacity, it is unlikely that Renamo will be able to sustain continued attacks. However, the opposition does have the ability to destabilise central Mozambique to some extent, thereby possibly deterring potential investment inflows. Both parties have agreed to resume talks to enact peace, although it remains to be seen if this round of talks will be successful.

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Long-term growth prospects remain despite current debt driven volatility

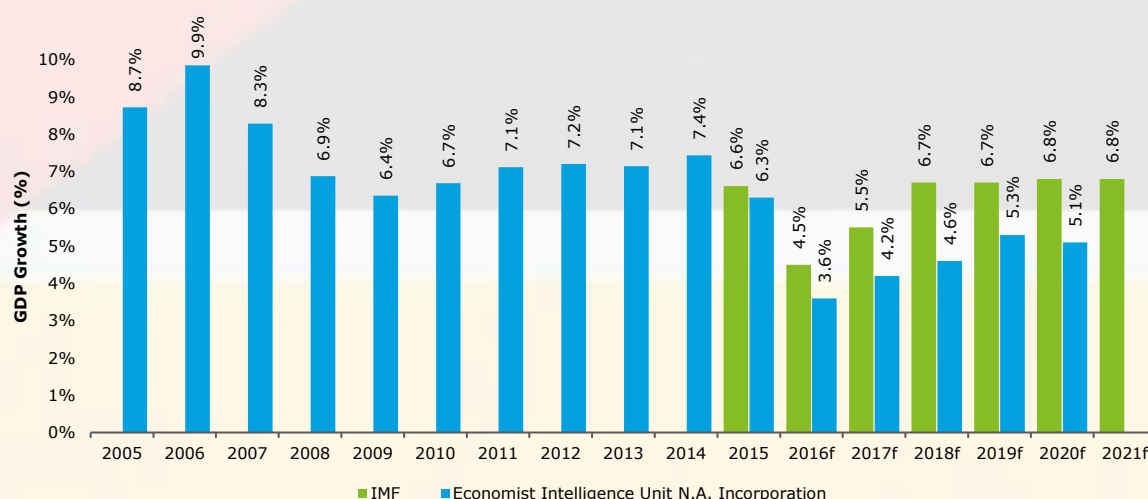
Mozambique has realised sustained economic growth over the last decade and a half, averaging 7.5% per annum between 2000 and 2015. This makes the country one of the highest non-petroleum growth performers in sub-Saharan Africa (SSA). Although growing from a low base, Mozambique has continuously outperformed global and SSA growth. The Economist Intelligence Unit N.A. Incorporation expects growth to remain relatively stable at an average of 4.8% between 2016 and 2021, despite the ongoing debt crisis.

Mozambique's growth until the mid-2000s was largely the result of an economy recovering from conflict. However, its economic expansion over the past decade is on account of significant inflows of foreign aid and investment, used to rebuild the country after the war. Aid flows continued to be sizable up until 2015, accounting for close to 40% of GDP that year.

Earlier in 2016, the Bank of Mozambique revised down its economic growth projections from 7% to 4.5% for 2016, the lowest in 15 years. This is due largely to a decrease in government spending, the decline in prices for key exports, lower inward investment and the El Niño drought spanning parts of southern and eastern Africa.

In the medium to long term, this is expected to change. Once Mozambique begins exporting liquefied natural gas (LNG), growth rates are forecast to rise, recovering to about 6.8% in 2021, as per IMF forecasts. The coming online of gas projects, expected to start only after 2023 now (from previously 2021) given delays in final investment decisions (FIDs), is still likely to yield double digit growth once implemented.

Mozambique GDP Growth & Forecasts (%), 2005-2021f



Source: IMF & Economist Intelligence Unit N.A. Incorporation, 2016

The government's encompassing policy goal has been to spur inclusive economic growth, underpinned by the exploitation of Mozambique's natural resources, particularly coal and gas. The state has also prioritised increasing activity in a number of sectors, such as agriculture and manufacturing, with intentions of increasing employment.

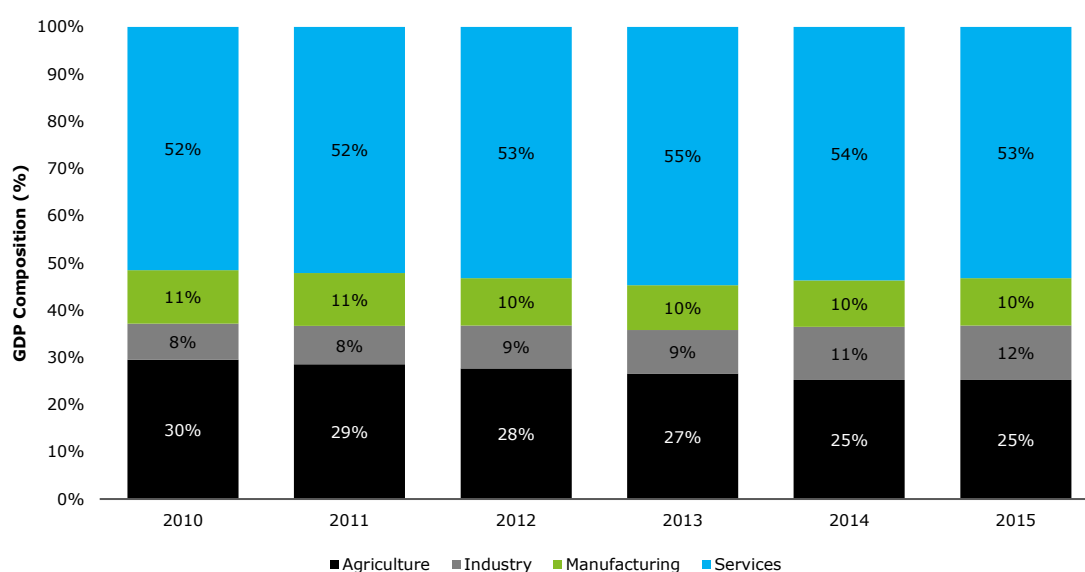
Supporting this is the government's five-year plan, the Plano Quinquenal do Governo 2015-2019 (PQG), which was passed into law in April 2015. The plan is centred on five priorities and three supporting pillars with individual actions to be taken to achieve the vision outlined in the strategy documents of the particular ministries involved.

Agriculture, largely driven by smallholder farming, contributed almost a quarter of the country's GDP and was worth approximately US\$4.2bn in 2014. The dollar value of agriculture grew by a compound annual growth rate (CAGR) of 10.3% between 2000 and 2014. Given that a large majority of Mozambique's workforce is reliant on small-scale rain-fed agriculture for their livelihoods, the PQG aims to increase the productivity of the agricultural sector through the use of financing facilities for smallholder farmers and by increasing the supply and availability of seeds.

Although industry (which includes mining, construction, electricity, water and gas) accounted for only 11.3% of GDP in 2014, the sector has seen the most impressive growth with a CAGR of 14.4% between 2000 and 2014. The PQG aims to increase the contribution of industry to 21% of GDP by 2020 by stimulating value-added industrial output. Details of how this is proposed to be achieved are yet to emerge.

Manufacturing accounted for less than 10% of GDP in 2014, down from 16.9% in 2000, and has the lowest growth rate, growing at a CAGR of only 5.4% between 2000 and 2014. The services sector accounted for more than half of GDP in 2014, and grew at a CAGR of 9.6% between 2000 and 2014. This was driven in part by an expansion in financial services and wholesale and retail trade. Growth in services is expected to have slowed in 2015 as tourism, real estate and financial services failed to achieve the same growth as in 2014.

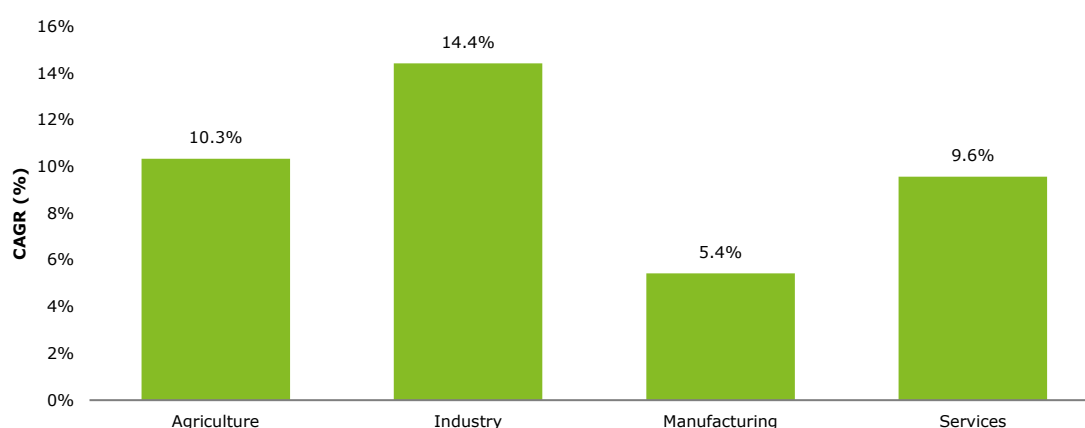
Composition of Mozambique's GDP (% value added), 2010-2015



Source: World Bank, 2016

Note: Industry includes Mining contribution to GDP.

Although the mining and extractive resources industry saw considerable growth of 13% year-on-year (y-o-y) in 2014, this is lower than the 66.5% annual growth rate in 2012. This was largely the result of the slowdown in the production of coal, which came online around 2010. Coal mining has suffered in recent years from factors such as instability along the Sena railway line and a decrease in global prices. However, the slowdown in the coal sector was largely offset by growth in the production of natural gas and heavy mineral sands.

Mozambique CAGR by Sector (%), 2000-2014

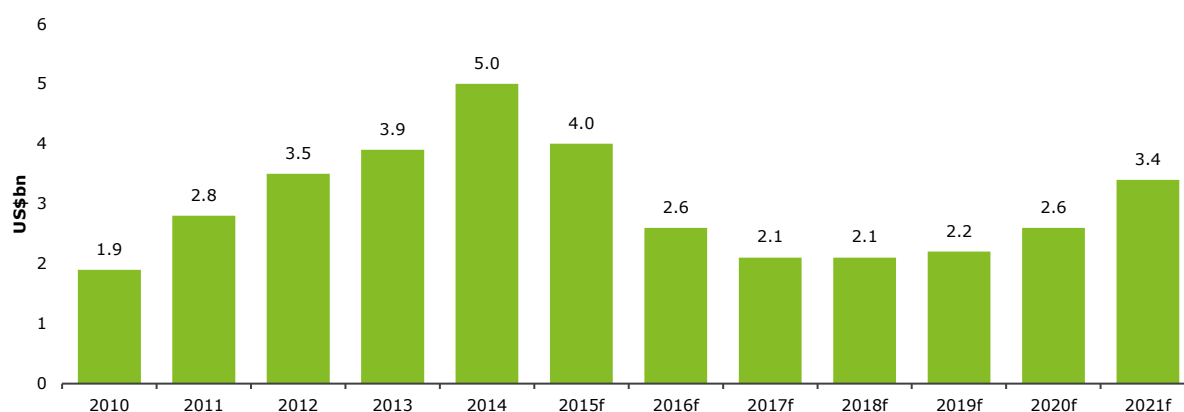
Source: World Bank, 2016

Note: Industry includes Mining contribution to GDP.

Growth in the manufacturing sector in recent years (11.3% y-o-y in 2014) has been driven by the production of aluminium and agro-processing. New cement plants in Mozambique also contributed to manufacturing growth. Construction has maintained its robust annual growth trend, growing by 10.5% y-o-y in 2014. This was the result of investments by both the public and private sectors to rehabilitate infrastructure such as roads, bridges, hotels and existing factories across the country with focus on urban hotspots. Financial services saw the greatest growth between 2012 and 2014, averaging 29.6% y-o-y, down from 32.2% in 2013.

Despite the recent plunge in government revenue driven largely by uncertainty around government's current debt crisis, the country saw significant growth in government tax revenue over the past decade as a result of an influx in resource-driven foreign investment. Accordingly, Mozambique is projected to become increasingly less dependent on donor funding in the long term as foreign inflows and subsequently tax revenues rebound once a resolution is reached on the current debt situation and gas projects start coming online.

Despite the recent debt scandal, Mozambique's macroeconomic management to date has been relatively competent and has laid the groundwork for further growth in the coming years. In anticipation that Mozambique will comply with requests from foreign investors and the IMF for an international independent audit by the end of Q1 2017, BMI forecasts a rebound in total government revenue after bottoming out in 2018, as donors gain more certainty of the country's credit profile and gradually return.

Total Government Revenue (US\$bn), 2010-2021f

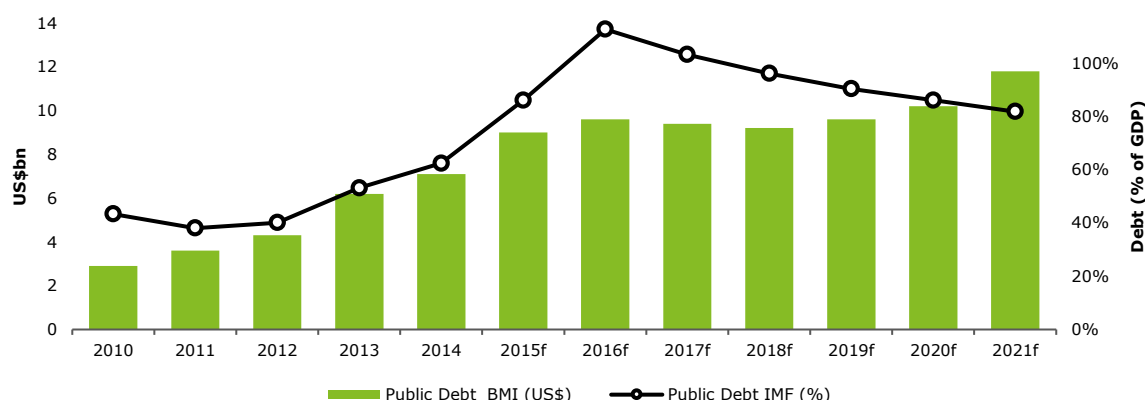
Source: BMI, 2016



Overcoming current fiscal & monetary challenges

Widespread aid freezes were inevitable after it emerged in April 2016 that government held undisclosed commercial liabilities worth US\$1.4bn (10.4% of Mozambique's GDP). The discovery initially pushed Mozambique's total debt stock to an unsustainable 112% of GDP around mid-2016. Later in November 2016, after further disclosures, the *Financial Times* reported the figure was as high as 130% of GDP.

Mozambique's Public Debt (US\$bn), 2010-2021f

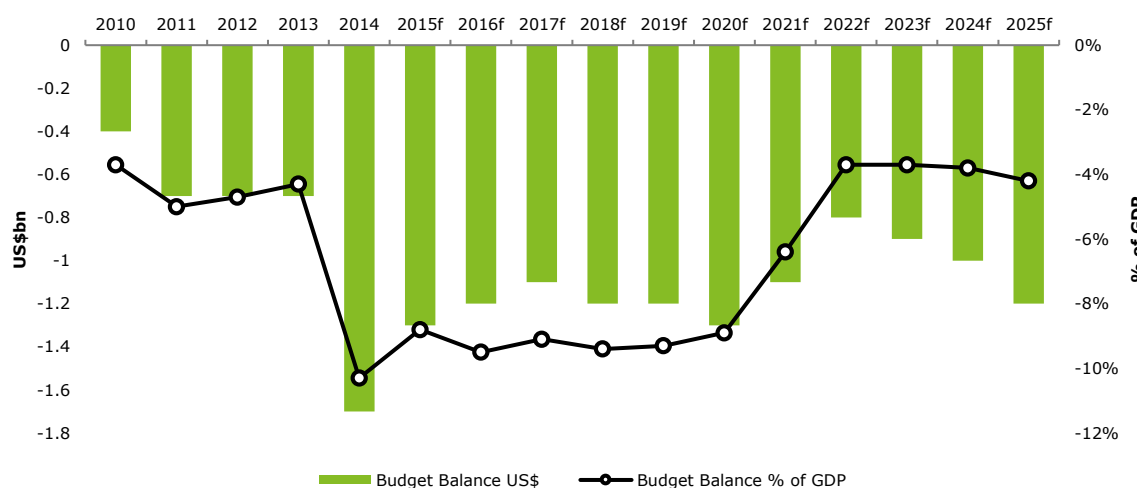


Source: IMF, 2016

Consequently, after the World Bank and bilateral donors withheld their direct budget contributions, and the International Monetary Fund (IMF) suspended its stand-by credit facility in mid-April, the G14 followed suit holding back aid to the country worth about US\$305m in direct budget support and grants. Following its investigation mission in June 2016, the IMF called for urgent and decisive policy measures to avoid further deterioration in Mozambique's macroeconomic fundamentals.

Given Mozambique's current limited access to credit, the fiscal deficit is expected to widen from 8.8% of GDP in 2015 to 9.7% in 2016. The liquidity crunch has already resulted in fiscal consolidation and will most likely force the government to adopt a tighter fiscal stance beyond 2016. As external budgetary aid recovers the deficit is expected to narrow after 2020.

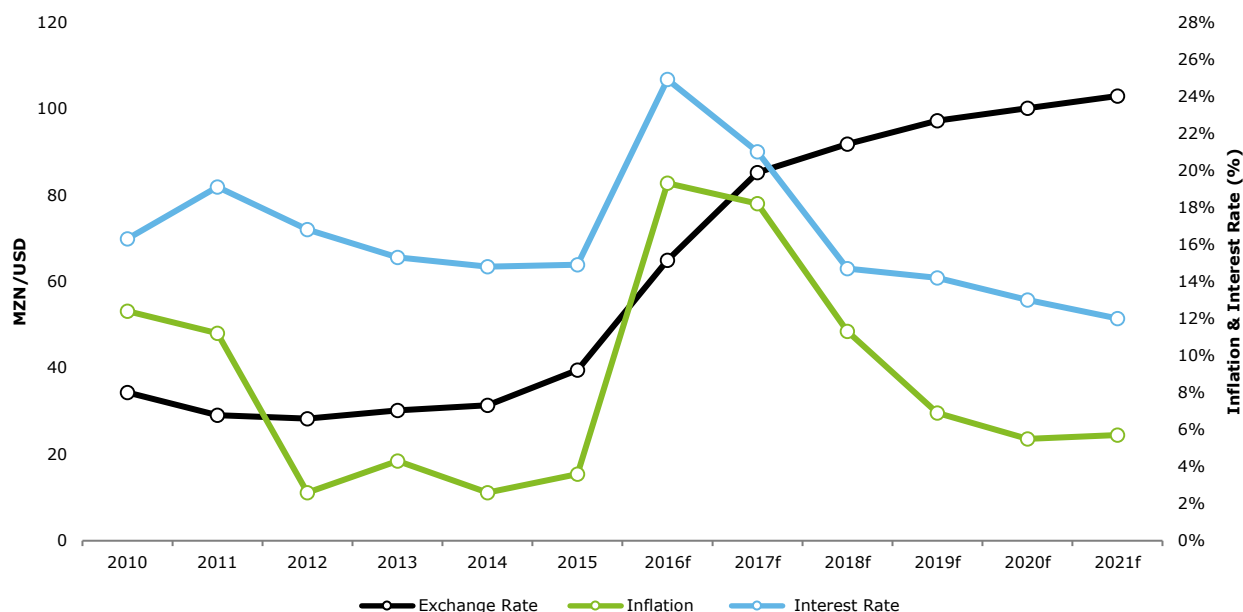
Mozambique's Budget Balance (US\$bn), 2010-2021f



Source: BMI, 2016

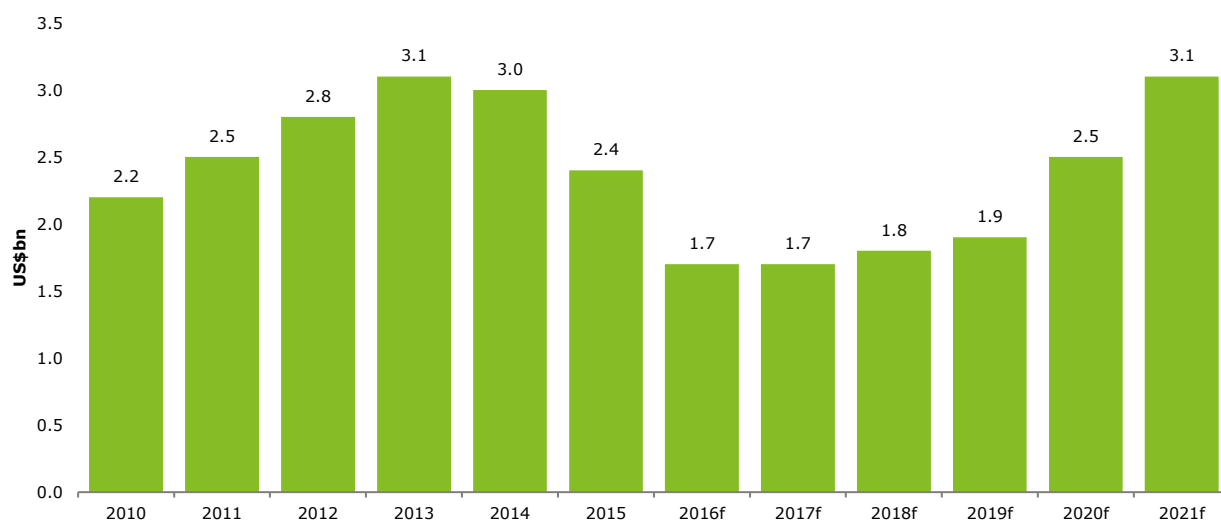
Looking at the economy's monetary position, pressure exerted on the balance of payments from weak exports performance and narrowing external financing led to a depreciation of the metical to a low of MZN78/USD by the end of September 2016 before recovering slightly to about MZN74/USD at the end of November 2016. Between January 2015 and September 2016 the metical lost more than 130% in value against the US dollar. For foreign investors, the depreciation of the metical has resulted in more attractive pricing of local assets. Equity investments including private equity are likely to continue growing. At 25.5% in November 2016, average inflation is expected to peak at 19% in 2016 from 3.6% in 2015 with corresponding interest rate hikes, as monetary authorities tighten policies to ensure price stability.

Metical, Inflation & Interest Rate (%), 2010-2021f



Source: Economist Intelligence Unit N.A. Incorporation & BMI, 2016

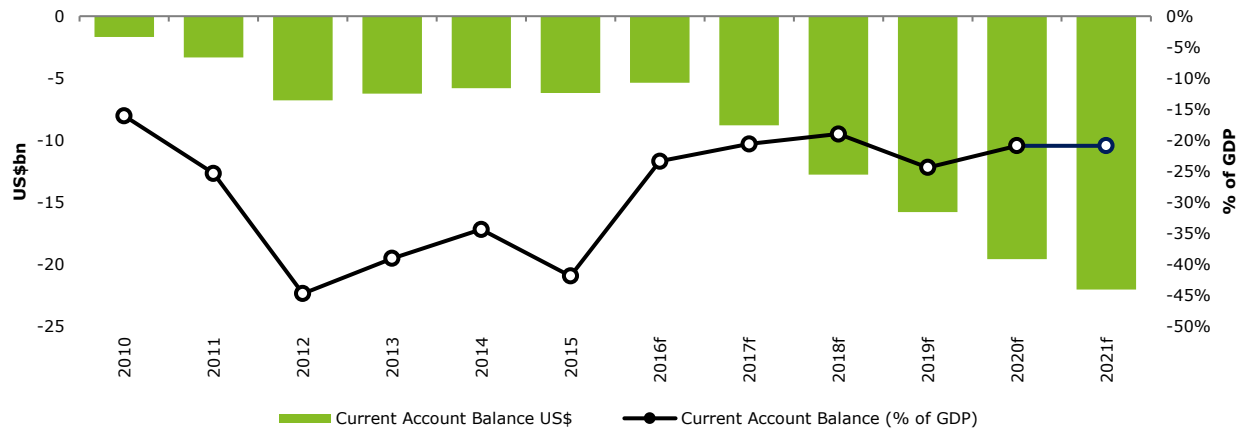
Foreign Exchange Reserves (US\$bn), 2010-2021f



Source: BMI, 2016

As a result of the metical's depreciation, year-on-year net foreign exchange reserves dropped from US\$2.6bn to US\$2bn in August 2016 as government tried to stabilise the currency. With a currently sizable current account deficit, the IMF expects this to narrow to 26.8% and 17.8% of GDP in 2016 and 2018 respectively, driven largely by a sharp import drop of capital goods on account of delayed investment decisions in LNG and infrastructure sectors, as well as tighter monetary policy. A recovery of Mozambique's forex reserves and current account is expected in the medium term, as foreign investment inflows return.

Mozambique Current Account Balance (% of GDP), 2010-2021f



Source: IMF, 2016

Given the positive medium-term fiscal and monetary trend projections, Mozambique is likely to offer investors a more stable macroeconomic environment in the medium to long term. With the rich grade of gas reserves in the country, the current debt crisis is expected to be a short-term challenge that will eventually be offset once LNG activity is reignited. Despite Mozambique's attorney general appointment of the corporate investigation firm, Kroll, to audit and clarify the extent of the country's debt, a watchful eye remains on government's long-term fiscal and monetary discipline due to delays in resolutions to restructure current debt obligations and continued uncertainty surrounding the large undisclosed debt revelation.



Sectors poised to underpin Mozambique's growth momentum

Agriculture & Aquaculture

Agriculture

Boasting a sizeable arable landmass, a long coastline, and a geographically well-positioned location to export to burgeoning Asian markets, agriculture has significant potential of driving growth in Mozambique. However, Mozambique's agricultural production is currently facing significant downside risk due to the 2015/16 El Niño episode, and ongoing susceptibility to floods.

Though it plays an important role in the Mozambican economy, agriculture is still a small-scale and subsistence sector. Only 10-12% of its 36m hectares of arable land is under cultivation and smallholder farms account for nearly 90% of domestic food supplies. Tobacco, sugar, sesame seeds, cotton and cashew nuts are flagship agricultural exports, which made up about 20% of total exports (US\$945m) in 2014. However, with a trade deficit as high as US\$4.7bn in 2015, the country still imports more than it exports especially in many agricultural sub-sectors.

This includes rice with Mozambique being the third largest consumer of rice in the Southern African Development Community (SADC). Poultry consumption, particularly chicken, is estimated to double in the next 5-7 years. With a preference for products such as locally produced chicken, but high production costs, largely due to high input costs such as feed, local prices of poultry can be at a 15% premium of Brazilian chicken imports into Maputo, and up to 25% higher outside major cities.

The potential for feed production, including soy extraction, and distribution is emphasised by various market studies that show margins above 20-25%. Packaging and downstream manufacturing of certain cash crops – including cashews, tobacco and sugar – has potential for boosting value for the agricultural sector. Long-term productivity is likely to benefit from an improving macroeconomic outlook, as well as the launch of new public-private development

initiatives such as the Beira Agricultural Growth Corridor (BAGC).

As serious crop and post-harvest losses are experienced by farmers, with as much as 30-40% of crops lost in the value chain, the sector still needs considerable investments including irrigation, food storage, processing and logistics to more effectively contribute to economic growth.

Aquaculture

Mozambique's fisheries sector plays an important role in the economy. The domestic market for marine products is small and consumption of such products is mainly confined to marine areas, yet about half a million people are dependent on the sector for their livelihoods. Contributing only 1.2% of export income in 2014 mostly from marine aquaculture, the primary markets for Mozambique's marine aquaculture products are Europe and the US with small volumes also marketed in South Africa and Asian countries while freshwater fish is marketed locally.

Aquaculture has also been a key recipient of international assistance. The Nordic Development Fund (NDF), a joint development finance institution of five Nordic countries, approved a US\$6.2m grant for sustainable growth of the sector end-2014. The grant will be utilised to link small-scale producers to large private operators through a community-based out-grower scheme.

In efforts to develop the sector, government secured a US\$850m bond for a 15-year plan to gradually develop the Mozambican tuna fishing industry. The plan would have a significant impact on growth of the sector but through mismanagement of funds it disintegrated into the current US\$1.4bn undisclosed debt scandal, putting authorities in a tight fiscal situation. Aquaculture is thereby expected to still remain in its infancy in the medium term but has the potential to serve as a key source of foreign exchange for the country in the long term.



Manufacturing

In spite of the strong growth performance in the 1960s and 1970s, Mozambique's manufacturing sector is still in its infancy, and remains marginalised from global value chains. Mozambique's close proximity to the continent's largest consumer market, South Africa, its low labour costs and existing transport infrastructure and port access create favourable conditions for the sector's expansion, especially for producers with a regional focus. At present, the share of manufacturing in the national economy is limited to 10%.

Manufacturing is dominated by the Mozal aluminium smelting plant, while the rest of the sector has significantly under-performed over the last decade. Recent major investments in the sector include Hyundai's US\$5.5m investment in a car assembly plant and Matchedje Motor's US\$200m joint venture between the Mozambican government and China Tong Jian Investment Co, both in 2014 and in Matola near Maputo.

To meet domestic building material demand and for export purposes, in 2016 Huaxi Group from China embarked on a US\$50m granite manufacturing project in Tete and Manica province. Over the next three years US\$130m is also being invested in a separate cement plant project by CIF-Moz and Limak Cements, near Maputo, and Fabrica Cimentos de Cabo Delgado in Tete province. Accordingly, Mozambique's cement production is expected to rise from 2m to 5.3m tonnes with government plans to implement a 10.5% cement import surcharge once the new investments commence production. Given the rich reserves of raw materials and opportunities for synergies along the whole supply chain, food processing and light manufactures like textiles and agro-processing are strategic labour-intensive industries that have clear growth potential.

Resources & Energy

Coal

Mozambique's mining revenue will remain heavily dependent on the country's coal sector, leaving the sector exposed to global coal price weakness, high domestic start-up costs and inadequate infrastructure. Despite this and the end of the mining boom signalled by the US\$50m assets sale of Rio Tinto to Indian state-run consortium International Coal Ventures Private Limited (ICVL) in 2014, growth will be supported by increasing investment coming into the market, which will support long-term production growth. The country's coal export was worth an estimated

US\$1.4bn in 2014. The country's coal production is expected to grow slowly from 8m tonnes in 2016 to 9.5m tonnes by 2020, representing an average growth of 4.2% y-o-y over the period. Greater coal production is also likely as new coal power stations come online between 2018 and 2025. Some notable coal power projects include Jindal Africa's US\$450m 150MW Chirodizi plant, Ncondezi Energy's US\$550m 200MW plant, ACWA Power's US\$1bn 300MW thermal coal plant and government's planned 1 200MW Nacala plant.

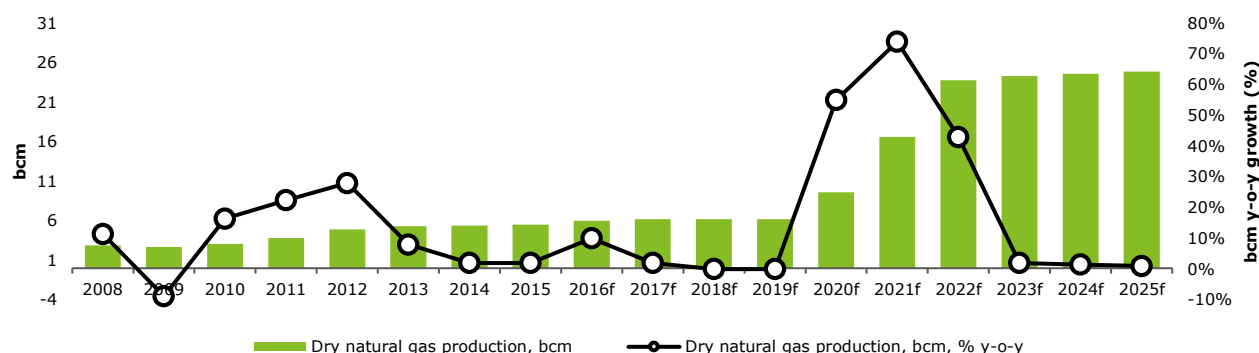
LNG

In late 2009, the discovery of gas in Mozambique's deep water Rovuma Basin, one of the largest reserves in the world, significantly transformed the global natural gas landscape. With a potential reserve of up to 200 trillion cubic feet, the Rovuma Basin discovery is expected to yield 300m cubic feet of gas per day (Mcfpd) over next five years compared with the current 90Mcfpd. After 2023, Mozambique is projected to ramp up production to 2.3bn cubic feet per day (Bcfpd) from 0.42 Bcfpd in 2013 to feed into local gas terminals, small domestic consumption and gas exports to South Africa, as large offshore and onshore gas fields come online to supply LNG projects.

The country's gas industry has the potential to be a major driver of long-term growth, with the IMF estimating that LNG developments could bring over US\$200 billion in GDP over 20 years at 2014 prices. This projection has however been revised downwards to US\$160bn due to the current low price environment. Once gas production reaches its peak growth in 2025, Mozambique is set to become the third largest LNG exporter in the world after Qatar and Australia.

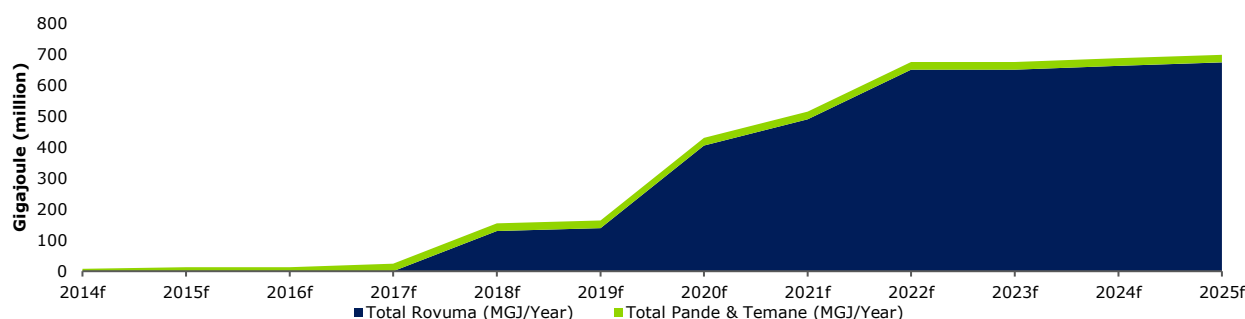
In light of the major gas discoveries, the main companies planning to exploit Mozambique's gas resources are energy giants Eni (Italy) and Anadarko (US). Studies from Standard Bank and the IMF forecast LNG investments from Anadarko and Eni totalling more than US\$100bn over the next 20 years. Given this investment scenario, Mozambique's economy could grow up to nine times its current size by 2035. In development of LNG export facilities, both Eni and Anadarko had intended to place their orders for a floating LNG facility before end-2016. This is unlikely due to the ongoing debt scandal probe and the commodity price outlook. Eni has started exclusive talks with Samsung Heavy Industries to provide a floating LNG platform as part of a consortium with Technip and Japan's JGC, in a contract worth around US\$5.4bn. General Electric has also been approved as a contractor.

Mozambique Gas Production & Forecast (bcm), 2014-2025f



Source: BMI, 2016

Mozambique Estimated Domestic Household Demand for Gas (Million Gigajoule), 2014f-2025f



Source: Republic of Mozambique Council of Ministers, Natural Gas Master Plan, 2014

In July 2015 Eni struck deals with contractors and Mozambique's government which could help it to make a final investment decision (FID).

On the other hand, Anadarko's project is expected to lag behind Eni's and its FID is unlikely to be this year. The company's Mozambique concession is split between two huge gas fields, called Coral and Mamba. Eni has previously said it expects to make a FID on Coral by end 2016 and Mamba in 2017. Both Eni and Anadarko are now pushing for FIDs to commence setting up their projects but negotiations have slowed down due to revelations of government's undisclosed debt. Consequently, both companies will miss their original deadlines to start shipping in 2018 as it is likely to take at least five years after the FID before gas production begins.

Eni has already reached a 20-year deal to sell LNG to BP and is expected to raise several billions of dollars by splitting its concession in two and selling up to 20% of its Mamba block to Exxon Mobil. The BP contract smooths the path for Eni to make its long-awaited FID by guaranteeing a customer for the entire Coral South fields' LNG output. It could also boost Eni's efforts to sell part of its block to Exxon. While Eni will drill and process gas from floating

offshore platforms, Anadarko is expected to start building onshore sprawling LNG facilities, and may face further delays due to local residents who will need to be relocated from the project location.

Regardless of the delays, investments from these two major players are already contributing significantly to the economy. Furthermore, a number of new gas power projects such as the US\$151m 100MW Maputo Gas Fired Combined Cycle Power Plant Development Project funded by the Japan International Cooperation Agency (JICA) present positive prospects for the sector in terms of future demand.

On the basis of favourable short- to medium-term projections for Mozambique's economy it is a matter of time before the country sees an economic boom driven by its gas resources.

Expressions of Interest in Domestic Industrial Consumption of Natural Gas

Projects	Origin of Investor	Project Location	Quantity Required		Project Duration (years)
			Trillion Cubic Feet per year	Million Gigajoule per year	
Gas & Liquefied Petroleum (GTL) Refinery	Italy	Palma	1	1 053	25
GTL Refinery	South Africa	Maputo	2.6	273	25
GTL Refinery	South Africa	Palma	0.4	400	25
GTL Refinery	Korea	Palma	0.7	750	25
Fertiliser Plant	Germany	Palma	0.6	680	20
Fertiliser Plant	Norway	Palma	0.7	737	25
Fertiliser Plant	Japan	Palma	0.2	247	20
Fertilisers, Ammonia, Urea		Palma	0.8	804	30
Fertiliser Plant		Palma	0.8	840	30
Methanol Plant	Japan	Palma	0.7	737	20
Methanol Plant	India	Palma	1.4	1 500	30
Methanol Plant	Germany	Palma	13	13 684	25
Methanol Plant	Germany & Mozambique	Palma	1	1 053	25
Energy	Various	Palma	1.9	1 950	30
Liquid Petroleum Gas Refinery	South Africa	Pande & Temane			
Tomato Processing Plant	United Kingdom	Chokwe		13	25
Iron Steel		Palma	.8	875	25
Total Demand			26.6	28 000	

Source: Republic of Mozambique Council of Ministers, Natural Gas Master Plan, 2014

Renewables

Estimated at around 12 500MW, Mozambique's hydropower potential is among the largest in SSA. More than 80% of that potential is located in the Zambezi Valley, which includes the existing 2 075MW Cahora Bassa plant. The country is already a net exporter of electricity to SADC countries via the Southern African Power Pool (SAPP) and about 73% of the electricity generated at the Cahora Bassa plant is exported to the SAPP, an important source of foreign revenue. Exports are expected to increase significantly, especially to South Africa, which has identified Mozambique as a key strategic supplier of power.

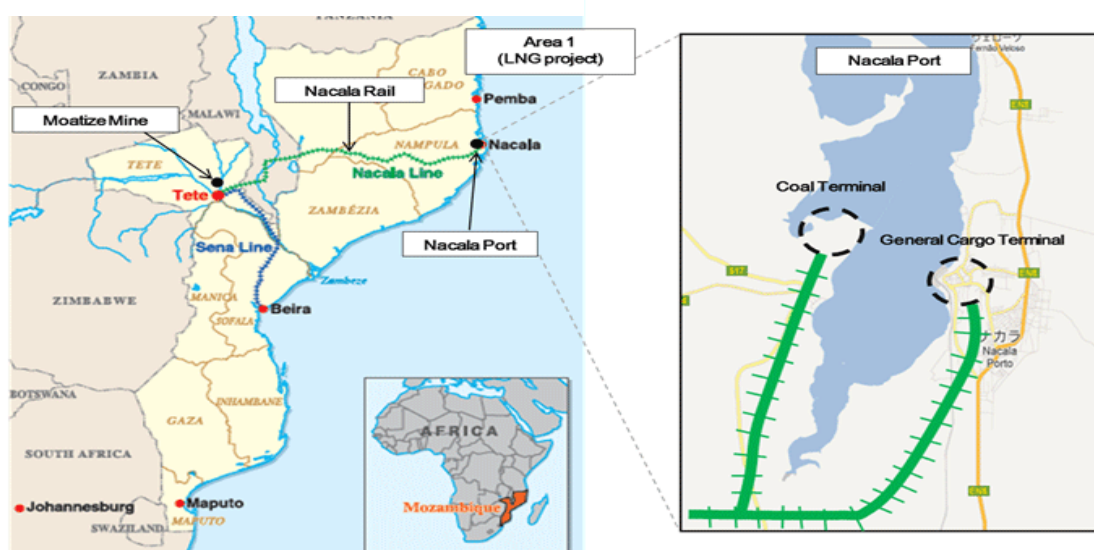
To further support and boost economic growth, Mozambique has called for significant investment to upgrade old infrastructure and conclude new power generation projects. Major projects in the pipeline include Mphanda Nkuwa (1 500MW) and the north bank expansion of the Cahora Bassa plant (1 245MW). Though no clear project deadlines have been set, the South African government envisages an additional 2 135MW in new hydropower capacity available to import from Mozambique in the medium term and has already signed supply contracts for new capacity to last until 2029. These projects are driving strategic grid expansion via the US\$1.8bn Regional Transmission Backbone Project (CESUL), a double transmission line which will connect Tete province in central Mozambique to the capital Maputo, in the south, and to the SAPP.

Infrastructure

The Mozambican government recently estimated that the investment gap for water and sanitation projects required to meet the Millennium Development Goals (MDGs) in the next decade will double. The statement comes, despite an extensive US\$500m compact funded project by the Millennium Challenge Corporation (MCC) between 2007 and 2013, to rehabilitate key roads, a dam, and water-supply infrastructure. The largest of the components in the compact, the Water Supply and Sanitation Project (US\$203.6m) involved water supply and sanitation services in the provinces of Zambezia, Nampula and Cabo Delgado.

Among Mozambique's recent large-scale infrastructure projects is Japan's US\$255m investment in railway capacity and urgent ports renovation, to connect exploration fields and facilitate mineral resources exports and growing export markets of nearby landlocked economies, including Malawi, Zambia and Zimbabwe. The Japanese government in support of Mozambique and the region, established the Nacala Corridor Economic Development Strategies project in 2012 with plans to complete the project by 2020. The project is an extension to an earlier investment in a 912km railway linking the port to the country's vast coal reserves in Tete province to the east coast of Mozambique, commissioned by Vale in 2012 and completed in 2014. Vale also finished a new coal terminal at the port of Beira in north Mozambique in 2015 with a US\$300m loan from the African Development Bank (AfDB).

Nacala Rail & Port Infrastructure



Source: Mitsui, 2014

It plans to ship more than 8m tonnes of coal per year from its giant Moatize coal mine, in which it sold a 15% stake to Japan's Mitsui & Co in 2014. Based on current data and trends, it is estimated that up to 100m tonnes of goods per year will be exported from Beira in the long term. Such donor-funded infrastructure is already driving economic growth by enabling trade. The country's ports are expected to transform into busy shipping hubs.

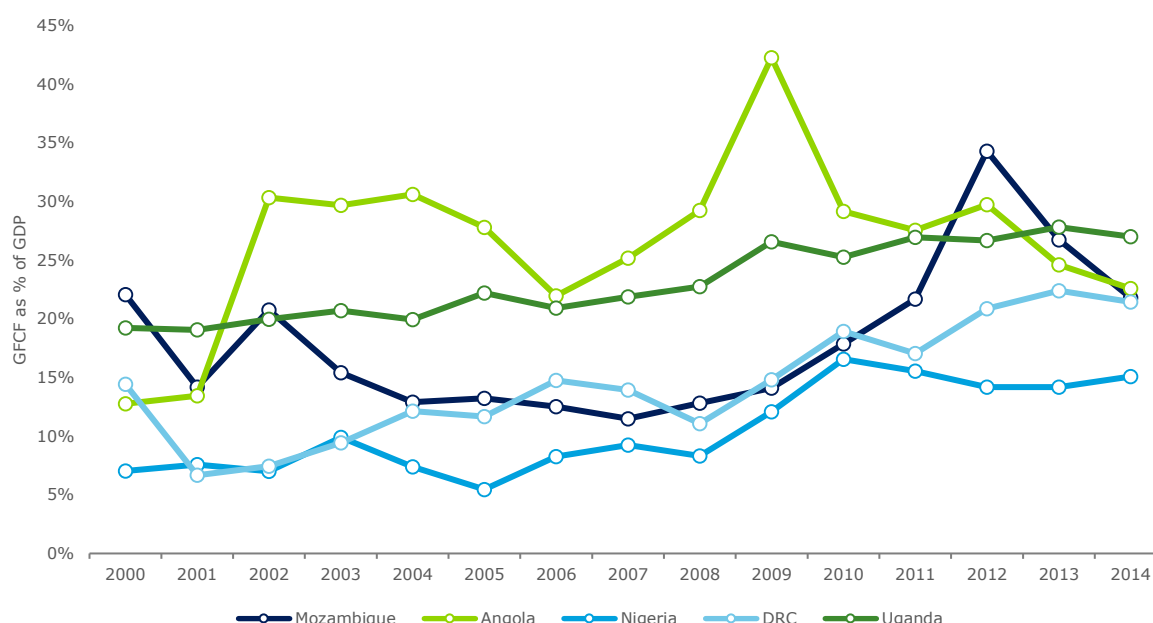
As evidenced by Japan's rail projects and the MCC's investment in water and sanitation projects, over the past decade Mozambique has been mostly dependent on international assistance for infrastructure spending. However, this trend is likely to change. As donor-funded infrastructure enables investment in the resources sector and government revenue increases through the tax windfall thereof, infrastructure funding is shifting from being predominantly donor funded to government funded as the coal and LNG industry develops.

On the back of its coal and gas discoveries, Mozambique started the bulk of its major construction and infrastructure projects around 2010. Between 2000 and 2014, on average Mozambique spent 18% of its GDP on land improvements, equipment purchases, the construction of roads and railways, as well as social, commercial and industrial buildings.

Mozambique's gross fixed capital formation (GFCF) ratio to GDP currently exceeds that of Nigeria, Africa's largest petro-economy. Mozambican infrastructure expenditure as a share of GDP also grew more than twice as fast than South Africa's in all the years between 2010 and 2014 except 2013. Mozambique is projected to continue outperforming South Africa in relative growth of GFCF as a share of GDP after 2016.

Despite the ongoing fiscal turmoil and a US\$40m budget cut in July 2016, large-scale infrastructure development is anticipated to continue supporting economic growth in the long term underpinned by developments in the resource sector.

Select Economies' Infrastructure Spending (GFCF as % of GDP), 2000-2014



Source: World Bank, 2016

Financial Services

Finance, real estate and business services account for just under 10% of the national economy with banks being the main driving force in the financial sector. The sector has been the second-fastest growing sector in Mozambique after the extractive industry, with an average growth rate of 22% over the past 10 years.

The banking sector is made up of 16 banks of which the largest four are majority foreign-owned and make up 90% of the sector's total assets. Of the four major banks, two are subsidiaries of Portuguese banking groups and the other two are subsidiaries of a South African and British banking group. The banking sector's strong performance over the past year demonstrates the resilience of some of the country's lenders. Strong asset and deposit growth have accompanied healthy capitalisation levels for some players and relatively low rates of non-performing loans. However, banks that were not prudent in lending have been penalised due to the country's recent government debt turmoil. Accordingly, deposits are flowing to better capitalised and mainly foreign banks with domestic national banks losing market share.

A key part to the sector's performance has been the domestic economic fundamentals. Despite Mozambique's current economic challenges and resulting downside pressure on liquidity in the sector, international banking groups are still buying into the country, eyeing its longer-term potential. With an estimated revenue value of about US\$212bn, the development of offshore gas fields is just one amongst other prospects for the sector. A fast-growing and largely unbanked population that remains ripe for financial inclusion initiatives is already driving growth in the sector.

As new players enter the sector, diversification of product and service offerings is expected to accelerate. Mozambican bankers expect this trend to play a part in the wider development of the economy, including a much-needed maturation of the country's stock exchange.

Real Estate

As banks, telecoms, and diplomatic and aid agencies consumed the limited amount of good quality properties in the past decades, the arrival of oil and gas executives has effectively led to the conversion of high luxury houses into office space until property developers can satiate the sector's appetite. Rentals at the ports, particularly for warehouses, are among Africa's most expensive as a result of rising demand driven by increasing investments in the

country as government increases focus on developing the country's manufacturing sector.

In view of potential growth and rising demand for property, among many property investments, Mara Delta recently announced its plans to invest a further US\$110m in Mozambique's real estate market. The investment will be used to buy an additional four properties and also to develop the second phase development of its Anadarko building in Maputo. Since 2014, Mara has invested in six landmark commercial properties in Mozambique. These include the Anadarko, Hollard and Vodacom buildings in Maputo and the Bolloré/Plexus warehousing complex in Pemba, together valued at US\$160m.

Other current major projects contributing to the sector and economic growth include residential housing, hotels, shopping malls, industrial zones and granite and cement plants to provide construction materials for the growing sector.

Tourism

The latest available data from the World Travel & Tourism Council (WTTC) revealed Mozambique's tourism industry directly employed about 280 000 people and contributed about US\$469m (3% of GDP) to the economy in 2015. The tourism industry is a key component of the economy, but arrivals have been decreasing recently owing to perceptions of rising political risk and a sluggish performance in South Africa – the main gateway to Mozambique's tourism market.

According to the Inhambane Provincial Tourism Association, 15 tourism establishments in Inhambane – Mozambique's tourist hub in the Southern Region – closed in the first half of 2016, resulting in about 100 redundancies. This comes after investment into Inhambane's tourism industry fell to US\$10m in 2015, from US\$40m in 2014. Overall, capital investment in Mozambique's tourism grew by a mere 0.3% from US\$181.7m, to US\$182.3m between 2014 and 2015.

Nonetheless, with breath-taking beaches, ideal tropical climates, world-class scuba diving and diversified wildlife, the sector is expected to contribute up to US\$1bn in the next decade and will require investment in hotels, lodges, and resorts to service the growing industry.



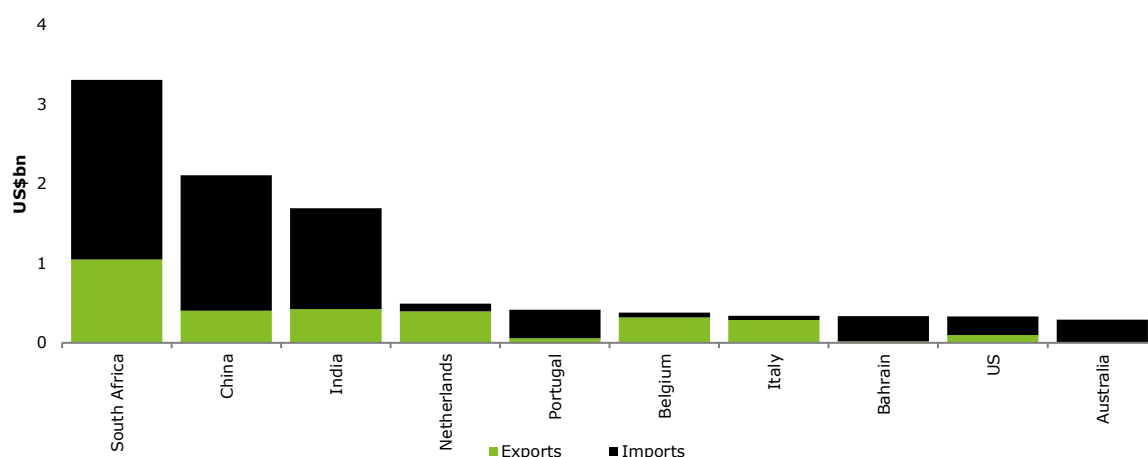
Trade & investment relations

Given the small scale of domestic manufacturing, Mozambique is heavily reliant on capital and consumer goods imports. Though rising primary sector activity is expected to improve the country's trade deficit post 2020 and boost foreign reserves, it will continue to leave the economy exposed to global industrial demand. Accordingly, government is expected to focus increasingly on developing the manufacturing and services sectors. Mozambique's attractiveness to foreign investors will however be compromised, should poor levels of education and skills persist over the next decade.

Trade relations

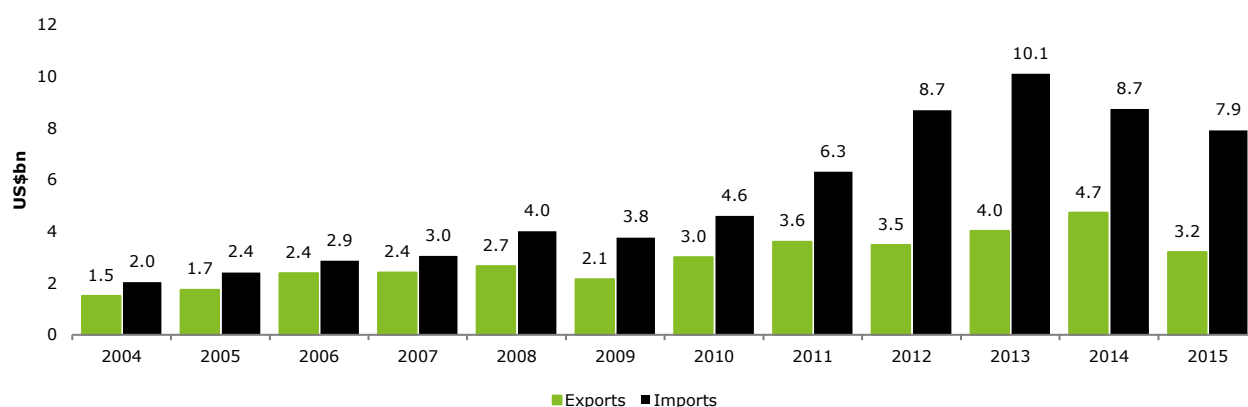
South Africa is Mozambique's largest trade partner, accounting for about 24% of bilateral trade, valued at US\$3.2bn. South Africa is followed by China and India. Together, these three countries constitute 56% of Mozambique's total bilateral trade. It is expected that the biggest importers of Mozambique's LNG will be South Africa, India, China, Thailand and Japan. As a result, Mozambique's top 10 bilateral trade partners are likely to change once the LNG projects come online.

Mozambique's Top 10 Bilateral Trade Partners (US\$bn), 2015



Source: UNCTAD, 2016

Mozambique's Merchandise Trade (US\$bn), 2004-2015



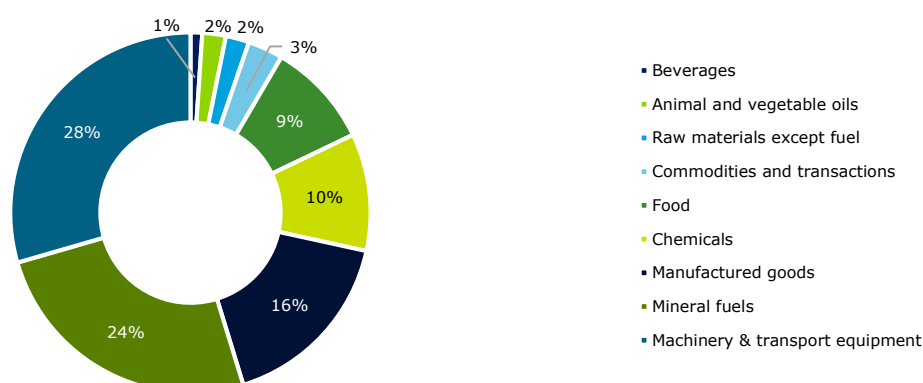
Source: UNCTAD, 2016

The country ran a trade deficit of just over US\$4.7bn in 2015 and is therefore dependent on forex inflows. In 2015, Mozambique imported almost twice as much as it exported by value. Between 2004 and 2015, Mozambique's exports doubled from US\$1.5bn to US\$3.2bn while imports grew faster, increasing four-fold. Exports, however, began to drop after 2013 following the global commodity price collapse.

Petroleum is Mozambique's most important import, making up a fifth of total imports. Other important imports are motor vehicles for the transport of goods, electricity, telecommunications equipment and rice. Mozambique is therefore currently importing a number of important inputs, such as electricity, which are required for economic and commercial developments.

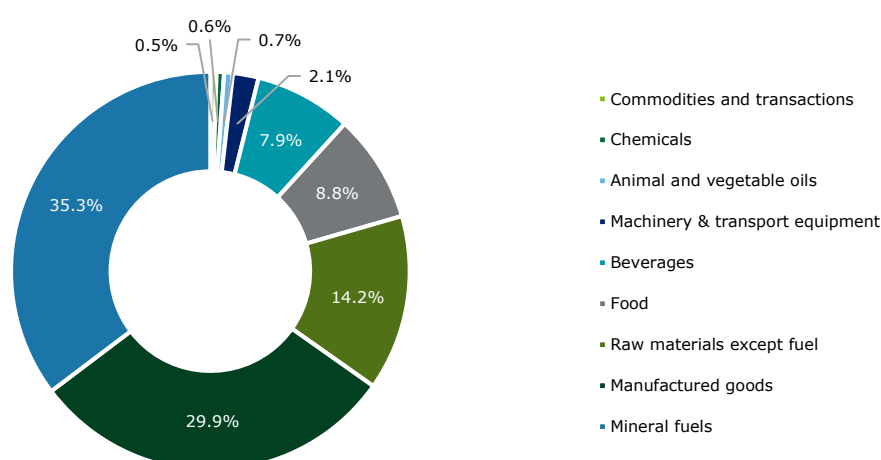
Mozambique's most valuable export is aluminium. This is largely due to the Mozal Aluminium Smelter owned by South32, Mitsubishi Corporation, South Africa's Industrial Development Corporation (IDC) and the Government of Mozambique. Natural gas, coal, petroleum and electricity complete the rest of the top five exports. In 2014, precious stones emerged as a significant export earner, replacing petroleum in the top five and becoming the country's second most valuable export earner. This is the result of the Montepuez ruby mining operations in northern Mozambique, the world's largest ruby concession, which sold its first rubies in 2014. Lower global commodity prices have deterred production increases in a number of Mozambique's key resources, such as coal, aluminium, graphite, titanium and gold, and will likely lead to a continued decrease in export earnings obtained beyond 2016.

Mozambique's Top Imports (%), 2015



Source: UNCTAD, 2016

Mozambique's Top Exports (%), 2015



Source: UNCTAD, 2016

Mozambique's Trade Agreements

Country/Block	Status	Positive Impact on Business
South African Development Community (SADC)	Active	High: Mozambique is a member of SADC and is party to a free trade agreement (FTA) with other Southern African states such as Angola, Botswana, Lesotho, Malawi, Zimbabwe, Swaziland, Tanzania, Zambia, Namibia, South Africa, Mauritius, the Democratic Republic of the Congo and the Seychelles. Within this agreement, 85% duty-free trade was achieved in 2008. The 15% of trade, constituting the 'sensitive list', is expected to be liberalised in the short term when SADC attains the status of a fully-fledged FTA with almost all tariff lines traded duty free. Total trade in products between Mozambique and the SADC group stood at US\$4.3bn in 2014.
European Union (EU)	Active	High: The Economic Partnership Agreement (EPA) gives asymmetric access to the partners in the SADC EPA region. Partners can shield sensitive products from full liberalisation and safeguards can be deployed when imports are growing too quickly. It guarantees access to the EU market without any duties or quotas and includes better trading terms for agricultural and mineral products. The country is now benefiting from access to the EU after over a decade of international isolation.
United States (US)	Active	Moderate: The US is a major export market and the Trade and Investment Framework Agreement and Africa Growth and Opportunity Act remove tariffs for some product exports to the US (such as textiles), reducing trade barriers.
The African Free Trade Zone (AFTZ)	Under negotiation	High: This is a regional FTA that if implemented appropriately will open up new markets with the country's regional peers. The leaders of the three AFTZ trading blocks, the Common Market for Eastern and Southern Africa (COMESA), The East African Community (EAC), and SADC, announced the agreement, with the aim of creating a single free-trade zone to be named the African Free Trade Zone, consisting of 26 countries with a combined GDP of about US\$650bn. The AFTZ agreement would ease access to markets within the zone and end problems due to several of the member countries in the AFTZ belonging to multiple regional groups. However many African countries are exporters of primary goods and importers of manufactured goods and services, which will mean that little growth intra-regional trade will be observed in the medium term, while industrial bases remain low.

Source: BMI, 2016

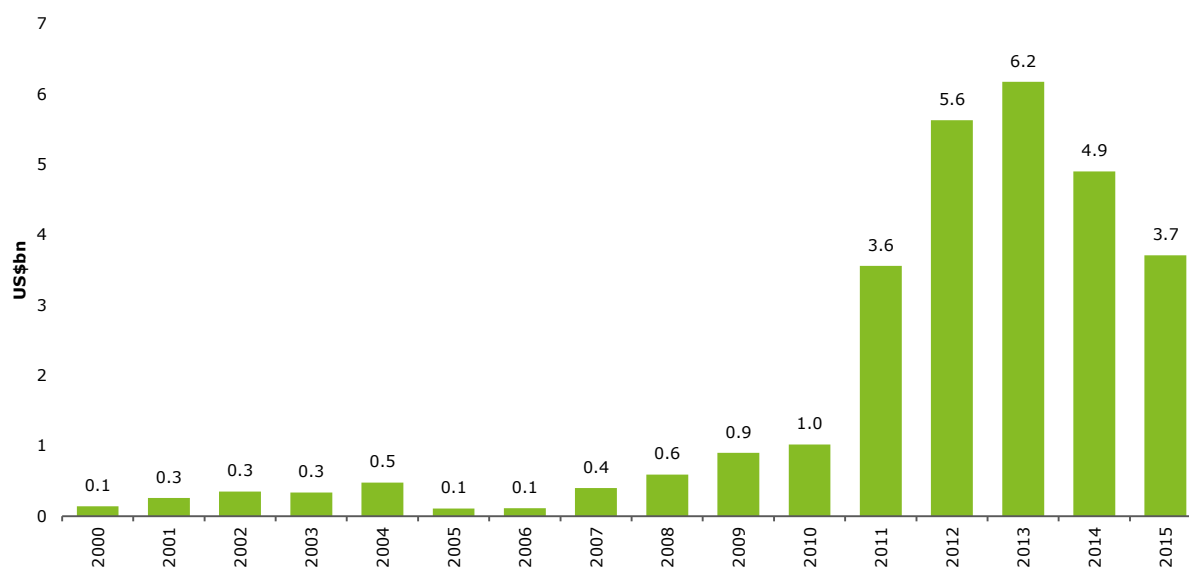
Foreign aid and investment flows

Between 2007 and 2014 Mozambique consistently attracted more than US\$1bn in Official Development Assistance (ODA) with the US contributing the most ODA on average compared to other countries between 2013 and 2014.

In 2014, Mozambique was the fifth-largest recipient of FDI on the continent, with approximately 50 FDI projects. In terms of number of projects, this was an increase of 67% from 2013. However, in value terms investment in 2014 decreased from its peak of US\$6.2bn in 2013, and saw a further decrease in 2015 to reach US\$3.7bn as a result of weak global demand for commodities. Investments have ranged across sectors, incorporating banking, agriculture, real estate and the natural resources with natural gas-related activity attracting the bulk of FDI between 2013 and 2015.

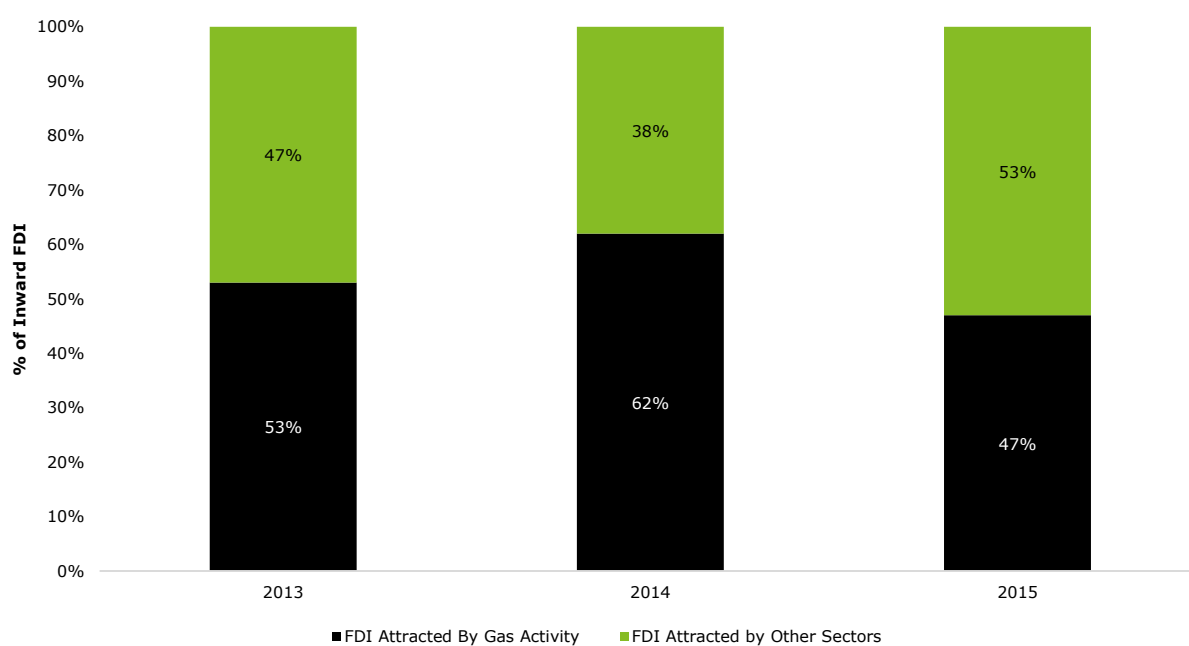
The Government of Mozambique actively supports large-scale investments; mega-projects often benefit from high-level awareness and a relatively easier operating environment. Although the majority of resource projects in Mozambique are in the early stages of development, FDI has already had positive spillovers, supporting the acquisition of equipment, offices and large construction projects.

Inward FDI Flows (US\$bn), 2000-2015



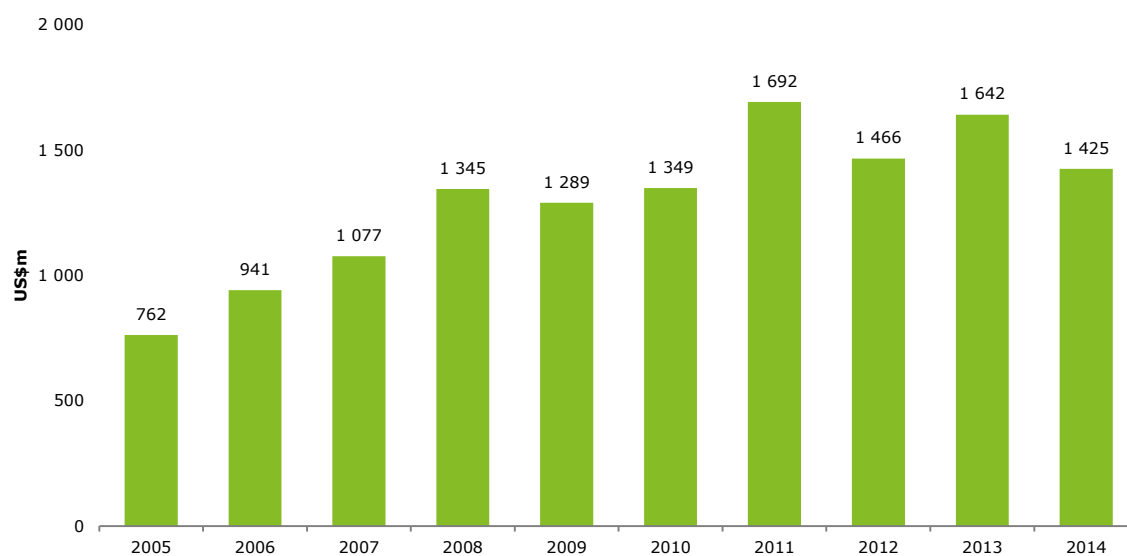
Source: UNCTAD, 2016

Inward FDI by Gas Activity vs Other Sectors (%), 2013-2015



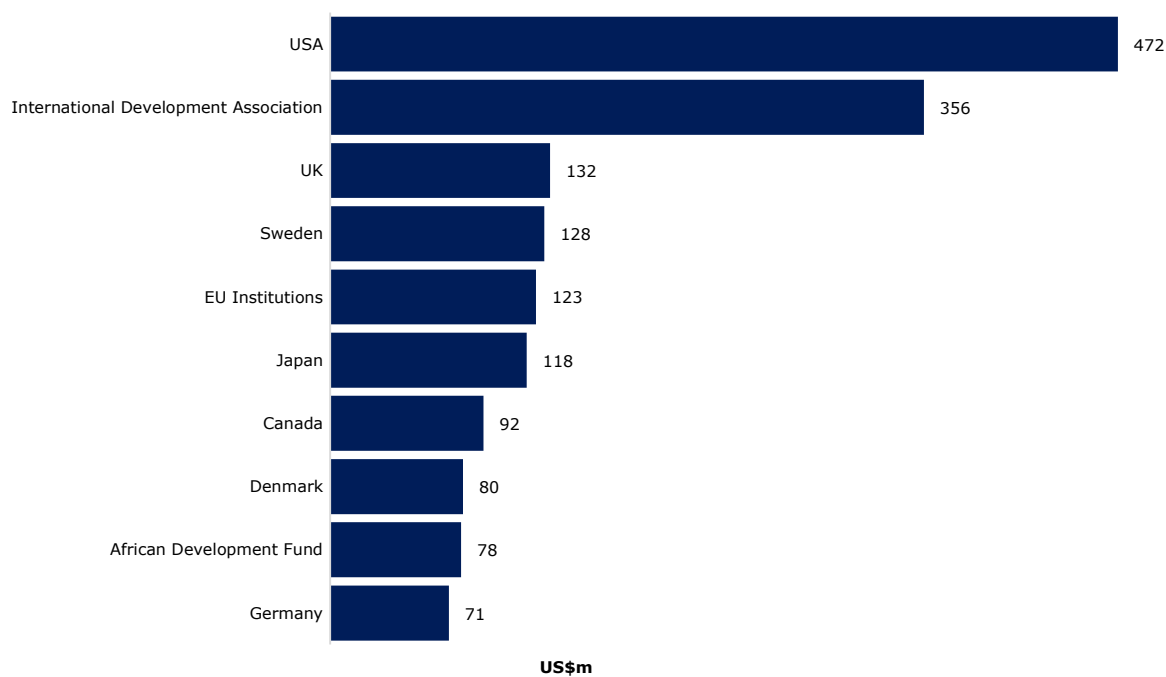
Source: Bank of Mozambique, 2016

Net Official Development Assistance (US\$m), 2005-2014



Source: OECD, 2016

Top 10 Gross ODA Donors to Mozambique (US\$m), 2013-2014 Average



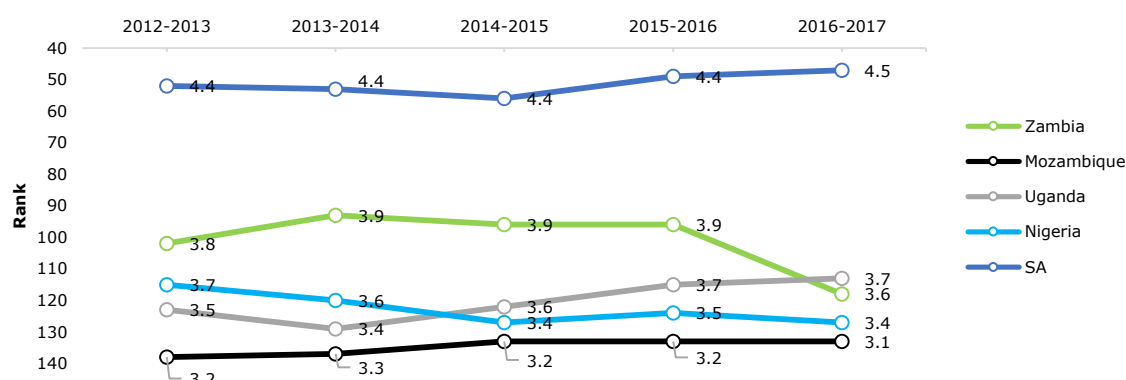
Source: OECD, 2016

Business environment

Although Mozambique's business environment still lags behind other regional players in terms of indicators measuring the ease of doing business and competitiveness, in some aspects, the government has been working towards facilitating business operations and reducing the cost of doing business. This has largely been done through the simplification of procedures such as business start-up, import-export and licensing.

Between 2012 and 2016, Mozambique moved up from position 138 to 133 out of 140 countries in the *Global Competitiveness Report* ranking by the World Economic Forum. Mozambique compares favourably to other SSA peers in terms of the efficiency of its goods and labour markets as well as its market size. The five most problematic factors reported by the World Economic Forum for doing business in Mozambique are access to financing, inefficient government bureaucracy, corruption, an inadequately educated workforce and tax rates.

Comparative Rankings & Scores: Global Competitiveness, 2012-2016



Source: WEF, 2016

Note: A higher ranking score means that a country is less competitive

It is also easier to do business in Mozambique than in the average SSA country, according to the World Bank Group's 2016-17 *Doing Business* report. Mozambique ranked 137th out of 190 countries. However, this is a three place decline from its ranking the year before, but an improvement from 2013-14. Mozambique punches above its weight for its ease of dealing with construction permits (ranked 30th) and resolving insolvency (ranked 65th). In fact, Mozambique is the easiest country in SSA with regard to dealing with construction permits, ranking better than Mauritius and South Africa. This is the result of improving internal processes at the Department of Construction and Urbanisation.

Mozambique has a record of relatively stable macroeconomic policies. In addition, government is committed to attracting strategic large-scale investments, particularly to meet the associated infrastructure needs of the coal and gas sectors. The Centre for Investment Promotion (CPI) has been created to facilitate investments into Mozambique and act as a one-stop shop for potential investors. Yet, building personal relationships with authorities and key domestic industry players is fundamental to ensuring an easier operating environment.

The desire to improve Mozambique's business environment and make the country and its exports more competitive is highlighted in the PQG. The government aims to reduce the number of days it takes to license a business down to six (from 10 currently) and to decrease the number of procedures needed to open a company, from nine to five. These measures are aimed to attract more foreign investment. In the PQG, the government reiterates the importance of dialogue, suggesting that the state discusses policies and changes to legislation with stakeholders before and after implementation. This suggests a more transparent public-private dialogue mechanism going forward.

Access to finance and bottlenecks in access to a reliable supply of grid-based power are often cited as the main business environment challenges in Mozambique while access to land has become less complex with both local residents and foreigners allowed to acquire a 'right of use' or a DUAT

(Direito do Uso e Aproveitamento da Terra) land title, for a period of 50 years. Foreign individuals or corporate persons may be the holders of land rights, if their investment project has been approved.

In 2009 the Labour Ministry began enforcing quotas which limit the number of foreign employees that may be hired by a firm. This has emerged as a significant barrier to competitiveness and has deterred investment in sectors requiring highly-skilled labour. However, quotas may be waived for large investors or those investing in Export Free Zones.

Tax incentives, including tax credits and the reduction or exemption of corporate tax, are available under the Fiscal Benefits Code.

Investors investing in Mozambique can be supported by GAZEDA (the Special Economic Zones (SEZ) Office) or CPI. While CPI has a mandate to promote and facilitate national and foreign investment in Mozambique, GAZEDA, established in December 2007, has a mandate to promote and coordinate activities related to the establishment, development and management of Special Economic Zones and Industrial Free Zones (IFZs).

Companies that invest in Mozambique, can qualify for generic tax benefits or specific tax benefits which vary by location or activity to be performed (agriculture and fishery, hotel and tourism, large-scale projects, Rapid Development Zones (RDZs), IFZs, SEZs, construction of basic infrastructure, commercial and industrial projects in rural areas, manufacturing and assembly plants, and science and technology parks). Companies pay an income tax rate of 32%.

For Individual Income Tax (IIT) purposes, individuals can be considered as resident or non-resident. Residents receiving income from employment are taxed according to the withholding tax rates for income from employment (withholding tax of between 10% and 32%). Non-residents pay a withholding tax of 20%.

A Value-Added Tax (VAT) of 17% is levied on the supply and importation of goods and services.

Mozambique's Key Zones & Incentives

Zone/Incentive Programme	Main Incentives Available
Beluluane Industrial Free Zone in Maputo	Operators of Industrial Free Zones are exempt from payment of import taxes (including Value Added Tax), of construction materials, equipment, accessories, parts and other goods for the implementation of the licensed activity in the zone.
Minheuene Industrial Free Zone in Nampula Province (Nacala district)	- Exemption from VAT on domestic purchases. - Industrial Free Zones enterprises benefit from an exemption from customs duties on the import of goods and merchandise to be used in the implementation of projects and exploration of activities which have been authorised under the terms of the Industrial Free Zones Regulations.
Locone Industrial Free Zone in Nampula Province (Nacala district)	Tax incentives for businesses in special economic zones: exemption from payment of corporate income tax (IRPC) in the first three fiscal years; 50% reduction of the IRPC from the fourth to the 10th fiscal year; 25% reduction of the IRPC from the 11th to 15th fiscal year. Tax incentives for operators and enterprises in industrial free zones: exemption from IRPC in the first 10 fiscal years; 50% reduction of the IRPC from the 11th to the 15th fiscal year; 25% reduction of the IRPC throughout the project's life.
Nacala Special Economic Zone in Nampula	Tax incentives for free enterprises in an isolated regime: exemption from IRPC in the first 10 fiscal years; 50% reduction of the IRPC from the sixth to the 10th fiscal year; 25% reduction of the IRPC throughout the project's life.
The Mocuba SEZ in Zambezia province	
Manga-Mungassa SEZ in Beira	

Tourism Special Economic
Zone in Nampula

- Provision of land and Environmental Impact Analysis and decentralised and accelerated investment projects analysis and approval.
- Special and extensive migration scheme.
- More flexible labour regime particularly as regards to the hiring of foreign labour and licensing processes.

Zambezi Valley (RDZ)

- Simplified procedures in the repatriation of profits.
- Investments in Rapid Development Zones (RDZs) benefit from tax incentives (for instance tax credit on investment of 20% of the investment made).

Source: BMI, 2016; Deloitte research & analysis, 2016



Privatisation to drive investment

In line with its new stance of fiscal tightening the government has approved legislation intended to reform public enterprises, with the hopes of improving transparency, reducing fiscal risks and promoting good business practices. The ongoing debt crisis will likely lead to either the closure or privatisation of a number of state-owned enterprises, presenting significant opportunities for investors.

In 2013 the Council of Ministers approved the Programa Integrado de Investimento (PII), an integrated investment plan. The PII identified a number of sectors as priority investment areas, including agriculture (and irrigation), infrastructure, fishing, water supply and human capital development as key investment opportunities.

State Companies to be Privatised

Sector	Company	Activity	State/IGEPE Shareholding	Description	Comment
Manufacturing	Mabor Company	Tyre production	92.80%	Established in 1979 as a result of a partnership between US tyre company and Mozambique, Mabor produced tyres for the domestic market as well as exporting to South Africa, Namibia, Botswana and Zimbabwe. Due to economic problems the company has been closed for more than ten years.	<i>To be sold to private investors.</i>
Logistics	LAM Mozambique Airlines	Airline	91.15%	The flag carrier of Mozambique based in Maputo with its hub at Maputo International Airport, LAM flies to 9 provinces in Mozambique and internationally to Zimbabwe, South Africa, Kenya and Tanzania. It currently has a fleet of seven aircraft. It is a member of the International Air Transport Association and the African Airlines Association. It has been banned in the European Union since 2011.	<i>To be restructured – has a debt of US\$139m.</i>
Telecommunications	Moçambique Cellular (mCel)	Mobile Telecommunications	26%	mCel is the first mobile operator in Mozambique, founded in 1997. It is the largest mobile operator in the country, with about 33% market share and 68% country network coverage. It was the first operator to provide access to advanced technologies such as 3G, Blackberry and mobile money services (mKesh) under the subsidiary Carteira Movel.	<i>To be restructured – will merge with Telecomunicações de Moçambique (TDM).</i>
Logistics	STEMA	Silo and terminal	44%	Established in 1996 to fill the logistical gap in the market for grain handling in moulds and industrial and commercial volumes. Based in the Port of Maputo, it plays a key role for imported and exported grain to and from the SADC region.	<i>To be restructured.</i>
Logistics	Aeroportos de Moçambique (ADM)	Airport management	100%	A public company that operates under the Ministry of Transport and Communications. ADM manages five international airports (Maputo, Beira, Tete, Pemba and Nampula), five main aerodromes and nine secondary aerodromes spread across the country.	<i>To be restructured – will restructure US\$500m in loans.</i>

Telecom-munications	Correios de Moçambique	Postal Service	100%	A public company that operates under the Ministry of Transport and Communications. It provides postal services from all of the provincial capitals and also operates a bus service for passengers and goods. It recently announced a partnership with the Bank Millennium BIM to provide agent banking at its postal branches.	<i>To be restructured.</i>
Telecommunications	Telecomunicações de Moçambique (TDM)	Telecom-munications and internet service provider	90%	TDM is a Limited Liability company which provides voice, internet, leased line and VPN, as well as EASSY submarine cables services. TDM owns shares in other companies as part of the TDM Group: 50% in Listas Telefonicas de Mocambique (Yellow Pages listing service), 100% in Teledata (transmitter of data and internet), 50% in TV Cabo (TV, multimedia and internet provider), 74% in mCel (mobile telecommunications), and 50% in Televisa (installers of the transmission and access network).	<i>To be restructured – will merge with Moçambique Cellular.</i>

Source: Deloitte research & analysis, 2016

Investment Opportunities Promoted by CPI

Sector	Project/Description	Location	Estimated Amount (US\$m)	Type of Investment
Energy	Coal Power Station 600MW	Moatize, Tete	1.5	PPP
	Coal Power Station 450MW	Benga, Tete	1.3	PPP
	Hydroelectric Power Station 50MW	Alto Malema, Zambezia	124	PPP
	Hydroelectric Power Station 25MW	Massingir, Gaza	67	PPP
	Gas Power Station 43.65MW	Chokwe, Gaza	75	PPP
	Hydroelectric Power Station 120MW	Lurio, Cabo Delgado	400	PPP
	Hydroelectric Power Station 100MW	Ruo, Zambezia	n/a	PPP
	Hydroelectric Power Station 175MW	Mugeba, Zambezia	363	PPP
	Hydroelectric Power Station 27-50MW	Mutelele, Zambezia	276	PPP
	Hydroelectric Power Station 40MW	Mutala, Zambezia	137	PPP
	Thermal Power Station 17MW	Buzi, Sofala	70	PPP
	Thermal Power Station 50-80MW	Temane, Inhambane	120	PPP
	Thermal Power Station 75MW	Palma, Cabo Delgado	n/a	PPP
	Thermal Power Station 80MW	Maputo, Maputo City	70	PPP
	Thermal Power Station 50MW	Belulane, Maputo	50	PPP
	Refinery of Petroleum Products (300 000 bbl/day)	Nacala-A-Velha, Nampula	5	PPP
	Construction of a mini-hydro plant	Rotanda, Manica	n/a	PPP

	Construction of a mini-hydro plant	Mossurize, Manica	n/a	PPP
	Construction of a mini-hydro plant	Angonia, Tete	n/a	PPP
	Construction of a mini-hydro plant	Matutuine and Moamba, Maputo	n/a	PPP
	Construction of a mini-hydro plant	Majune, Mandimba, Sanga, Lago, Mecula, Marrupa in Niassa	n/a	PPP
	Dam	Montepuez, Cabo Delgado	n/a	PPP
	Dam	Mandimba, Niassa	n/a	PPP
Priority Roads	Rehabilitation N101, R445, Macia-Chokwe-Massingir (201km)	Gaza	145	Financing
	Asphalting R442, R851, R441, Chibuto-Nalazi-Machaila-Massagena (423km)	Gaza	350	Financing
	Asphalting N222, Pafuri-Mapinhane (479km)	Inhambane	205	Financing
	Rehabilitation R400 Boane-Goba (20km)	Maputo	25	Financing
	Rehabilitation R401 Boane-Moamba (47km)	Maputo	47	Financing
	Rehabilitation R689 Monapo - AngocheNampula (173km)		125	Financing
	Rehabilitation N261 Nhampassa - Subwe (126km)	Manica	85	Financing
	Rehabilitation R530 Goonda (Cr. N1)- Dombe (60km)	Manica	48	Financing
Irrigation	Rehabilitation and construction of irrigation system of 1 000 hectares to produce cereal and vegetables	M'guri-Mudumbe, Cabo Delgado	12	PPP or financing
	Rehabilitation and construction of irrigation system of 8000 hectares to produce cereal and vegetables	Morire, Tete	8	PPP or financing
	Rehabilitation and construction of irrigation system of 9 000 hectares to produce cereal and vegetables	Macia, Gaza	72	PPP or financing
	Rehabilitation and construction of irrigation system of 1 000 hectares to produce cereal and vegetables	Sombo, Zambezia	8	PPP or financing
	Construction of irrigation system in an Chimunda area of 1 000 hectares with potential to produce cereal and horticulture		8	PPP or financing
	Rehabilitation and construction of irrigation system of 700 hectares to produce cereal and vegetables	Intabo, Zambezia	7	PPP or financing
	Rehabilitation and construction of irrigation system of 5 000 hectares to produce cereal and vegetables	Lower Limpopo	40	PPP or financing

	Construction of irrigation system in an Paunde area of 1 000 hectares with potential to produce cereal and horticulture		8	PPP or financing
	Construction of irrigation system in an Nhamacangara area of 2 000 hectares with potential to produce cereal and horticulture		20	PPP or financing
Railway Lines and Ports	Techobanine Development Corridor: construction of Boane - Techobanine railway, linking it to the Techobanine Port in the District of Matutuine	Maputo Province	6.5	PPP
	Massangena Development Corridor: construction of the Mapai-Massangena railway, linking the Limpopo and Beira Development Corridors	Gaza, Inhambane, Manica, Sofala	n/a	PPP
	Dondo Development Corridor: construction of the Masangena-Dondo railway, part of the North-South railway	Gaza, Sofala	n/a	PPP
	Mutuali Development Corridor: construction of the Nhamayabwe-Mutuali railway to link the Sena and Nacala Development Corridors	Tete, Sofala	n/a	PPP
	Mueda Development Corridor: construction of the Ribaue-Mocimboa da Praia railway, part of the North-South railway	Nampula, Cabo Delgado	n/a	PPP
	Moatize-Macuse railway line: runs parallel to the Sena railway	Zambezia	n/a	PPP
	Chiuta-Nhamayabwe railway line: runs parallel to the Sena railway crossing Morrumbala, Milange, Lugela, Namarroi and gurue districts linking to the Nacala railway in Mutuali	Nacala	n/a	PPP
Fishing Infrastructure	Maputo Fishing Port: rehabilitation of the industrial wharf and refrigerated chambers, reconstruction of the warehouse and acquisition of a generator 568Kva	Maputo	15	PPP
	Rehabilitation of the Beira Fishing Port: Reconstruction of the industrial wharf and acquisition of cargo handling equipment	Beira, Sofala	10	PPP
	Rehabilitation of the Quelimane Port: reconstruction of the industrial wharf and acquisition of cargo handling equipment	Quelimane, Zambezia	670	PPP
	Rehabilitation of the Angoche Port: reconstruction of the industrial wharf and acquisition of cargo handling equipment	Angoche, Nampula	1.4	PPP

Source: Adapted from CPI, 2016



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