

MOZAMBIQUE News reports & clippings

664 29 March 2026 Editor: Joseph Hanlon (j.hanlon@open.ac.uk)

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This is a personal project by Dr Joseph Hanlon, with no outside funding.

J Hanlon's new book "Moçambique recolonizado através da corrupção"

free on <https://bit.ly/MozRecol> (Portuguese only)

In this issue

World Bank warning

+ Government data shows it will get worse

+ Wages, debt and farmers

+ No support for farmers, who are majority of poor

World Bank warns of social & 'economic instability' which could even threaten the gas projects

The Mozambican economy is a house of cards which will collapse, and probably sooner rather than later, shows the World Bank, in an unusually harsh report published 19 March. "The cost of inaction is rising and could be severe." The Bank stresses that "economic instability could jeopardize more than \$50 billion in foreign direct investment", particularly in the LNG.

An economic crisis could "undermine living standards, strain social cohesion, and weaken the government's capacity to deliver essential services." Lack of social cohesion is the Bank's cautious way of saying social unrest and protests. "The security situation in northern Mozambique remains volatile, with a recent increase in the number of people being displaced," the Bank points out. It also notes that civil unrest following the October 2024 election came after what it calls the "lost decade" 2016-2025.

In the lost decade, Mozambique has become "the second-poorest country and among the 10 most unequal in the world," the report stresses. "Between 2015 and 2020, urban poverty increased sharply from 32% to 44% while rural poverty rose from 56% to 71%" of the rural and urban populations based on the national poverty rate (\$0.67 per day). In 2015, 12.3 mn Mozambicans lived in poverty but the number jumped to 19.9 mn in 2022.

The report is particularly strong and important because the World Bank remains the one international agency to continue to back Frelimo, even as bilateral aid has fallen and the IMF halted its support. The report team was headed by two young World Bank economists without Mozambique links and may be intended to challenge Bank policies in Mozambique. Detailed data and charts show the extent to the crisis. The report was posted by the World Bank on 19 March but without a press notice.

Mozambique Economic Update, March 2026: From Fragility to Stability - Why Fiscal Reforms Cannot Wait.

<https://doi.org/10.1596/44518>

Government's own projections show it will get worse

Government's own economic growth projections are of 1-2% growth in 2026-28, but population is growing more rapidly so that actually means an increase in poverty and no improvement in living standards.

Frelimo continues to say the LNG revenues will bring relief in five years. But that will not happen. The Bank report says that government's own figures show that overspending and borrowing is growing so rapidly that it will absorb most of the gas money, and it will be 15 years before there is significant gas revenue available to spend. If there are no changes in government spending, "a significant share of projected LNG revenues through 2042 [will] be diverted to cover accumulated fiscal imbalances instead of financing strategic development priorities," the Bank estimates.

Wages, debt and farmers

The report highlights three crises which need particular action.

+ First the civil service wage bill of 15% of GDP in 2025 is among the highest levels globally. Mozambique has a small civil service paid high salaries and allowances.

+ Second is the rapidly growing debt. Wages and interest absorbed 87% of the tax revenue in 2025, leaving little for infrastructure and other development. The report says "public debt is assessed as unsustainable, and delays in debt servicing and expenditure arrears are large." Under current policies the fiscal situation is likely to worsen further. The overall government deficit is projected to widen to about 6% of GDP in 2026-2027.

+ The third necessary issue is that "stagnant performance of agriculture is keeping the rural poor in a poverty trap."

The World Bank report notes that the size of the Mozambican public sector is small and has not increased rapidly in recent years. There were 357,000 civil servants in 2023, a 2.9% average annual increase over the last six years. The public sector is small compared to the average for sub-Saharan Africa (SSA); the Mozambican civil service is 3.9% of the working-age population (15-64 years), compared to the 8.3% average for SSA.

But as part of concentrating wealth and power in the Frelimo party, President Armando Guebuza (2005-15) converted Frelimo from being a worker-peasant alliance into being the party of the bureaucracy. Civil servants had to join the party and promotion was dependent on party work. Then in 2021-2 there was the TSU wage reform which raised the wage bill by 40%. Population is growing but there has been only a small increase in the numbers of nurses and teachers; instead wages and allowances were increased, especially at higher level. Thus the huge wage bill is part of rewarding Frelimo officials and activists, in turn part of the patronage or oligarch state.

This creates an impossible problem for the IMF and World Bank which are demanding a lower wage bill. Frelimo depends on these inflated wage payments and cannot make drastic cuts.

Mozambique can no longer borrow internationally, and domestic banks have reduced lending to government. So government borrows from the Bank of Mozambique (BdM, which prints the money); borrowing by government increased from 1.5% of GDP in December 2023 to 6% of GDP in December 2025. Meanwhile bank credit to the private sector decreased from 19.3% of GDP in November 2023 to 16.5% of GDP in November 2025, and government spending on infrastructure has fallen.

No support for farmers, who are majority of poor

Poverty remains "stubbornly entrenched" in rural areas. The World Bank report says this is because agriculture, which "accounts for over 70% of the workforce, suffers from low productivity, underinvestment, and climate-related vulnerabilities. ... Limited market access is a critical constraint for rural farmers, restricting their use of modern agricultural inputs (e.g., better seeds, fertilizers, tractors) and resulting in one of the lowest cereal yields per hectare in Southern Africa. ... Currently less than one-quarter of Mozambican farmers sell any crops, reflecting significant

barriers to market integration and lack of capacity to produce larger quantities. ... Growth in agriculture was stagnant. Agricultural growth per capita averaged only 2.9 percent annually, reflecting limited productivity gains."

Farming counties from the United States to the European Union down to neighbouring Zimbabwe all understand that most farms are owned by family commercial farmers who need support and cannot take all the risk. All of these countries have a private market sector, but none rely entirely on the free market for family commercial farmers - there is a mix of programmes which usually involve guaranteed markets and floor prices, as well as technical assistance and often fertiliser and seed subsidies. But for three decades the World Bank has insisted that state support is only for rich countries, and poor countries like Mozambique must rely on the free market. In Mozambique, three quarters of farmers are outside the market system.

Poverty and inequality will be reduced only by supporting family farmers. Thus, whereas the impossible problem of the wage bill is Frelimo, the impossible agriculture problem for the World Bank is itself. World Bank agricultural policies are keeping Mozambican farmers poor.

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Elections

CIP Mozambique Elections Bulletin is published by Centro de Integridade Pública (CIP) <https://www.cipmoz.org>; <https://cipeleicoes.org/eng/cip@cipmoz.org>.

To subscribe or unsubscribe: <https://bit.ly/MozBul-sub> Past election newsletters are on <https://bit.ly/CIP-EI>

Election study collaboration: We have detailed election data from 1999 through 2014 and are inviting scholars to use this data collaboratively. <http://bit.ly/MozEIData>

Important external links

Books by Joseph Hanlon can be downloaded, free: <https://bit.ly/HanlonBooks>

Flood, cyclone and weather: weather <https://www.inam.gov.mz/>

rainfall https://www.inam.gov.mz/images/DAPT_Previsoes/Manha/Previsao_Manha.pdf

Cyclone trackers, <https://bit.ly/Reunion-cyclone>, <https://www.metoc.navy.mil/jtwc/jtwc.html>

(which uses z time which is UCT - Coordinated Universal Time) and <https://www.cyclocane.com/>

Two LSE working papers - World Bank questions its Mozambique 'success' where oligarchs brought high inequality, poverty and corruption - <https://bit.ly/Moz-LSE-208c> and **How the IMF and World Bank caused a resource curse and civil war in Mozambique** - <https://bit.ly/Moz-LSE-209>

Minimum wage & exchange rate charts, tables 1996-2022 <https://bit.ly/MozMinWage2022>

Previous editions of this newsletter: <https://bit.ly/MozNews2023> and <https://bit.ly/MozNews2022>

My Mozambique archive: <http://bit.ly/Mozamb>

Cabo Delgado

Cabo Ligado weekly report on civil war <https://www.cabolidado.com/>

Archive with reports, detailed maps, and census data <https://bit.ly/Moz-CDg>

Special reports on the war

Evolution of the war: global vs local. 27 Feb 2020 <http://bit.ly/CDelgadoOrigins>

Religion is shaping Cabo Delgado civil war. 30 April 2020 <https://bit.ly/CDelgadoReligion>

Intensifying argument over roots of war. 28 June 2020 <https://bit.ly/Moz-492>

Are the drums of war silencing any hope of peace? 26 July 2020 <http://bit.ly/Moz-496>

A history of violence presages the insurgency. 13 August 2020 <http://bit.ly/Moz-498>

Military & economic intervention. 3 Sept 2020 <https://bit.ly/CDelgadoIntervene>

Cabo-Delgado-Free-for-all. 20 Apr 2022. <http://bit.ly/Moz-593>

Mozambique heroin transit trade

English - LSE - 2018 - <http://bit.ly/Moz-heroin>

Portuguese - CIP- 2018 - <http://bit.ly/HeroinaPT>

2001 first article- *Metical* - English and Portuguese <https://bit.ly/MozHeroin2001>

Gas for development?

Gas_for_development_or_just_for_money?_2015 bit.ly/MozGasEng

Gás_para_desenvolvimento_ou_apenas_dinheiro?_2015 bit.ly/MozGasPt

Background reading

Special reports

Social protection report - 2017 Mozambique - <http://bit.ly/MozSocPro>

Special report on four poverty surveys: bit.ly/MozPoverty

\$2bn secret debt - in English

Secret debt trial (Aug-Oct 2021) press reports <https://bit.ly/Moz-secret-debt>

Kroll - Full report on \$2bn debt - <http://bit.ly/Kroll-Moz>

Kroll report summary - <http://bit.ly/Kroll-sum>

Key points of Mozambique parliament report - Nov 2016 - <http://bit.ly/MozAR-debt-En>

Following the donor-designed path to Mozambique's \$2.2 bn debt - <http://bit.ly/3WQ-hanlon>

In Portuguese:

Parliamentary Report on the Secret Debt (complete) bit.ly/MozAR-debt

2018 Constitution - <http://bit.ly/2KF588T>

Twelve books by Joseph Hanlon can be downloaded, free: <https://bit.ly/HanlonBooks>

"**Moçambique recolonizado através da corrupção**" (2025) <https://bit.ly/MozRecol> (Portuguese only)

Zimbabwe takes back its land (2013) <https://bit.ly/Zim-takes-land>

Bangladesh confronts climate change (2016)

Chickens and beer: A recipe for agricultural growth in Mozambique (2014) is on <https://bit.ly/Chickens-Beer>

Há Mais Bicicletas – mas há desenvolvimento? (2008)

Civil War Civil Peace (2006): <https://bit.ly/Civil-War-Civil-Peace>

Moçambique e as grandes cheias de 2000 (2001)

Mozambique and the Great Flood of 2000 (2001)

Paz Sem Benefício: Como o FMI Bloqueia a Reconstrução (1997)

Peace Without Profit: How the IMF Blocks Rebuilding (1996) <https://bit.ly/Peace-wo-Profit>

Mozambique: Who Calls the Shots (1991) <https://bit.ly/Shots-Moz>

Mozambique: The Revolution Under Fire (1984)

These are still available for sale:

Galinhas e cerveja: uma receita para o crescimento (2014) (free in English)

Just Give Money to the Poor: The Development Revolution from the Global South (2010)

Do bicycles equal development in Mozambique? (2008) (free in Portuguese)

Beggar Your Neighbours: Apartheid Power in Southern Africa (1986)

Mozambique media websites, English:

Club of Mozambique (free): <http://clubofmozambique.com/>

Zitamar (paywall): <http://zitamar.com/>

Mozambique media websites, Portuguese (all with partial paywall):

Notícias: www.jornalnoticias.co.mz

O País: www.opais.co.mz

@Verdade: <http://www.verdade.co.mz>

Carta de Moçambique <https://cartamz.com>

Mozambique think tanks and pressure groups, Portuguese:

Centro de Integridade Pública: CIP <https://cipmoz.org/>

Observatório do Meio Rural: OMR <https://omrmz.org/>

Instituto de Estudos Sociais e Económicos: IESE <https://www.iese.ac.mz/>

Centro Para Democracia e Desenvolvimento CDD <https://cddmoz.org/> (some CDD in English)

Also CDD now controls Fórum de Monitoria do Orçamento - FMO (main debt group) <http://www.fmo.org.mz>

and RMDDH - Rede Moçambicana dos Defensores dos Direitos Humanos (a human rights group).

To subscribe to all CDD publications: <http://eepurl.com/qO9l6v> (English or Portuguese).

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