

Poverty & Equity Brief

Sub-Saharan Africa

Mozambique

April 2020

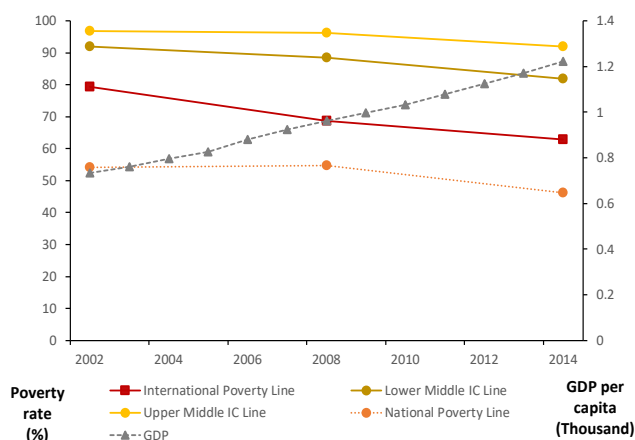
Mozambique's economy slowed to a 19-year low reaching 2.2 percent in 2019 as a result of weak performance in the coal industry and the tropical cyclones that put a dent on output. Agricultural output, which represents a fifth of GDP, also narrowed as the cyclones hit the country just before Mozambique's largest harvest season, resulting in a reduction in the sector's growth contribution to 0.3 percentage points of GDP in 2019 – from 0.7 percentage points in 2018. As a result of these negative developments, poverty incidence may have worsened, in particular among the population living in the areas affected by the tropical cyclones. Poverty affects most those in rural areas and with low levels of formal education.

Economic activity is expected to improve in the next couple of years with growth reaching 5.3 percent by 2020. But given its growth structure based in megaprojects with limited linkages with the local economy and employment creation the effect of growth on poverty reduction will be limited. Further, COVID-19 will lead to losses in labor earnings in the services sectors, in particular in urban areas due to social distancing measures. It may also contribute to shortage of imported items, in particular food, and a raise in food prices, thus further limiting poverty reduction efforts. IMF financial support may resume soon, after four years of interruption, following the revelation of hidden debts. A Fund program would provide a boost of confidence in the economy and could support an improved outlook in the event of a resumption in donor budget support, with positive effects on poverty alleviation and reduction of inequality through more investment in the social sectors.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	12.5	46.1	2014
International Poverty Line 32.9 in Mozambican metical (2014) or US\$1.90 (2011 PPP) per day per capita	16.5	62.9	2014
Lower Middle Income Class Poverty Line 55.4 in Mozambican metical (2014) or US\$3.20 (2011 PPP) per day per capita	21.5	81.9	2014
Upper Middle Income Class Poverty Line 95.2 in Mozambican metical (2014) or US\$5.50 (2011 PPP) per day per capita	24.2	92.0	2014
Multidimensional Poverty Measure		76.6	2014
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.87	2008-2014
INEQUALITY			
Gini Index		54.0	2014
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-3.85	2008-2014
GROWTH			
Annualized GDP per capita growth		4.06	2008-2014
Annualized Consumption Growth per capita from Household Survey		5.72	2008-2014
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.11	2008-2014

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

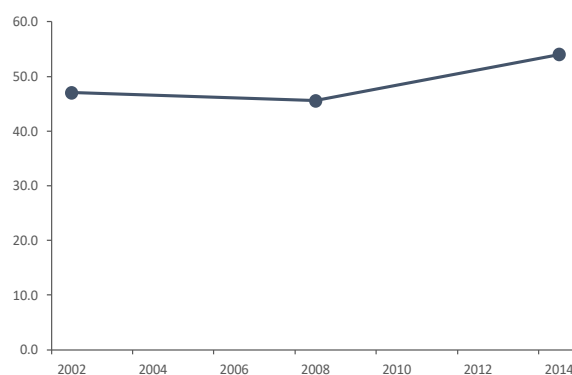
POVERTY HEADCOUNT RATE, 2002-2014



Source: World Bank using IOF/SSAPOV/GMD

INEQUALITY TRENDS, 2002-2014

Gini Index



Source: World Bank using IOF/SSAPOV/GMD

KEY INDICATORS

Distribution among groups: 2014	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2014
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	59	41	26	74	Monetary poverty (Consumption)	
Rural population	27	73	47	53	Daily consumption less than US\$1.90 per person	62.9
Males	37	63	40	60	Education	
Females	37	63	40	60	At least one school-aged child is not enrolled in school	33.3
0 to 14 years old	31	69	46	54	No adult has completed primary education	54.9
15 to 64 years old	43	57	35	65	Access to basic infrastructure	
65 and older	44	56	34	66	No access to limited-standard drinking water	40.8
Without education (16+)	30	70	45	55	No access to limited-standard sanitation	71.3
Primary education (16+)	40	60	36	64	No access to electricity	72.8
Secondary education (16+)	66	34	17	83		
Tertiary/post-secondary education (16+)	91	9	4	96		

Source: World Bank using IOF/SSAPOV/GMD

Source: World Bank using IOF/SSAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Mozambique are produced by the Department of Economic and Financial Studies (DEEF) at the Ministry of Economy and Finance (MEF). The data used to compile the poverty numbers is sourced from Inquérito sobre o Orçamento Familiar (IOF) and are collected by the Instituto Nacional de Estatística (INE). Official poverty lines are derived following the Cost of Basic Needs approach. The government estimates 13 official poverty lines representing 13 agroecological regions in which the country is divided for purposes of the poverty analysis. In 2014–15 these 13 lines varied between \$1.13 per person per day, in 2011 PPP terms, and \$2.41 per person per day in 2011 PPP terms. The Bank is funding and providing technical assistance for the implementation of a new poverty survey through a StatCap. The main data collection has started in December 2019 and will end in December 2020. New poverty numbers are expected by the first quarter of 2021.

In 2018, the World Bank produced a poverty assessment using the same consumption aggregate as the Government, but only used one poverty line reflecting the nation's cost of basic needs. To make comparisons with previous waves, the poverty line was deflated. While poverty levels differed in relation to the official figures, poverty trends over time were similar. To make international comparisons, the World Bank also calculated poverty rates using an international poverty line, \$1.90 PPP per person per day.

HARMONIZATION

The numbers presented in this brief are based on the SSAPOV database. SSAPOV is a database of harmonized nationally representative household surveys managed by Sub-Saharan Team for Statistical Development. It contains more than 100 surveys covering 45 out of the 48 countries in the SSA region. The four countries not covered in the database are Eritrea, Equatorial Guinea, and Somalia. Terms of use of the data adhere to agreements with the original data producers.