TOURISM DOING BUSINESS
INVESTING IN
MOZAMBIQUE
Acknowledgements:

We wish to extend our gratitude to the Ministry of Tourism and Culture of the Republic of Mozambique and Mozambique Tourism Authority (INATUR) in particular, Nuno Fortes, Lourenço Sambo, Kátia Gaspar, and Emílio Ussene, as well as the Investment and Export Promotion Agency (APIEX) and every stakeholder who has contributed to the development of this report.

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The design, infographics, and typesetting were done by Gerson Cayo Bustamante.
Karibu is the right word for offering a friendly welcome to guests and friends, in opening our doors to the comfort of our home. This is how I address all those visiting Mozambique, as well as those investing in the tourist sector or other tourism support activities.

There are many reasons why this should happen:

- **One**, the natural conditions of our vast coastline bathed by the Indian Ocean, stunning landscapes in vivid green, the perfection of white-sand beaches, turquoise waters, and all this in a tropical climate where the sun always shines, and where scattered islands hide exotic corals and centuries old habitats;

- **Two**, nature also blesses us inland with the landscapes and nature reserves of Nyassa, the Gorongoza park, the mountains and vistas of Zambezia, the uplands of Manica, among other attractions, all of them replete with the so-called "Big Five"*;

- **Three**, our cultural traditions, experienced in our cuisine, our dances such as the Mapiko, the Zoro and the Chigubo, our history marking the walls of ancient buildings, forts and monuments raised in memory of our heroic fight for freedom, all highlighting the cultural and religious values of our past. All of this makes Mozambique unique in its diversity.

In addition, there are our towns and cities that emphasise the cultural interest of our historic spaces and blend them with the modernity that serves the conference and business sector. These locations are usually only minutes away from natural attractions where both urban and rural environments meet to provide locally produced products and the unrivalled hospitality in the smile of our people. Here tourism brings together all activities that will involve and engage the people of Mozambique and have a positive impact on their lives.

In recognizing tourism as an across-the-board activity with significant impact on added value and business, on creating jobs and income, we have been working to build up our infrastructure. Mobility will be guaranteed by a better road network, and airports for national and international flight connections. Access to health care will be improved with more hospitals and health centres, and expanding the banking network will facilitate payments. Electricity coverage will be massively increased, as well as internet access. All of this will be done against a backdrop of peace and stability.

In the same approach we realise that tourism must be sustainable and geared to development, based on an economy that protects our natural and cultural assets, an inheritance to be passed on to future generations. This is our aim, in a lasting environment shared by the natural and cultural treasures we have to offer and those who come to visit us from all parts of the world, making tourism a driving force for social harmony and life enhancement for communities.

For all of these reasons, and in the wake of the COVID-19 pandemic, that devastated the tourist sector throughout the world, we feel this is the right moment to make the most of competitive advantages through investments that will attract projects based on integrated development in line with the diversity of the touristic product we have to offer. Lastly, we feel it is essential for Mozambique investors to export their own brand in this industry, from catering to the hotel trade, under-pinned by foreign investment.

Invest in Integrated, Sustainable Tourism in Mozambique!

**Karibu!**

**Welcome to Mozambique!**

*Big Five Game: - lion, leopard, rhino, elephant and African buffalo.*

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**H.E. MR. FILIPE JACINTO NYUSI**

President of the Republic of Mozambique
Welcome to Mozambique,

Mozambique is already widely known for being a tourist destination of excellence. However, we now aim to go a step further by introducing one of Africa’s most fascinating tourist destinations to a larger group of investors, who are passionate about unexplored natural destinations. This Mozambique Investment Promotion Brochure, which aims to show the world the investment opportunities and projects available in the country.

The Government has adopted the Integrated Resort regime and has approved five priority areas, as legal frameworks for the development of the destination and tourism, each with specific actions focused on short, medium and long-term plans with objectives for transforming the tourism sector into a true industry that can contribute to job creation and the well-being of the local communities. And recently approved the Economic Acceleration Stimulus Package, which includes, among others: Tax incentives for new investments in key sectors; simplification of capital repatriation procedures; Revision of the visa regime for entry into the country; Adjustments to labour investment legislation to make them more attractive to foreign investment.

Mozambique has a rich of natural tourism assets and a wide range of cultural assets and experiences, and together we can transform this beautiful country into one of the leading tourism and investment destinations in sub-Saharan Africa.

Welcome to Mozambique,

Your Next Investment Destination,

Where Tourism Means Culture.

Hon. Eldevina Materula
Minister of Culture and Tourism
Republic of Mozambique
Zurab Pololikashvili
SECRETARY-GENERAL
WORLD TOURISM ORGANIZATION (UNWTO)
As part of our ‘Tourism Doing Business’ series, the World Tourism Organization (UNWTO) presents this latest analysis, conducted in partnership with the Ministry of Tourism and Culture of the Republic of Mozambique and Mozambique Tourism Authority (INATUR). This report is designed to offer an in-depth view of the investment landscape and the rapidly evolving tourism sector in Mozambique.

Mozambique, celebrated for its landscapes, diverse cultural heritage, and rich biodiversity, is also recognized for its economic dynamism and resilience. With a strong growth trajectory since the turn of the century, the country has more recently demonstrated remarkable recovery capabilities and optimism. After the robust economic upturn of 2022, with growth at 4.2%, the nation further demonstrates a promising gross domestic products (GDP) growth of 6% for this year, signaling its economic strength and the efficacy of its developmental strategies.

Moreover, the tourism sector plays a crucial role in the nation’s economic performance, signifying the deep interconnection between an inviting business climate, a robust tourism sector, and sustainable, growth-centric development. To take just a couple of key figures: between 2016 and 2022 tourism accounted for 27.3% of services exports and 4% of GDP.

This report also uncovers the multifaceted investment opportunities within Mozambique’s tourism sector. The nation emerges as an attractive destination for investors due to its strategic geographical position, evolving infrastructure, and a government dedicated to enhancing foreign direct investment. This conducive setting has been pivotal in driving Mozambique’s growth and ongoing development.

I am confident that this publication will serve as a valuable resource for potential investors. In a spirit of collaborative effort, we extend our thanks to all parties involved in its production. We remain confident that the partnerships fostered here will help shape a future where Mozambique is recognized not just as a tourist haven but as an example of sustainable tourism and investment.

Zurab Pololikashvili
Secretary-General
World Tourism Organization (UNWTO)
It is with a sense of immense opportunity that I present the *Tourism Doing Business: Investing in Mozambique* investment guideline. This comprehensive report not only showcases Mozambique’s unique potential as a burgeoning tourism destination but also underscores the vital role of sustainable investment in unlocking this potential.

Mozambique emerges as a beacon of tourism development in the south-eastern region of Africa, distinguished by its rich cultural heritage, varied landscapes, and exceptional culinary offerings. Over the span of two decades, the nation experienced rapid economic growth rates, unforeseen challenges, and promising recoveries, making its economic journey a fascinating tale of optimism and resilience.

This report adeptly encapsulates Mozambique’s multifaceted economic, political, and social attributes, offering a comprehensive view of an investment environment brimming with potential.

On the other hand, the report highlights key areas where investment can catalyze transformative change. In Mozambique, the alignment of tourism initiatives with the UNWTO’s framework can foster socio-economic development, job creation, and the preservation of cultural and natural heritage. Investments in infrastructure, training, and capacity building are particularly crucial. By enhancing connectivity, improving tourism facilities, and nurturing a skilled workforce, Mozambique can enhance its competitiveness in the global tourism market.

Indeed, tourism stands as a vital pillar to Mozambique’s economy. Considering the years 2016 to 2019, the tourist destination welcomed on average 2 million tourists per year and tourism accounted for a share of 4.5% and 32% to the country’s GDP and export of services respectively. On the other hand, the tourism sector was the third largest recipient of approved investments from 2018 to 2022, receiving 11% of total investments. Nevertheless, our analysis shows that Mozambique’s allure as a tourist haven is not fully mirrored in investment flows and that there lies an untapped potential and opportunity for investors.

In conclusion, Tourism Doing Business: Investing in Mozambique is a guide to action. It invites us to explore Mozambique’s rich potential and participate in its journey towards sustainable tourism development. As we stand at this crossroads of opportunity, let us forge a path of collaboration, innovation, and sustainable growth for Mozambique’s tourism sector.

*Natalia Bayona*
Executive Director
World Tourism Organization (UNWTO)
Elcia Grandcourt
DIRECTOR REGIONAL DEPARTMENT FOR AFRICA
WORLD TOURISM ORGANIZATION (UNWTO)
Tourism Doing Business - Mozambique

Mozambique is a country endowed with unique and diverse tourism attractions, natural and cultural assets which make the country a competitive and attractive destination across the African continent and worldwide.

The relevance of the tourism and travel industry is clearly mainstreamed in the national agenda of the country and integrated as a key pillar of its economic development strategy. In fact, Mozambique heavily relies on the potential of the tourism sector to drive sustainable and responsible growth as well as to expand its contribution to the national GDP.

The implementation of innovative marketing and communication strategies by harnessing the use of digital platforms has consolidated the brand image of the country with a subsequent boost in terms of tourism arrivals, earnings and receipts.

In the framework of the evolving international context brought by the pandemic, Mozambique stands out as a successful example within the region and the world demonstrating the resilience of its tourism sector to adapt and face new emerging challenges by diversifying the tourism offerings and conquering new market shares from inside and outside the African continent.

Tourism is one of the fastest growing socio-economic sectors that fuels economic growth and generates jobs and business opportunities all over the world and Mozambique is no exception. The country has been gradually introducing incentives, tax relaxation measures, funding mechanisms and policy frameworks aimed at increasing Foreign Direct Investments (FDIs) and at creating a conducive investment climate which allows the tourism sector to flourish and thrive.

In this sense, the production of the Tourism Doing Business Guidebook intends to provide an overview of the multiple investment opportunities that Mozambique offers to foreign investors by highlighting the value proposition of the country through a portfolio of selected tourism investment projects. This strategic publication is the result of the effective collaboration of the World Tourism Organization (UNWTO), the Ministry of Tourism and Culture of the Republic of Mozambique and the Mozambique Tourism Authority (INATUR), that have joined their forces to create a meaningful and useful tool with the ultimate goal of stimulating and unlocking fruitful private and public partnerships among key tourism stakeholders.

This guide will be instrumental to activate new synergies for the promotion of Mozambique’s competitive attributes and the enhancement of its visibility with a view to achieving sustainable tourism development in the country and in the continent in alignment with the priorities of the UNWTO Agenda for Africa - Tourism for Inclusive Growth.

Elcia Grandcourt
Director Regional Department for Africa
World Tourism Organization (UNWTO)
Introduction

Tourism Doing Business: Investing in Mozambique is a comprehensive report that highlights the main economic, political, and social strengths of the Republic of Mozambique, among which we can find its diverse landscapes, nature, and its attractive cultural and gastronomic richness. All together they make the country a unique place to invest in tourism in the south-eastern region of Africa. The report begins by highlighting the economic development and performance of Mozambique. Since the turn of the century, the country has exhibited an impressive narrative of development, demonstrating its resilience, flexibility, and determination to recover from challenges. Throughout these years, the country witnessed swift economic expansion, encountered unexpected hurdles, and achieved notable comebacks, rendering its economic progress an intriguing story of hope and optimism. After witnessing gross domestic product (GDP) average annual growth rates of 7% for 15 years, driven predominately by public investments and the extractives sector, the country’s average growth rates decreased to just 2.6% in 2016 and over the subsequent seven years. A trend which was further exacerbated by the Covid-19 pandemic. However, while facing a series of challenges the country proves a tenacity to bounce back from setbacks, growing by 4.2% in 2022. The International Monetary Fund (IMF) and World Bank show confidence in the country’s growth by projecting GDP growth for 2023 between 6% and 7%. This first chapter also highlights the importance of the tourism sector to the country’s economy, with tourism accounting for 3.7% of the overall GDP between 2016 and 2020 inclusive.

The second chapter explores the investment panorama of the country, highlighting the efforts made by the government to revamp its investment framework and secure its position as an attractive destination for foreign direct investment (FDI). The so-called Economic Acceleration Stimulus Package (Pacote de Medidas de Aceleração Econômica – PAE) stands out as an initiative that aims to enhance Mozambique’s business environment, transparency, and governance. The country also enacted a new Private Investment Law to stimulate investments by offering tax benefits, access to land, simplified licensing, and protection against expropriation.

Looking at FDI inflows over the years, Mozambique experienced a substantial increase in FDI from 2006 to 2013. The increase in inflows, from USD 112.60 million to USD 6.2 billion, represented a surge of approximately 5,384%. This upward progression however, experienced a strong decline the following four years, plummeting by 169% to USD 2.3 billion in 2017. Since then, the year that has recorded the highest value of FDI inflows in Mozambique was right after COVID-19 in 2021, with USD 5.1 billion. However, FDI Inflows of 2022 did not match that value with announced FDI inflows of USD 1.2 billion. The reports also highlight that most of the approved investments were allocated to the southern region of the country which received 79% of the overall investment and its capital city Maputo alone received one of out every five dollars invested. The chapter further analyses the share of approved investments by sectors of activity, with energy, industry, and tourism accounting for 41%, 19%, 11% respectively. The accumulated amount of approved investments in Mozambique’s tourism sector reached USD 1.1 billion between 2018 and 2022 inclusive.

The third chapter highlights Mozambique’s value proposition as a promising destination for both investors and tourists alike. The country possesses an advantageous geographic location, which has evolved into a transportation hub, providing essential sea access to landlocked neighbouring countries, as well as connecting railways and roads to the main ports (Maputo and Beira). However, significant improvements in terms of efficiency and infrastructure should be addressed. On the other hand, Mozambique is known for its natural
Package (Pacote de Medidas de Aceleração Econômica – PAE) stands out as direct investment (FDI). The so-called Economic Acceleration Stimulus framework and secure its position as an attractive destination for foreign highlighting the efforts made by the government to revamp its investment The second chapter explores the investment panorama of the country, between 2016 and 2020 inclusive. The country’s economy, with tourism accounting for 3.7% of the overall GDP 7%. This first chapter also highlights the importance of the tourism sector to 2022. The International Monetary Fund (IMF) and World Bank show confidence country proves a tenacity to bounce back from setbacks, growing by 4.2% in over the subsequent seven years. A trend which was further exacerbated by sector, the country’s average growth rates decreased to just 2.6% in 2016 and its economic progress an intriguing story of hope and optimism. After encountered unexpected hurdles, and achieved notable comebacks, rendering Throughout these years, the country witnessed swift economic expansion, has exhibited an impressive narrative of development, demonstrating its region of Africa. The report begins by highlighting the economic development make the country a unique place to invest in tourism in the south-eastern nature, and its attractive cultural and gastronomic richness. All together they Republic of Mozambique, among which we can find its diverse landscapes, conservation areas are specifically relevant for investments in the tourism sector.

The last chapter analyses the competitive positioning of the country in the region based on several indicators. Mozambique has demonstrated a better-than-average ease of doing business rank among African countries and on the Travel and Tourism Development Index (TTDI) Mozambique ranked 127th of 140 globally and above the median considering only African countries. On the TTDI Mozambique performs best in price competitiveness and international openness.

The chapter also explores the tourism sector of Mozambique in detail. Shortly before the COVID-19 pandemic, the country’s tourism sector experienced a record growth and performance. Indeed, considering the years 2018 and 2019, the tourism sector attracted in total 4.9 million international tourists and represented 39% of the country’s service exports. In addition, from 2018 to 2022, the approved investments in Mozambique’s tourism sector constituted on average 10.8% of the total, representing the third largest sector that received investments in that period. Although the Covid-19 pandemic caused significant disruptions in the industry, during 2021 a total of 549,000 visitors arrived in the country from various parts of the world, resulting in the generation of USD 66 million in inbound tourism expenditure. These figures are still largely below those prior to the pandemic. Nonetheless, considering the immediate strategic measures being implemented by the government, the tourism sector could not only become a vital economic pillar of the country’s growth but also a catalyst for sustainable and inclusive development within the nation.

Overall, this report indicates that Mozambique possesses a largely untapped potential and opportunity, as its appeal as a tourist destination is not yet fully reflected in investment levels. The country’s enticing mix of natural beauty, cultural diversity, and an evolving business landscape forms a solid base for sustainable investment projects. This distinctive combination offers a unique chance for investors to lead the expansion of Mozambique’s tourism industry. For Mozambique, the way forward involves strategically leveraging its unique strengths. For investors, it represents an opportunity to contribute to the promising future of Mozambique.
4 REASONS TO INVEST IN MOZAMBIQUE
RESILIENT ECONOMIC DEVELOPMENT

Mozambique’s GDP has been experiencing an impressive average annual growth rate of 7.3% from 2000 to 2015. However, this trajectory was challenged in 2016 and 2020, leading to slower growth rates in the period 2016–2022. Nevertheless, projections for 2023 and onwards show signs of resilience and commitment to improve and diversify the economy. The cornerstone of its present strength is the government’s dedication to promote foreign direct investments and a more favorable business environment through a series of measures, such as the Pacote de Medidas de Aceleração Econômica – PAE aiming at enhancing the ease of doing business, transparency, and governance.

INFRASTRUCTURE AND CONNECTIVITY

The country has prioritized the enhancement of its infrastructure by investing in the development and expansion of its port facilities to accommodate growing trade volumes, particularly the ports of Maputo and Beira. Its road network connects major cities, regions and neighbouring landlock countries. In addition, Mozambique’s railway network has approximately 3,123 kilometres and it consists of several major lines that play a crucial role in facilitating the transportation of goods and passengers. Lastly, large projects such as North-South Corridor, Beira Development Corridor and Maputo Development Corridor have been undertaken to improve Mozambique’s infrastructure and mobility.

STRATEGIC LOCATION FOR INTERNATIONAL TRADE AND TRANSPORTATION

Mozambique’s location on the south-eastern coast of Africa makes it a crucial player in regional and international trade. With six neighbouring countries, which includes South Africa, Zimbabwe, and Tanzania, Mozambique presents itself as a gateway, connecting the landlocked southern African nations to the Indian Ocean. Its extensive coastline, which goes over 2,470 kilometres, provides access to key shipping routes and makes Mozambique an ideal hub for maritime activities. This strategic location not only positions its economic significance but also underpins its geopolitical importance.

RICH NATURAL BEAUTY AND A CULTURAL HERITAGE

Mozambique is an incredibly popular tourist destination for visitors across the globe, specifically for tourists who seek untouched beautiful landscapes, nature tourism and cultural affluence. The country possesses the attractive mix of natural reserves, an impressive coastline, and a sanctuary for a variety of animal species. The growth of the tourism sector can also be partially reasoned by the country’s abundance of marine life, making it an attractive destination for diving and snorkelling enthusiasts. In addition, the country’s national parks, such as Gorongosa National Park, provide opportunities for wildlife safaris, contributing to Mozambique’s attractiveness as an ecotourism destination.
OVERVIEW OF MOZAMBIQUE

Mozambique, located on Africa’s south-eastern coast, is a country known for its diverse landscapes, vibrant cultural heritage, and promising economic opportunities. Since the turn of the century, the nation experienced rapid economic growth rates, unforeseen challenges, and promising recoveries, making its economic journey a fascinating tale of optimism and resilience. Its economy is primarily driven by agriculture, mining (particularly natural gas and coal), and a flourishing tourism industry that encapsulates the country’s remarkable natural beauty.

An attractive and diverse tourist destination

Mozambique offers impressive touristic sceneries: The Bazaruto Archipelago with its turquoise waters and vibrant marine life, is an ideal spot for water sports, snorkelling, and relaxation. The historic island of Mozambique, a UNESCO World Heritage Site, offers colonial architecture and cultural richness, showing the nation’s heritage. Moreover, Gorongosa National Park is considered a wildlife haven for witnessing the amazing flora and fauna of the country.

GDP, 2022: 4.2%
Projected GDP, 2023: 6%
Projected GDP, 2025: 5%
Tourism expenditure contribution to export of services, 2019: 35%
Tourism expenditure contribution to GDP, 2019: 4.7%
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<tr>
<td>APIEX</td>
<td>Agency for Promotion of Investment and Export</td>
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<td>ARC</td>
<td>Autoridade Reguladora da Concorrência (Competition Regulatory Authority)</td>
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<td>BOT</td>
<td>Build Operated Transfer</td>
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<td>CIT</td>
<td>Corporate Income Tax</td>
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<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
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<td>Human Capital Index</td>
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<td>Industrial Free-Trade Zones</td>
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<td>INATUR</td>
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<td>INE</td>
<td>Instituto Nacional de Estatística (National Institute of Statistics)</td>
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<td>LNG</td>
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<td>PAE</td>
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<td>TTDI</td>
<td>Travel and Tourism Development Index</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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Covering an area of 800,000 km², with its capital Maputo, Mozambique lies along the southeastern coast of Africa. The country is celebrated for its picturesque coastline, rich cultural heritage, and varied ecosystems. With landscapes spanning from tropical beaches to expansive savannahs, it captivates travelers from every corner of the world. Visitors are often drawn to the nation’s rich history, cultural sites, and the warm hospitality that offers an experience which remains in one’s memories for a lifetime. Beyond its allure as a popular tourist destination, Mozambique has an expansive coastline by the Indian Ocean which stretches for 2,700 kilometers and gives the country a strategic geopolitical significance.

Mozambique’s geographical placement is pivotal. Four out of the six nations it shares its boundaries with are landlocked, relying on Mozambique as their gateway to international trade. The neighboring nations include Tanzania, Malawi, Zambia, Zimbabwe, South Africa, and Eswatini. The close ties Mozambique shares with South Africa, the powerhouse of the region, amplifies the importance of its economic, political, and social development to the stability and growth of southern Africa as a whole.

Demographically, two-thirds of its estimated 31.6 million residents lead their lives in rural settings and the median age of Mozambique’s population is fifteen years old. As urbanization accelerates in recent times, it is estimated that of the 500,000 young people joining the labor market annually, 450,000 do so in rural areas.

From an economic and development standpoint, Mozambique represents a testament to the ebb and flow of economic tides. From the turn of the century, the nation painted a remarkable growth story, showcasing resilience, adaptability, and a tenacity to bounce back from setbacks. Over the span of two decades, the nation experienced rapid economic growth rates, unforeseen challenges, and promising recoveries, making its economic journey a fascinating tale of optimism and strategic maneuvers.

Between 2000 and 2015, Mozambique emerged as a beacon of growth in Sub-Saharan Africa, boasting an impressive average annual growth rate of 7.3%. Driven predominantly by public investments and the extractives sector, the country’s gross domestic product (GDP) witnessed a threefold increase, reflecting a robust economic framework. Yet, the debt scandal of 2016 marked a significant deviation from its growth trajectory, leading to years of reduced economic activity.

The period that followed was marked by global challenges, including the COVID-19 pandemic, which further strained the nation’s development plans. Compounded by natural disasters, the country faced macroeconomic and social challenges that required strategic interventions and adaptive policies.

Still grappling with issues like limited job creation, persistent poverty, and the need for greater human capital development, compounded by natural disasters and social tension, the country faces macroeconomic and social challenges that require strategic interventions and adaptive policies. Notable recent governmental initiatives include the launch of the Economic Acceleration Stimulus Package last year and the Private Investment Law in May 2023.

Despite these adversities, recent years have showcased Mozambique’s ability to recover, driven by sectors like services and agriculture. With an increasingly young workforce, the nation stands at a pivotal point, where the right opportunities can catalyze its economic resurgence.

Tourism, a sector that beautifully amalgamates Mozambique’s natural beauty and cultural richness, has played a pivotal role in its economic landscape. The services sector, of which tourism is a significant part, has been instrumental in the nation’s growth and employment narrative.

As this chapter unfolds, we delve deep into Mozambique’s economic journey, understanding the challenges it faced, and uncovering the potential that lies ahead. With data-driven insights and a comprehensive analysis, this chapter provides a panoramic view of Mozambique’s economic landscape, highlighting the opportunities, challenges, and the road ahead.
Covering an area of 800,000 km², with its capital Maputo, Mozambique lies along the southeastern coast of Africa. The country is celebrated for its picturesque coastline, rich cultural heritage, and varied ecosystems. With landscapes spanning from tropical beaches to expansive savannahs, it captivates travelers from every corner of the world. Visitors are often drawn to the nation’s rich history, cultural sites, and the warm hospitality that offers an experience which remains in one’s memories for a lifetime. Beyond its allure as a popular tourist destination, Mozambique has an expansive coastline by the Indian Ocean which stretches for 2,700 kilometers and gives the country a strategic geopolitical significance.

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1.1 Economic Growth and Development.

Mozambique’s economic story has been one of impressive growth for nearly two decades since the start of this century, followed by resilience, and a promising recovery. Between 2000 to 2015, the nation was among the fastest-growing economies in Sub-Saharan Africa, with an average annual growth rate of 7.3%. In this period, the country’s gross domestic product (GDP) at current prices skyrocketed from USD 5.7 billion to USD 16.7 billion. In addition, GDP per capita grew steadily during those years with an astonishing progress from USD 495.4 in 2010 to USD 647.6 in 2015, growing on average 3.8% per year. This progress was largely driven by public investment and the expansion of extractives.

However, Mozambique’s growth trajectory took a strong setback in 2016 following a debt scandal. From witnessing an astounding average growth rate of over 7% annually for 15 years, it plummeted to just 2.6% over the subsequent seven years. Mozambique’s GDP fell from USD 16.7 billion in 2015 to USD 12.0 billion the following year. Concurrently, GDP per capita decreased by USD 192.3 in 2016, representing only 70% of the GDP per capita witnessed the previous year. Observing, the years between 2016 and 2019 alone, GDP and GDP per capita growth observed annual growth rates of 3.3% and 0.2% respectively. This decline hampered Mozambique’s socio-economic development objectives and marked a stark departure from its stellar growth performance of the preceding decade.
Despite this setback, the nation’s GDP gradually inched towards its previous performance levels, moving from a GDP at current prices of USD 12.0 billion in 2016 to USD 15.4 billion in 2019. However, the growth trend was shortly after disrupted by the COVID-19 pandemic which put a strain once again on Mozambique’s development. Indeed, the global health crisis led to a drop in the nation’s GDP growth rate to -1.2%, with its GDP and GDP per capita at current prices falling to USD 14.2 billion and USD 466.6, respectively, in 2020. A series of natural disasters, caused by two cyclones in 2019 and 2020, also added to the macroeconomic challenges of the country and put further pressure on Mozambique’s human capital development prospects.
Figure 1.2 Mozambique – gross domestic product (GDP) annual growth, 2010-2022
(%)
Nonetheless, the subsequent years, 2021 and 2022, witnessed a commendable recovery, with growth rates of 2.3% and 4.2%, respectively. The country’s GDP even surged to its highest value since 2014, reaching USD 17.9 billion. As per the ninth edition of the World Bank’s Mozambique Economic Update (MEU), this current growth performance was driven by the services and agriculture sectors. Increased turnouts in agriculture and services due to greater farm productivity and the full recovery of travel and mobility combined with higher demand and prices of key export products, namely coal and aluminum, supported Mozambique’s recovery. In addition, GDP growth at district level shows that the country’s development, predominantly happening in the South, is slowly experiencing some de-concentration of growth both through the service and industry sectors, including in smaller cities and poorer rural areas.
With an average share of 48.2%, the Southern region accounts for almost half of Mozambique’s total GDP, with the capital City Maputo alone contributing almost one fifth of the total economic output (18.2%).

Forecasts for 2023 are even more promising, indicating a resurgence in Mozambique’s economic growth. Projections by esteemed institutions like the World Bank and the International Monetary Fund (IMF), as well as the National Institute of Statistics of Mozambique estimate a robust GDP growth rate of at least 6% for this year. This growth is expected to push the country’s GDP and GDP per capita to record heights of USD 21.1 billion and USD 638.5, respectively. In addition, MEU expects growth to accelerate in the medium-term, reaching up to 6% over 2023 and 2025. A forecast that is driven by the continued recovery of Mozambique’s service sector, the increase in liquified gas (LNG) production, and high commodity prices.

**Figure 1.4** Mozambique – gross domestic product (GDP) per capita at current prices, 2010-2023 (USD)

Certainly, the medium-term outlook shows that Mozambique is gaining a momentum in a challenging global context, but substantial risks and current challenges could lower these expectations to a GDP growth of 4.5%. While the economy grows, areas like job creation, poverty reduction, and human capital accumulation require significant attention and resources. Mozambique remains one of the countries with the lowest human capital in the world, as measured by the 2020 Human Capital Index (HCI), ranking among the ten lowest globally.\(^22\) The national poverty rate surged from 48.4% to 62.8% between 2014/15 and 2019/20, with the number of poor people increasing from 13.1 to 18.9 million.\(^23\) This reflects largely also the impact of COVID-19 which caused one million people\(^24\) to fall back into poverty, specifically in urban areas due to a larger effect from reduced mobility and slower economic activity.\(^25\) Even though the service sector dominates the country’s economy as being the key source for job creation, the country is still heavily dependent on capital-intensive extractives and labor-intensive, low-productivity agriculture.\(^26\) The latter makes the nation vulnerable to weather changes, such as cyclones, floods and droughts. Climate change creates significant additional costs for the country and the World Bank estimates respective economic damages may reach between USD 2.3 billion and USD 7.4 billion during 2003 to 2025.\(^27\) At the same time, productively growth in services is reduced due to infrastructure deficits and limited access to finance, among others. This said, with a median age in Mozambique of 15 years and about 20% and 11% of its inhabitants being aged 15-24 and 15-19 years old respectively,\(^28\) the country anticipates more than half a million joining the workforce annually.\(^29\) There is a pressing need to generate better and more job opportunities. Indeed, providing this young workforce with the right opportunities and resources, can be the driving force behind the nation’s economic growth projection.
Figure 1.5 Mozambique – macroeconomic competitive context

| GDP, 2022: | USD 17.9 billion\(^a\) |
| GDP per capita, 2022: | USD 541.5\(^a\) |
| FDI inflow, 2022 | USD 1,975 million\(^b\) |
| Annual GDP growth\(^a\) | 2019 | 2020 | 2021 | 2022 | 2023\(^F\) |
| | 2.3% | -1.2% | 2.3% | 4.2% | 6% |
| Macroeconomic context | Ease of Doing Business Rank, 2020 | 138/190\(^c\) |
| | Share of tourism to export of services, 2022 | 26%\(^d\) |
| | Projected inflation (period average), 2023 | 7.4%\(^e\) |
| Population, 2022: | 31.6 million\(^f\) |
| Population median age, 2022: | 15 years old\(^f\) |
| Inbound tourist arrivals, 2019 | 2 million\(^g\) |

Note: (F) Forecast by World Bank and IMF
Sources:
- d) Ministry of Tourism and National Institute of Statistics Mozambique, Mozambique Tourism Authority (INATUR)
Table 1.1 Mozambique - macroeconomic performance and forecast, 2010-2023

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<tbody>
<tr>
<td><strong>Population (million)</strong></td>
<td>26.5</td>
<td>27.9</td>
<td>28.6</td>
<td>29.3</td>
<td>30.1</td>
<td>30.8</td>
<td>31.6</td>
<td>32.4</td>
</tr>
<tr>
<td><strong>GDP annual growth (%)</strong></td>
<td>5.6</td>
<td>3.7</td>
<td>3.4</td>
<td>2.3</td>
<td>-1.2</td>
<td>2.3</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td><strong>GDP (USD billion)</strong></td>
<td>14.9</td>
<td>13.2</td>
<td>14.9</td>
<td>15.4</td>
<td>14.2</td>
<td>15.8</td>
<td>17.9</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>GDP per capita (USD, nominal)</strong></td>
<td>561.7</td>
<td>462.4</td>
<td>504.5</td>
<td>507.8</td>
<td>453.4</td>
<td>503.4</td>
<td>582.9</td>
<td>638.5</td>
</tr>
<tr>
<td><strong>Inflation rate (CPI), annual % period average</strong></td>
<td>7.8</td>
<td>15.1</td>
<td>3.9</td>
<td>2.8</td>
<td>3.1</td>
<td>5.7</td>
<td>9.8</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>Current account balance (%GDP)</strong></td>
<td>-28.8</td>
<td>-18.3</td>
<td>-29.9</td>
<td>-19.1</td>
<td>-27.2</td>
<td>-23.7</td>
<td>-32.9</td>
<td>-15.9</td>
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<tr>
<td><strong>FDI, net inflows (% of GDP)</strong></td>
<td>23.3</td>
<td>17.4</td>
<td>11.5</td>
<td>22.2</td>
<td>21.5</td>
<td>31.6</td>
<td>10.3</td>
<td>4.3</td>
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<tr>
<td><strong>Fiscal balance (% GDP)</strong></td>
<td>-5.3</td>
<td>-3.3</td>
<td>-6.8</td>
<td>-0.5</td>
<td>-5.4</td>
<td>-4.8</td>
<td>-7.5</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Government debt (% GDP)</strong></td>
<td>75.3</td>
<td>107.3</td>
<td>108.9</td>
<td>99</td>
<td>120</td>
<td>105</td>
<td>95.2</td>
<td>91.6</td>
</tr>
<tr>
<td><strong>Exchange rate MZN/U(end of period)</strong></td>
<td>44.0</td>
<td>63.6</td>
<td>60.3</td>
<td>62.6</td>
<td>69.5</td>
<td>65.5</td>
<td>63.8</td>
<td>63.9</td>
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**Note:** (f) Forecast  
1.2. The Role of Tourism in Mozambique’s Economic Structure.

With its expansive coastline by the Indian Ocean, Mozambique has been welcoming on average 1.9 million international tourists per year from 2010 to 2019. Indeed, with the perfect beach and bush offer, tourists are captivated by the country’s pristine beaches, diverse ecosystems, and rich cultural heritage. The importance of tourism extends beyond economic benefits for Mozambique. With a significant portion of its population reliant on agriculture, tourism presents a sustainable alternative, reducing the dependency on traditional means like farming and fishing.

Data provided by the Mozambican authorities based on the National Institute of Statistics shows us that services contributed around 17% to total exports, considering the years 2010 to 2021. In addition, according to MEU by the World Bank, the service and agriculture sectors where the main drivers of Mozambique’s growth recovery in 2021 to 2023 and under the right conditions services could further present a path toward inclusive growth and ensure accelerated job creation in the medium- and long-term. This said, the service sector today, not only accounts for the largest contribution to GDP growth in the last years but also makes up the largest contribution to employment in Mozambique over the past decades. However, although the service sector plays a notable role in job creation and in the nation’s economic growth, the economy still largely relies on industries focused on resource extraction and inefficient, labor-intensive farming. Hence, it is essential to support the development of its tertiary industries and raise productivity in services and stimulate linkages between sectors.
Mozambique’s services are dominated by traditional services, such as travel and transport. According to the National Institute of Statistics Mozambique and considering the time period from 2010 to 2022, the tourism sector contributed annually 4.3% and 32% to total exports and exports of services respectively. Before the pandemic tourism’s share to total exports averaged 4.7% with 2019 observing a record share of 5.8%. In the same year, tourism accounted for 34.8% of export of services. This trend, however, was harshly disrupted by the COVID-19 pandemic which led to unprecedented global travel restrictions, causing a significant decline in tourism around the world. In 2020, tourism’s share to exports declined to 2.6% of total exports and 14.5% of services exports. This drop strongly impacted Mozambique’s tourism sector and the industry’s recovery has been gradual after the profound shock it experienced. Indeed, within two years, tourism’s share of total exports rose by 0.5 percentage points [pp] to 3.1% in 2022 and its share of services exports grew by to 11.2 pp to 25.7%. 

Inbound tourism expenditure accounts on average for 1.3% of GDP.

2018 and 2019 were two record years for Mozambique’s tourism sector with over 2 million inbound tourism arrivals and an average annual tourism expenditure of USD 247 million. During those years, the share of inbound tourism expenditure to GDP averaged 2.2%.

* Inbound tourism expenditure corresponds to the concept of international tourism receipts.

Figure 1.7 shows inbound tourism expenditure (equivalent to international tourism receipts) as a share of GDP in Mozambique. As per the World Tourism Organization (UNWTO), tourism export revenues from international tourism include both international tourism receipts (expenditure) and passenger transport receipts (expenditure). For Mozambique, these both activities contribute 69% and 31% to tourism exports respectively.\textsuperscript{33} From 2010 to 2019, the tourism sector contributed on average 1.4% to the GDP. Nevertheless, 2018 and 2019 observed a record share of inbound tourism expenditure to GDP in 2018 and 2019 with 2.2% and 2.1% respectively. Indeed, the two consecutive years 2018 and 2019, shortly prior to the COVID-19 pandemic, were two exceptional years for the country’s tourism sector compared to the sector’s performance in the previous years. However, this trend was brusquely disrupted in 2020, and the country’s tourism services are yet to recover to pre-2020 levels. As shown in Figure 1.7, tourism’s contribution to GDP fell to below 1% in 2020 and slightly recovered to 1.2% in 2021.\textsuperscript{34}
Figure 1.8 Mozambique’s and Africa’s tourism direct contribution to gross domestic product, 2016-2020 (% GDP)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tr>
<td>Mozamb.</td>
<td>4.4</td>
<td>4.3</td>
<td>4.7</td>
<td>4.7</td>
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<tr>
<td>Africa</td>
<td>4.4</td>
<td>4.3</td>
<td>4.7</td>
<td>4.7</td>
<td>1.6</td>
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Tourism Direct Contribution to GDP of Mozambique for 2016 to 2019 was 4.5%.
This share is very similar to Africa’s average of 4.5%.

Figure 1.9 Mozambique – tourism direct contribution to gross domestic product (GDP), 2016-2020 (USD million)


Figure 1.9 shows how Mozambique’s tourism sector accounted for USD 621 billion and USD 643 billion in GDP for 2018 and 2019 respectively. The contribution in 2019 was 25% higher than in 2017 and 38% higher than in 2016. In 2020, however, tourism’s contribution to GDP fell by 47% year-on-year to below USD 350 million.35

As mentioned above, transport makes up the most significant share to tourism GDP. Figure 1.10 visualizes that transport of passengers, including rail, road and air travel, and rental of transport equipment accounts for over three fifth (64%) of total tourism activities’ output. This is a substantial share, which is followed by food and beverage and accommodation services, with similar shares above one tenth, namely 11.9% and 11.1% respectively from 2016 to 2020.
Figure 1.10 Mozambique – share of tourism activities to tourism’s total gross domestic product (GDP), 2016-2020 (%)
Mozambique’s allure as an investment hub is multi-faceted, with vast natural resources, an extensive coastline that benefits trade, particularly over its landlocked neighbors, and a strategic position for southern African trade relations. However, recent challenges, such as the suspension of foreign support, frequent natural disasters, inadequate infrastructure, the effects of the COVID-19 pandemic, and social unrest in the Cabo Delgado, have presented main obstacles to Mozambique’s growth and have led to some delays and suspensions in foreign direct investment (FDI).

However, significant efforts by the Government to revamp its investment framework and secure its position as an attractive destination for FDI provide a milestone for Mozambique’s economic trajectory. Indeed, in response to these challenges, the Mozambican Government has consistently implemented reforms and maintained prudent economic policies. The Government launched the Economic Acceleration Stimulus Package (Pacote de Medidas de Aceleração Econômica – PAE) last year which includes 20 measures aiming towards enhancing the business environment, transparency, and governance. Moreover, a privatization program aimed at attracting FDI has been set into motion. These efforts have been supported by the African Development Fund, which approved a USD 6.73 million grant on 13 September 2023 to enhance the business environment and governance. This grant will bolster private sector development and public finance management, streamline administrative formalities, and optimize tax incentives, fostering a more investment-friendly climate.

Complementing these financial reforms, on May 4, 2023, Mozambique’s Parliament passed a new Private Investment Law which aims to stimulate investment by offering tax benefits, access to land, simplified licensing, and protection against expropriation while eliminating visa requirements for visitors from 29 countries. It underscores the importance of responsible investment practices and establishes flexible investment regimes, aligning with Mozambique’s evolving market dynamics.

With these legislative and economic reforms, Mozambique is determined to enhance its attractiveness to investors, fostering an environment ripe for economic growth and development, despite the recent delays in major FDI projects due to regional and economic instability.
As mentioned above in the face of various challenges, including the termination of international financial support, the insurgency in Cabo Delgado, the impact of COVID-19, and the existing threat of natural disasters, the Mozambican government unveiled the Economic Acceleration Stimulus Package (PAE) in August 2022. The PAE comprises 20 strategic measures, scheduled for implementation by the end of 2024, aimed towards rejuvenating the economy through a combination of tax reforms and business environment improvements. Table 2.1 provides a summary of these measures.
Table 2.1 The 20 measures of the Economic Acceleration Plan.

**Fiscal incentives**

- Reduction of the Value Added Tax (VAT) rate from 17% to 16% to stimulate the economy and improve household purchasing power.

- VAT exemption for the importing of agricultural and electric energy factors. To promote more investments in renewables to accelerate electricity access, particularly in rural areas.

- Reduction of the Corporate Income Tax (CIT) rate from 32% to 10%, in agriculture, aquaculture and urban transport.

- Tax incentives for new investments in key sectors [tourism, urban transport and manufacturing, and others] carried out in the next three years. Incentives include the acceleration of the amortizations for paid-up capital to half of the period established in the tax code, for investments made in company facilities and equipment that result in the creation of at least 20 additional permanent jobs.

- Simplification of the procedure for repatriation of foreign earnings with the purpose of reducing reparation costs and increasing market attractiveness to potential investors.

- Strengthening the supervision of natural resource export operations.

- Reorienting the mission of the Housing Development Fund to develop land infrastructure for citizens and investors, as well as reducing construction costs and ensuring greater access to housing.

- Allocation of 10% of tax revenues from natural resources for the development of provinces where the extraction is made, exclusively for the financing of infrastructure projects and development projects.
Economic reforms

- Improvement of the performance and competitiveness of airports, ports and logistical models.
- Stimulation of local production of goods that are often acquired in scale by the State.
- Exemption of visas for citizens of countries with low risk of immigration and granting of longer visa periods for foreigners with investments in Mozambique.
- Adjustment and revision of the Labor and Investment Laws to promote employment and investment.
- Simplification of administrative processes between the State, companies and population, including the elimination of mandatory business licenses in certain sectors.
- Improvement of the legal environment for companies through reforms of some elements of the justice system.
- Simplification of public administration institutions and merging of similar institutions to improve efficiency and quality of services.
- Creation and implementation of the Mozambique Sovereign Fund with a regulatory framework.
- Creation of a Mutual Guarantee Fund to increase the access to and decrease the cost of financing for SMEs in key industries, including the tourism sector.
- Blending of imported fuels with biofuels.
- Strengthening oversight procedures of social security and complementary funds to focus on greater diversification of investments.
- Reform of the State’s internal audit subsystem to reduce corruption, promote transparency and accountability.

The initiatives within the PAE are set to foster an ecosystem conducive to growth in key sectors by attracting investment, generating employment, and ensuring fiscal sustainability and macroeconomic stability over the medium to long term. Central to these initiatives are comprehensive reforms to improve governance, increase transparency, and create a more business-friendly environment through tax incentives and the reduction of bureaucratic hurdles.

These actions reflect the Government’s commitment to bolster governance, diversify economic activities, and fully realize Mozambique’s untapped potential. As outlined by the Deputy Director of the Economic Reform Coordination Office, the PAE has already launched an electronic visa platform in December 2022 which has already shown success by processing 10,000 requests within its initial three months. Legislative reforms have also been enacted, including visa exemptions for 29 countries to encourage tourism and business visits, and fiscal reform legislations designed to enhance Mozambique’s investment appeal.44

Looking ahead, the Government disclosed plans to introduce an e-government digital registry to simplify business registrations and updates online. This platform will complement a forthcoming USD 300 million mutual guarantee fund, supported by the World Bank, intended to provide SMEs with credit at more favorable interest rates.45

Moreover, as a part of the PAE, Mozambique’s parliament passed a significant new Private Investment Law to promote investment and catalyze economic growth through responsible investment practices and streamlining investment processes.46 This law introduces a suite of incentives to attract both domestic and foreign investment, including tax benefits, accessible land, streamlined licensing, protection against expropriation, and a focus on responsible, sustainable business practices. It creates a flexible legal framework for investors, offering different investment regimes and simplifying registration through a choice of either a simplified regime or an authorization-based approach.47 The new law serves to modernize Mozambique’s investment laws and create a business environment conducive to sustainable economic growth and responsible investment. The legislation, in line with PAE underscores the social responsibility of investors and mandates transparency and accountability mechanisms, such as clearly outlined procedures for complaints and appeals, thereby reinforcing Mozambique’s commitment to inclusive growth and establishing a predictable investment climate. These measures, showcase the government’s dedication to transforming Mozambique into a prime destination for responsible and impactful investment, aiming to foster investor confidence. 48

Lastly, on September 13, 2023, the African Development Fund’s Board of Directors approved a USD 6.73 million grant to Mozambique to support the Institutional Support Project for Business Environment and Governance. This initiative is designed to enhance institutional resilience and capacity, thereby facilitating private-sector growth and improving public finance management.49 Moreover, it aims to streamline the administrative processes that currently hinder businesses and investors, encouraging an investment-friendly atmosphere conducive to new business ventures. This will be achieved partly by strengthening the capacity of the Ministry of Economy and Finance, which is responsible for implementing the Economic Acceleration Program reforms. Moreover, the project will evaluate and optimize existing tax incentives to amplify the country’s investment allure, with a particular emphasis on attracting climate-smart investments.
Collectively, these measures are expected to yield a business environment that is more favorable to the private sector, characterized by simplified administrative procedures, a modernized legal framework for investment and employment, optimized tax incentives, and a more equitable and transparent public contracting system. This will lead the pathway of Mozambique towards a more robust foundation for sustainable economic development.  

Table 2.2 Institutional Support Project for Business Environment and Governance.

1\textsuperscript{st} Component

Targets the enhancement of Mozambique’s business climate. It aims to streamline the administrative processes that currently hinder businesses and investors, encouraging an investment-friendly atmosphere conducive to new business ventures. This will be achieved partly by strengthening the capacity of the Ministry of Economy and Finance, which is responsible for implementing the Economic Acceleration Program reforms. Moreover, the project will evaluate and optimize existing tax incentives to amplify the country’s investment allure, with a particular emphasis on attracting climate-smart investments.

2\textsuperscript{nd} Component

This component is dedicated to augmenting the efficiency, transparency, and accountability of public expenditures. This will involve reinforcing both internal and external control mechanisms to ensure the transparent and accountable use of public resources. Enhancing the public procurement process is a crucial aspect of this component, aiming to improve the effectiveness of public resource allocation, which is vital for stimulating economic activity and promoting inclusive growth.

2.2. Foreign Direct Investment Flows in Mozambique.

According to the latest World Investment Report by the United Nations Conference on Trade and Development (UNCTAD), FDI flows announced in Africa in 2022 have fallen back to USD 45 billion, signifying a decline of 44% compared to 2021, eventually reaching the same amount announced in 2019 before the pandemic in 2020.

Looking at the specific performance of Southern Africa, FDI reached USD 7 billion, accounting for a regional share of 15.5%. It is recommended to analyze this trend in context, since 2021 showed a record high in FDI due to a single firm financial transaction in South Africa. If we were to exclude that deal, FDI flows from 2021 to 2022 would show a rise by 7%. On the other hand, the number of greenfield projects in 2022 increased by 39% to 766 and their combined value almost quadrupled to a record of USD 195 USD billion from USD 52 billion in 2021.

Six of the top fifteen greenfield megaprojects announced in 2022 were in Africa. In addition, a significant increase of greenfield investment has been observed in energy and gas supply, construction and extractives and European investors such as the United Kingdom, France and the Netherlands (in that order) remain the largest holder of FDI stock in Africa.

Looking at least developed countries (LDCs) in isolation, FDI fell by 16% from USD 26 billion in 2021 to USD 22 billion in 2022 among that development group. These flows were primarily captured by the top five recipients, Ethiopia being the largest, followed by Cambodia, Bangladesh, Senegal, and Mozambique. The five countries alone, captured about 70% of total FDI announced last year among LDCs.

As per Mozambique and observed in Figure 2.1, flows to Mozambique registered USD 2 billion in 2022, a decrease of 61% from USD 5.1 billion the previous year. This decline can partially be explained by negative intracompany loans.51
Looking at Mozambique’s FDI inflows over the years, a clear positive trend of an extraordinary increase in FDI inflows is recorded specifically from 2006 to 2013. The increase in inflows, from USD 112.60 million to USD 6.2 billion, represented a surge of approximately 5384%. This upward progression however, experienced a strong decline the following four years, plummeting by 169% to USD 2.3 billion in 2017. Similar to the overall trend observed in Africa, the year that has recorded one the highest values of FDI inflows in Mozambique was right after COVID-19 in 2021, with USD 5.1 billion. The aforementioned can be largely explained by the exceptionally low performance in economic output and investments during 2020. FDI Inflows of 2022 did not match that value with announced FDI inflows of USD 1.2 billion.
The below Figure 2.3 shows that FDI inflows since 2010 have been highest in Mozambique compared to Tanzania and Angola for all sectors. This shows an increased investment drive of foreign investors in Mozambique compared to similar countries in the region. On the other hand, however, as per the fDi Markets, and fDi Intelligence by the Financial Times latest report on global greenfield investment trends in tourism, FDI in tourism is among the highest in Tanzania and lowest in Mozambique, in terms of investment size as well as in number of projects. This contrasting trend highlights the sector-specific attractiveness of these economies to foreign investors. The underlying factors contributing to these disparities, including government policies, economic stability, and the availability of infrastructure, will be examined to provide a comprehensive understanding of the investment landscape in these countries. More will be discussed in detail in chapter four.52

Figure 2.2 Mozambique – total foreign direct investment (FDI) inflows as a share of GDP, 2018-2022. [%]

Although 2021 recorded the highest number of FDI inflows (USD 5.2 billion) in recent years, 2020 observed a higher share of total FDI inflows to GDP with a weight of 327%.

Following the data from UNCTAD, we will investigate more specificities on FDI trends in Mozambique and use information at hand provided by the Mozambique Tourism Authority (INATUR) and acquired from the Agency for Promotion of Investment and Export (APIEX). The two Figures below, 2.4 and 2.5, represent foreign direct investment made by the top ten investor countries. What stands out is that 2022 recorded the highest foreign direct investment (FDI) in USD million despite having documented the least number of FDI projects from the previous four years, considering only the top ten investor countries.

Looking at the period from 2018 to 2022, The United Arab Emirates, China, South Africa, Mauritius, and Portugal were the biggest investors by country and total accumulated FDI flows with USD 904 million, USD 614 million, USD 553 million, USD 231 million, USD 112 million respectively. Measuring the aforementioned by total number of FDI projects, the ranking slightly changes with South Africa leading with 235 projects followed by China (#126), Portugal (#69), India (#52), and the Mauritius (#47).53
Figure 2.4 Mozambique – total foreign direct investment (FDI) from the top ten investor countries, 2018-2022

Investment size (USD million) and number of projects

Source: World Tourism Organization (2023) based on the Agency for Promotion of Investment and Export (APIEX), provided by Mozambique Tourism Authority (INATUR).
As per countries from the European Union (EU), Portugal was the fifth largest and third largest investor by investment size and number of FDI projects respectively from 2018 to 2022. In total, Portugal accounted for approximately 45% of total FDI made by EU countries together in those five years. Portugal is followed by France and the Netherlands with a share among EU countries of 18% and 9% respectively.54

Source: World Tourism Organization (2023) based on the Agency for Promotion of Investment and Export (APIEX), provided by Mozambique Tourism Authority (INATUR).
**Figure 2.6 Mozambique – foreign direct investment (FDI) by countries from the European Union (EU), 2018-2022**

(USD)

1. Portugal 111,562,519
2. France 44,970,207
3. The Netherlands 22,320,059
4. Italy 18,889,187
5. Poland 18,832,500
6. Luxemburg 12,000,000
7. Spain 9,895,754
8. Ireland 4,321,121
9. Other EU countries 7,832,216

**Source:** World Tourism Organization (2023) based on the Agency for Promotion of Investment and Export (APIEX), provided by Mozambique Tourism Authority (INATUR)
2.3. Approved Tourism Investment in Mozambique.

Data provided by the Mozambique Tourism Authority (INATUR) and sourced from the Agency for Promotion of Investment and Export (APIEX) help us to gain more insights into the investment trends in Mozambique. Similarly, with the economic activity and output being predominantly concentrated in the South of Mozambique, this region has become the primary recipient of the nation’s investments. The South holds the distinction of having the largest share of approved investments, with the capital city, Maputo, serving as the principal hub for financial inflows in the region. The South accounted for 79% of all investments made in the past five years, equivalent to four out of every five dollars invested. In contrast, the central region of Mozambique attracted 11% of the investments, which is roughly half a dollar or fifty cents of every five dollars invested.
The South has received 79% of all investments made in the past five years, equivalent to four out of every five dollars invested. Within this region, Maputo City alone has received, 23% of total approved investment, equivalent to more than one out of every five dollars invested.

Source: World Tourism Organization (2023) based on the Agency for Promotion of Investment and Export (APIEX), provided by the Mozambique Tourism Authority (INATUR).
Regarding approved investment by sector of activity, Energy received the largest share of investment in the last five years with a share of 41%. This result can be largely attributed to the discovery of vast offshore natural gas reserves in the Northern region of the country, primarily in the Rovuma Basin, which position Mozambique as a potential key player in the global liquefied natural gas (LNG) market.57

Mozambique’s reserves are among the largest in the world. The development of these resources has attracted substantial international investment intended for the constructing of large-scale LNG offshore gas fields and onshore processing facilities aimed at exporting the gas to various international markets.58 As per the African Development Bank, Mozambique LNG project, for example, is expected to have a considerable impact on the country’s infrastructure and economic development, creating jobs and fostering related industries.59

However, due to the confluence of challenges, including the instability in Cabo Delgado and the COVID-19 pandemic, a few FDI investments have been suspended or delayed, such as the USD 20 billion investment led by TotalEnergies (France) in the liquefied natural gas (LNG) project and the project led by Exxon Mobil in export terminals.60
As shown by Figure 2.8, Energy is the primary recipient of investment, followed by Industry with a share of total approved investment of 19%. The third largest recipient of investment with a share of 11% has been Tourism and Hospitality. Mozambique welcomed on average 2 million tourists per year in 2016 to 2019 and on average 800,000 tourists annually since the pandemic in 2020, which demonstrates the attractiveness of the country as a popular tourist destination. Concurrently, tourism contributed around 4% to the country’s GDP and 32% to export of services between 2016 and 2019. On the investments’s side, the total amount of approved investment in Mozambique’s tourism sector totaled USD 1.1 billion, considering 2018 to 2022. As the economy is recovering and the tourism sector activities are picking up to pre-pandemic output, investment in tourism are following. Mozambique approved investments worth USD 80 million in 2022, slowly approaching pre-2020 trends.

Source: World Tourism Organization (2023) based on the Agency for Promotion of Investment and Export (APIEX), provided by the Mozambique Tourism Authority (INATUR).
Figure 2.9 Mozambique – total approved investment in tourism, 2018-2022
(USD million)

Source: World Tourism Organization (2023), provided by the Mozambique Tourism Authority (INATUR).
Mozambique stands out as a highly appealing emerging economy within the African continent. Its development has been strategically focused on key sectors including, agroindustry, energy, transportation and tourism. With its advantageous geographic location, Mozambique has evolved into a transportation hub, providing essential sea access to landlocked neighboring countries.

Among these sectors, tourism has been rapidly growing in importance, contributing significantly to the country’s GDP, accounting for around 4% of Mozambique’s economic output. With a substantial portion of its territory remaining unexplored and protected as national reserves, Mozambique has become an attractive destination for both investors and tourists. This section aims to delve deeper into the reasons for investing and visiting this dynamic nation.

Furthermore, Mozambique offers a range of appealing fiscal and regulatory incentives for potential investors, with a sound support from active institutions such as the Agency for Promotion of Investment and Export (APIEX) and the Mozambique Tourism Authority (INATUR). This section will also provide an overview of the country’s taxation system and offer a summary of the main incentive schemes both for those applying to all sectors and those specifically designed for the burgeoning tourism industry.
Mozambique is in the southeastern region of Africa and is renowned for its breathtaking scenery and landscapes. However, its complex history during the 20th century presented a series of challenges to the country’s consistent development. Nevertheless, in recent years there have been important efforts to consolidate the economy, adding to the recognition that the country has a strategic position by sharing borders with several countries such as South Africa, Tanzania, Zimbabwe, Zambia, among others. Indeed, Mozambique’s geographic location allows it to have extensive access to international markets and offers a competitive choice for regional importers and exporters. There has also been a considerable growth during the last decade thanks to the arrival of foreign direct investment (FDI) into some strategic sectors such as agroindustry, infrastructure, energy, mineral resources, and tourism. The country has also become very active in terms of international diplomacy particularly signing bilateral investment promotion and protection agreements with different countries such as China, Germany, the United Kingdom, and the United States of America.

Mozambique’s GDP grew 2.3% in 2021 and 4.2% in 2022, indicating a slow recovery following the challenges posed by the Covid-19 pandemic and associated uncertainties as well as geopolitical tensions. However, this recovery was accompanied by a notable uptick in inflation, rising from 5.7% in 2021 to 10.3% in 2022, triggered mostly by the increment in food and fuel prices. The budget deficit was reduced in 2022 to 3.7% from 4.8% in the previous year. This was primarily driven by the increase in the revenue due to a more dynamic economic activity.

Promising projections for 2024 by the African Development Bank, forecast that GDP will increase to 8.3%. Parallel, GDP per capita is estimated to jump from 2% in 2023 to 5.5%, driven by the development of extractive activities, services and agriculture. These activities are among the most important in terms of their contribution to the country’s economy and, therefore, have become attractive industries for those who seek to invest in the country.
Mozambique’s total road network length reaches 32,500 km, and the development and maintenance of the roads have received sound governmental support. During the 1990’s several reforms and projects were initiated with prioritized sections and corridors being targeted in order to solve bottlenecks and ease traffic congestion. Such initiatives alongside the large influx of public funding for the maintenance of roads have led to a substantial improvement in the quality of roads going from 30% in the 1990’s to 83% in 2007.

The developing of the port infrastructure in Mozambique with its ports of Beira and Maputo, allowed the country to become a transportation hub that enables crucial market access to landlocked countries such as Zimbabwe, Zambia, and Malawi. These ports are already attracting investment for possible expansion. There has also been a steady increase of port capacity and demand.
Figure 3.1 Mozambique – trade and transportation infrastructure

Note: Deadweight Tonnage (DWT): million tonnes per annum (mtpa)

INVESTING IN MOZAMBIQUE
Indeed, the port of Maputo achieved a new record by growing 21% more than the previous year reaching 22.2 million tons. The port authorities considered the significant advancement to be a consequence of the market’s recovery after the COVID-19 pandemic, the effective utilization of restored berths, the implementation of dredging works, and the recent infrastructural enhancements, which encompassed the complete digitization of terminal operations. On a similar tone, the Port of Beira, located on the eastern coastline of the country, is of vital importance as a transportation hub, mainly because of its connectivity to roads and railways with access to landlocked central African nations. In 2019, the Port of Beira witnessed the passage of 2.1 million tons of cargo, showcasing a commendable growth rate of 46% in 2020.

These figures show that there have been a series of improvements over time, however, there is still room for improvement such as modernization of management and equipment, opening up promising opportunities for investment.

Vis-á-vis Mozambique’s railway system, its integrated railway network expands a total length of approximately 3,130 km and is composed by three different networks that cross the entire country (north, center and south). These lines play a strategic role for the region because of their connection with the country’s port infrastructure.
Tourism as an opportunity for investment and development

The tourism industry is of significant importance for Mozambique, both strategically and economically. According to the National Institute of Statistics of Mozambique, the contribution made by the tourism sector to the GDP of the country was 4.8% in 2019 with the sector employing a total of 72,025 people. Moreover, recent data presented by the Minister of Culture and Tourism showed that “Tourism was the fastest growing sector in the year 2022 as far as GDP is concerned. We are moving forward with the measures and reforms that are being implemented by the Government, [which include] the revision of the general visa regime, the visa exemption and the electronic visa.”

Indeed, Mozambique is a country of many unique advantages concerning its attractiveness as a tourist destination, particularly for those who are looking for a connection with nature. The country is renowned for the beauty of its beaches, its exotic ecosystem and its diverse biodiversity. The country also offers a unique mixture of cultural heritage varying from Arabic, Swahili, African and Portuguese, features that make the country standout in the region.

A) OVERVIEW OF THE TOURIST SECTOR IN MOZAMBIQUE.

The tourism industry is of significant importance for Mozambique, both strategically and economically. According to the National Institute of Statistics of Mozambique, the contribution made by the tourism sector to the GDP of the country was 4.8% in 2019 with the sector employing a total of 72,025 people. Moreover, recent data presented by the Minister of Culture and Tourism showed that “Tourism was the fastest growing sector in the year 2022 as far as GDP is concerned. We are moving forward with the measures and reforms that are being implemented by the Government, [which include] the revision of the general visa regime, the visa exemption and the electronic visa.”

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Figure 3.2 Mozambique – overview of natural assets

<table>
<thead>
<tr>
<th>Ecological Regions</th>
<th>Km of Coastline</th>
<th>Territory Under Conservation</th>
<th>Species of Flora</th>
<th>Species of Land-Based Fauna</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>2,700</td>
<td>25%</td>
<td>5,500</td>
<td>4,271</td>
</tr>
</tbody>
</table>

Source: Government of Mozambique (2023), Mozambique Sustainable Tourism: Opportunities for Investors.
One of the most important assets of the country is the coastline, which is still considered to be partially unexplored. Marine species have remained largely unspoiled and merge with its natural surroundings in large quantities. These include whales, dolphins, sharks, turtles, among other. In general, large areas of Mozambique’s nature remains untouched, offering spectacular landscapes and opportunities for adventurous travel experiences. Being home to a large diversity of flora, fauna and wildlife, Mozambique is able to provide a diverse offer for tourism activities and investment projects.74

In addition, Mozambique has a variety of natural assets with over 9,000 species of flora and land-based fauna occupying more than 20% of the territory under conservation. Its natural beauty and heritage have been rewarded with several international prizes and offer an opportunity for various investment projects and initiatives.75

Figure 3.3 Mozambique – accolades

World’s 100 Greatest Places 2021
Chimanimani National Park and Benguerra Island in Bazaruto Archipelago National Park named must-visit destination by Time magazine.

Reader’s Choice Awards 2021
Bazaruto ranks first in the list of Top Islands in Africa and the Indian Ocean of Condé Nast Traveller.

25 Amazing Journey’s for 2022
“Best places championing sustainability” Chimanimani National Park selected by National Geographic Magazine as one of the planet’s 25 most exciting destinations for 2022.

Source: Government of Mozambique (2023), Mozambique Sustainable Tourism: Opportunities for Investors.

To create a conducive environment for investments, the Government, with the support of institutions like the National Administration of Conservation Areas and the National Institute of Tourism, is actively offering guidance to investors through a set of guidelines. These frameworks place a strong emphasis on promoting sustainable tourism development and collaborative management of nature’s territory. Additionally, the Ministry of Land and Environment, along with the Ministry of Culture and Tourism, are responsible for granting environmental impact assessments (EIAs) and licenses for tourism-related activities. They are working diligently to streamline the previously cumbersome bureaucracy. This means that developers in environmental areas will receive tailored guidance on a case-by-case basis.76
B) ROUTES FOR TOURISM AND ADVENTURE.

Tourism in Mozambique possesses an enormous potential thanks to the country’s impressive natural beauty, diverse landscapes, and diverse cultural heritage. Mozambique offers a wide range of attractions for tourists, which includes sand beaches, national parks, historical sites, and vibrant cities. Here are some touristic routes that highlight all these wonders:

Route 1: 
Costa das Lagoas

This route runs alongside the Indian Ocean and is famous for its scenic coastal landscapes, lagoons, and pristine beaches. Among the recommended activities are surfing, diving, fishing, kite surfing, and other watersport. It is a very accessible area, connected through two regional routes [the Lebombos Route and the Big Limpopo Route], passing by several provinces that offer a variety of highlights that are emphasized below.

Maputo Province

The province of the capital city Maputo is well known for its astonishing coastline which accommodates several touristic resorts. On the other hand, the capital city offers a vibrant energy in the streets and a rich culture and history. In addition, Maputo National Park is famous for animal watching, such as elephants, while in Maputo Bay tourists can often observe dolphins, whales, and turtles.

Maputo National Park

Source: Government of Mozambique (2023), Mozambique Sustainable Tourism: Opportunities for Investors.

Gaza Province

An amazing region with an interesting past, being home of the ancient Gaza Empire. This region is important due to its agricultural activities and is known to be the “granary” of Mozambique. It is surrounded by the vibrant cities XAI-XAI and Bilene, spectacular reefs, and freshwater fishes. This region is also famous for having several national parks, including Banhine National Park.

Inhambane Province

This Province is regarded as one of the most popular tourist destinations in Mozambique. Its landscape is characterised by lagoons, bays, sailing dhows and coconut palms. The sea of Inhambane is perfect for nautical sports and marine safaris as well as for spotting exotic animals such as dugongs and dolphins. This region is also famous for having the Bazaruto Archipelago. The crystalline color of its waters and coral reefs, which contains over 2,000 fish species, offer a perfect opportunity for diving and snorkeling.
Route 2:
**Adventure and Bush**

This route is perfect for adventurers and ecotourists because it encompasses three conservation areas. Visitors will be delighted with the breath-taking landscape, exotic wildlife and amazing culture in each province.

**Sofala Province**

Sofala Province is one of the most affluent provinces of the country and home to the second biggest city in Mozambique, Beira. Beira is renowned for its architecture of Mediterranean character that can be found around the city. This region also includes the Gorongosa National Park which is considered to be the “Serengeti” of the southern portion of Africa and home to various wild animals such as lions, elephants, and hippos.

**Manica Province**

This Province, situated in the central part of the country, is famous for its impressive mountains. Its rivers provide water to a large portion of the country. The famous Chimanimani National Park lies in this region and is home to the tallest point in the country, Mount Binga.

**Tete Province**

Tete is well-known for its contrasts of beautiful landscape and green valleys. In this province, the baobabs are very iconic as they have been represented both in legends and literature. On an interesting note, the region is home to the Nyau dance, a UNESCO World Heritage practice, where the participants wear costumes and masks made of wood in purpose of a spiritual gathering.

**Chimanimani National Park**

Source: Government of Mozambique [2023], Mozambique Sustainable Tourism: Opportunities for Investors.
**Route 3: Culture and Coastline**

The trade route along the Swahili coastline is regarded as one of Mozambique’s most valuable highlights. Since the 8th century, ships were sailing in this area seeking trading partners and carrying goods such as spices and porcelain. Trade provoked the merging of people from diverse backgrounds which generated a multicultural region.81

<table>
<thead>
<tr>
<th>Nampula Province</th>
<th>Cabo Delgado Province</th>
<th>Niassa Province</th>
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<tbody>
<tr>
<td>The landscape in Nampula is beautiful, composed by hills and mountains, typical of this region, and builds perfect conditions for enthusiastic rock climbers. This province is also famous for The Ilha de Mozambique. Ilha de Mozambique is a small coral island that was declared a World Heritage Site by UNESCO due to its unique cultural and architectural heritage. The island is defined by its historic importance as a trading and meeting point for people from Muslim, Hindu, European and indigenous background, becoming a ‘meeting point of civilizations’.</td>
<td>Located in the northernmost part of Mozambique, this province is home to the Makonde people, known for their artistic talents, particularly in wood and ivory carvings. In this region, you can also discover Pemba, a destination set apart from the main commercial routes and free from industrialization. The coral reef here is renowned for having the largest fan coral in Africa.</td>
<td>This vast province is not only the largest but also the least densely populated in the country. It is often considered one of the last true wilderness areas in the world. Within this expanse, you’ll encounter remarkable places like the Niassa Special Reserve, often described as a genuine paradise. It holds the distinction of being the largest natural reserve globally and boasts an incredibly diverse array of fauna. Moreover, the landscape is adorned with the Mecula and Yao mountains, home to sacred cave paintings, offering a profound connection to the ancient heritage of the country and Africa as a whole.</td>
</tr>
</tbody>
</table>
3.2. Incentives for Investing in Mozambique.

To foster investment, Mozambique offers a range of attractive fiscal and regulatory advantages for any investor. The Government has defined strategic sectors for the country’s development and respective incentives schemes. According to the Investment Guide by APIEX, these sectors are industry, infrastructure, energy, and tourism. This said, most business sectors are open to foreign investors. The Investment Law (approved by Law No. 3/93), provides the basic legal framework for foreign investments.

To offer such an attractive investment environment, Mozambique has long been making progressive changes in the legal framework and implemented reforms to promote and safeguard foreign and domestic direct investment, which has been recognized by UNCTAD since 2012. For instance, in 2016 Mozambique created the Mozambique Investment and Export Promotion Agency (APIEX), aimed at attracting more business in the country. In addition, to improve the country’s competitiveness, the Government has started macroeconomic reforms focused on fiscal and monetary policies, as well as legislation.
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In 2023, the Government has initiated the digitalization of business registration and enacted legislation to amend the investments and labor laws. Despite these efforts, the country still faces certain challenges regarding the implementation of certain measures at both local and national level. There remains space for improving infrastructure and building advanced skills required by the industry in the domestic workforce.

Regarding foreign direct investment (FDI), the country is currently making changes in its existing legal framework. The Parliament has recently enacted a new Private Investment Law with the objective of stimulating investment within the country, which is part of the Economic Acceleration Stimulus Package (PAE) launched by the Government in 2022. This legislation encompasses various measures designed to incentivize investment, including tax advantages, easily accessible land, simplified procedures, among others. The law also encourages responsible investment practices and underscores the social responsibility of investors, emphasizing the importance of sustainable and inclusive business operations.

Mozambique has also been working on aspects related to fiscal transparency, environmental protection and climate change and employees working conditions in order to strengthen the investment atmosphere. There is, for instance, evidence of improvement in transparency of public accounts, with the IMF currently developing a program aiming at improving the public financial management performance of the government. Businesses in certain sectors are obligated to apply for an Environmental License, which involves the development of an Environmental and Social Management Plan (ESMP). Moreover, investors in Mozambique must adhere to the national environmental and labor regulations during the establishment of the business, operations, and site closure or relocation. To underpin climate change risk, the Nationally Determined Contribution (NDC) was revised, and the government made announcements to increase climate change ambitions during COP26 in November 2021.

Another topic of concern for Mozambican officials has been corruption, on which the country has made important advances. In 2022, drawing upon a report on Transparency, Governance, and Corruption developed in liaison with the IMF, Mozambique implemented legal reforms to combat corruption. These reforms included the revision of the anti-money laundering and countering financing of terrorism (AML/CFT) law in November 2022 and other legal instruments.

Finally, Mozambique is part of eight treaties with investment provisions such as the Southern Africa Development Community treaty and investment protocol and has signed bilateral investment treaties with 28 countries such as Singapore, Brazil, Japan, India, the United Kingdom, France, Germany, Portugal, China, the United States of America, and South Africa. Moreover, Mozambique counts with Double Taxation Agreements with Portugal, Italy, Mauritius, United Arab Emirates, South Africa, Macau, Botswana, Vietnam, and India.
3.2.1 Tax Overview

The main taxes charged to economic activities in Mozambique are the following:

1. Direct taxation that includes Corporate Income Tax (IRPC), Individual Income Tax (IRPS), and inheritance and donation tax.

2. Indirect taxation that includes the Value Added Tax (VAT), customs duties, Specific Consumption Tax (ICE) and tax on onerous transfer of real estate and property rights (SISA).

3. Municipal taxes such as Municipal Property Tax (IPRA), Personal Municipal Tax (IPA) and Economic Activities Tax (TAE). There are also other obligations in place such as social security contributions paid by employers.

It is worth highlighting that Mozambique has recently passed a series of economic measures to revitalize its economy after the pandemic period. The so-called Economic Acceleration Program (PAE) is addressing, among other aspects, fiscal and business environment improvement measures.
### Table 3.1 Mozambique – overview of main taxes

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Rates and Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Income Tax (IRPC)</strong></td>
<td>32% on the profit of corporate entities.</td>
</tr>
<tr>
<td></td>
<td>20% on the income paid to non-resident entities.</td>
</tr>
<tr>
<td></td>
<td>10% on the income paid to non-resident entities for the provision of telecommunication services and international transport.</td>
</tr>
<tr>
<td><strong>Value Added Tax (VAT)</strong></td>
<td>17% as a standard rate.</td>
</tr>
<tr>
<td></td>
<td>State and other legal persons governed by public law for public good activities, are exempt.</td>
</tr>
<tr>
<td></td>
<td>Those who are not obliged to keep organized accounts or are not practicing import and export operations and have not reached in the previous year a sales volume higher than MT 750,000.00 (USD 11,645.00) are also exempt of this tax.</td>
</tr>
<tr>
<td><strong>After PAE</strong></td>
<td>16% general rate.</td>
</tr>
<tr>
<td></td>
<td>Exception on imports of production factors for agriculture and electrification.</td>
</tr>
<tr>
<td><strong>Individual Income Tax (IRPS)</strong></td>
<td>Based on a progressive tax rate: from 10% to 32%.</td>
</tr>
<tr>
<td></td>
<td>There are five categories of income: employment, business and professional, capital income and gains, real estate income, and other incomes.</td>
</tr>
<tr>
<td><strong>Simplified Tax for Small Taxpayers (ISPC)</strong></td>
<td>3% of each trimester’s turnover.</td>
</tr>
<tr>
<td></td>
<td>Applied to individuals and companies engaged in industrial, commercial or services activities with an annual turnover to up to MP 2,5000,000 (USD 38,000.00).</td>
</tr>
</tbody>
</table>
Specific Consumption Tax (ICE)

**Tax rate**

15-75% to certain goods, produced locally or imported, including alcoholic beverages, manufactured tobacco, beauty products, clothes, flowers, pearls, diamonds, gemstones, gold, platinum, jewelry, vehicles, motorcycles, some airplanes and boats, and weapons.

A fixed amount per unit in case of cigars, cigarettes, and alcoholic beverages.

Tax on Onerous Transfer of Real Estate and Property Rights (SISA)

**Tax rate**

2%. 10% if the purchaser is resident in a territory with more favorable tax regime.

In addition, the State provides a variety of benefits and tax advantages for certain sectors and initiatives, as outlined in the Tax Incentives Code. This code was established under Law no. 4/2009, dated January 12, 2009, and subsequently revised according to Notice no. 21/05/2009, on April 30, 2009. These incentives are designed to encourage investments and projects that focus on:

1. Establishing fundamental infrastructure.
2. Enhancing commerce and industry in rural locations.
3. Developing manufacturing and assembly sectors.
4. Supporting agricultural and fisheries activities.
5. Promoting the hotel and tourism industry.
6. Advancing science and technology parks.
7. Facilitating the implementation of mega projects.
8. Accelerating the growth of fast-development areas.
9. Establishing industrial free trade zones (IFTZs).
10. Creating special economic zones (SEZs).
3.2.1 Tax Overview

As stated earlier, the Government has recently approved the PAE which is based on 20 measures, categorized across fiscal and business environment focus. Among these, there are several incentive schemes aimed at fostering private investment.

Table 3.2 Transversal incentive schemes

<table>
<thead>
<tr>
<th>Incentive scheme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. VAT Rate Reduction from 17% to 16%.</strong></td>
<td>It aims to gradually reduce the tax burden, stimulating the economy and improving the purchasing power of families.</td>
</tr>
<tr>
<td><strong>2. VAT Exemption for imports on the productive sectors of agriculture and electricification.</strong></td>
<td>It aims at the decrease of the cost of agricultural inputs in order to increase production and competitiveness and to promote more investments in renewables to accelerate electricity access, particularly in rural areas.</td>
</tr>
<tr>
<td><strong>3. Lower the corporate income tax rate from 32% to 10%, in the agriculture, aquaculture and urban transport sectors.</strong></td>
<td>It aims to improve the competitiveness of these sectors, making them more attractive to private investment while reducing its deficit as well as the cost of public transport for the populations.</td>
</tr>
<tr>
<td><strong>4. Tax incentives for new investment in key sectors carried out in the next 3 years since 2022.</strong></td>
<td>These incentives will cover both new private initiatives and the expansion of current investments, which extends installed production capacity in the sectors of agriculture, agro-processing, manufacturing, tourism and urban transport. The tax incentives consist of the acceleration of the amortizations of paid-in capital to half the period established in the current tax code, for investments made in facilities and equipment related to the productive activity of companies, provided that they result in the creation of at least 20 new permanent jobs.</td>
</tr>
<tr>
<td><strong>5. Simplification of capital repatriation procedures.</strong></td>
<td>It aims to facilitate capital flow, to attract more foreign investment and to reduce the costs of capital repatriation, considered essential to complement the efforts of national companies as well as to increase and diversify national production.</td>
</tr>
</tbody>
</table>

---

Continue
6. The promotion of housing and the dynamization of the national construction materials industry.

Incentive scheme

It aims to reorient the mission of the Housing Promotion Fund to focus on land infrastructure for citizens and private investors, as well as to promote investments in local production of construction materials.

This action also promotes a housing construction market, with the aim of reducing construction costs and ensuring greater access to decent housing for the population.

7. Creation of a natural guarantee fund.

Incentive scheme

A Mutual Guarantee Fund of USD 250 million will be created seeking to address one of the main obstacles to the development of small and medium-sized Mozambican companies: access and high cost of financing.

This fund will allow national banks to provide financial resources to strengthen investment capacity at accessible interest rates for micro, small and medium-sized companies operating in the agriculture, fish farming, commercialization and agricultural processing, tourism and housing sectors.

8. Mandatory blending of imported fuels with biofuels.

Incentive scheme

It aims to generate more jobs and stimulate more private investment in the agricultural production value chain, by making mandatory for importers and distributors of liquid fuels to off-take the entire stock of biofuels produced in Mozambique for blending, in order to partially replace imports, promote employment and mitigate the effects on the environment.

9. Stimulate the local production of goods acquired in scale by the state.

Incentive scheme

In this case public procurement rules will be adjusted to ensure that local production carries a higher value in public tenders’ criteria.

Alongside the aforementioned incentives, the package has included a series of regulatory and distribution measures to improve the economic and investment environment of the country:

1. Strengthening supervision of natural resources export operations.
2. Allocate 10% of the revenues from natural resources to the development of provinces where extraction takes place.
3. Improve the competitiveness of national airports and logistics corridors.
4. Revision of the visa regime for entering the country for both tourists and investors.
5. Labor and investment laws adjustments to make them attractive for foreign investment.
6. Simplification of the administrative process in the relations between the state, companies, and people.
7. Reform of selected elements of the justice administration system.
8. Simplification in the architecture of public administration.
9. Creation and implementation of the sovereign wealth fund of Mozambique.
10. Reform of the state’s internal audit subsystem.
11. Paving the road to the sustainable and inclusive economic development of Mozambique.
Moreover, there are special regimes for companies operating in Special Economic Zones (SEZ) and Industrial Free-Trade Zones (IFTZ). The main characteristics of these regimes are shown in Table 3.2.

### Table 3.2 Special Economic Zones and Industrial Free-Trade Zones in Mozambique

<table>
<thead>
<tr>
<th>Regime</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Special Economic Zones (SEZ)</strong></td>
<td>Tax benefits:</td>
</tr>
<tr>
<td></td>
<td>- Corporate tax exemption in the first 3 tax years of operation.</td>
</tr>
<tr>
<td></td>
<td>- 50% reduction in the corporate income tax rate from the 4th to the 10th tax year.</td>
</tr>
<tr>
<td></td>
<td>- 25% reduction in the corporate income tax rate from the 10th to the 15th year.</td>
</tr>
<tr>
<td></td>
<td>Customs benefits:</td>
</tr>
<tr>
<td></td>
<td>- Companies are exempt from customs duties on imports of construction materials, machinery, equipment, accessories, spare parts and other goods essential to the pursuit of the licensed activity. This exemption is extended to</td>
</tr>
<tr>
<td></td>
<td>- Value-Added Tax (VAT), including VAT over acquisitions on the internal market, as well as inside of SEZ.</td>
</tr>
<tr>
<td></td>
<td>- Transfer of goods and services within the SEZ are exempt of VAT as long as they remain in the SEZ.</td>
</tr>
<tr>
<td></td>
<td>- The exit of goods from SEZ to external markets is not subject to customs tariffs and impositions.</td>
</tr>
</tbody>
</table>

SEZs are zones of general economic activities, geographically delimited and governed by a special customs regime in which goods entering, circulating, transforming, and leaving Mozambican territory are totally exempt from any tax, customs or foreign exchange obligations.

**List of initiatives**

These SEZs are currently in place:

- Macaneta Integrates Tourism Resort Area
- Limpopo Agro-business Special Economic Zone
- UTE Special Economic Zone
- Manga-Mungassa Special Economic Zone
- Mocuba Special Economic Zone
- Nacala Special Economic Zone
**Regime**

*Industrial Free-Trade Zones (IFTZ)*

IFTZs are located in closed regions where investors shall install their industrial units. They provide a similar scheme to SEZ, where firms operating in IFTZs must export 70% of their total production.

**List of initiatives**

These IFTZs are currently in place:

- Revúbé Free Industrial Zone
- Mocuba Free Industrial Zone
- Minhewene Industrial Free Zone
- Beluluane Industrial Park – Free Zone

**Benefits**

**Tax benefits:**

- Corporate tax exemption in the first 10 tax years of operation.
- 50% reduction in the corporate income tax rate from the 10th to the 15th tax year.
- 25% reduction in the corporate income tax rate for the remaining life of the project.

**Customs benefits:**

- The same as for companies in SEZs.

**Source:**
US Department of State (2023), 2022 Investment Climate Statements: Mozambique, online available at: www.state.gov/reports/2022-investment-climate-statements/mozambique/;
Agency for Promotion of Investment and Export, Special Economic Zones, APIEX, online available at: https://apiex.gov.mz/special-economic-zone/;
Agency for Promotion of Investment and Export, Industrial Free Zones, APIEX, online available at: https://apiex.gov.mz/industrial-free-zones/ [20-10-2023].
### 3.2.3 Tourism Related Schemes

Mozambique has defined the tourism sector as one of its strategic sectors as it offers a number of investment opportunities based on the nation’s historical and cultural heritage, rich nature and beautiful beaches, and largely untouched natural reserves.

Tourism investment promotion is ensured mainly by two specialized institutions:

#### Table 3.3 Features of the main institutions for tourism investment promotion

<table>
<thead>
<tr>
<th>Agency</th>
<th>INATUR, the Mozambique Tourism Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roles</strong></td>
<td></td>
</tr>
<tr>
<td>● Promotion and development of the tourism sector.</td>
<td></td>
</tr>
<tr>
<td>● Classification of tourism establishment.</td>
<td></td>
</tr>
<tr>
<td>● Development of areas of tourism interest.</td>
<td></td>
</tr>
<tr>
<td>● Research and Development programs.</td>
<td></td>
</tr>
<tr>
<td>● Promotion of tourism activities.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Agency</th>
<th>APIEX, Agency for Promotion of Investment and Export</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roles</strong></td>
<td></td>
</tr>
<tr>
<td>● Coordinate and develop activities to promote national and foreign investment initiatives for the Special Economic Zones (SEZs) and Industrial Free Zones (IFZ).</td>
<td></td>
</tr>
<tr>
<td>● To receive, verify, and register investment proposals to be implemented in SEZs and IFZ.</td>
<td></td>
</tr>
<tr>
<td>● To approve investment projects.</td>
<td></td>
</tr>
<tr>
<td>● To issue investment certificates and licenses.</td>
<td></td>
</tr>
<tr>
<td>● To support policy on foreign trade.</td>
<td></td>
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<tr>
<td>● To promote exports in coordination with the private sector.</td>
<td></td>
</tr>
<tr>
<td>● To promote diversification of products, services, and markets.</td>
<td></td>
</tr>
<tr>
<td>● To facilitate access of national products and services to international markets.</td>
<td></td>
</tr>
<tr>
<td>● To collect, compile, and disseminate trade information.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** World Tourism Organization (2023), provided by Mozambique Tourism Authority (INATUR). Le at: https://apiex.gov.mz/industrial-free-zones/ [20-10-2023].
Particularly for operating in the Hospitality and Tourism sector, there are a set of incentives related to customs and taxes, provided the company has a tax registration (Single Tax Identification Number).

Table 3.4 Mozambique – tax incentives for the hospitality and tourism sector

<table>
<thead>
<tr>
<th>Incentive scheme</th>
<th>Exemption from customs duties and VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied to equipment goods and other goods regarded essential for the pursuit of activities in the hospitality and tourism sector, in quantities strictly indispensable for construction and equipping:</td>
<td></td>
</tr>
<tr>
<td>I. Construction material, except cement, blocks, bricks, paint and polishes.</td>
<td></td>
</tr>
<tr>
<td>II. Carpets and rugs.</td>
<td></td>
</tr>
<tr>
<td>III. Sanitary equipment.</td>
<td></td>
</tr>
<tr>
<td>IV. Various type of furniture.</td>
<td></td>
</tr>
<tr>
<td>V. Textile material.</td>
<td></td>
</tr>
<tr>
<td>VI. Elevator.</td>
<td></td>
</tr>
<tr>
<td>VII. Air conditioners.</td>
<td></td>
</tr>
<tr>
<td>VIII. Kitchen equipment.</td>
<td></td>
</tr>
<tr>
<td>IX. Cold type equipment.</td>
<td></td>
</tr>
<tr>
<td>X. Crockery and articles for restaurant and bars.</td>
<td></td>
</tr>
<tr>
<td>XI. Communication devices.</td>
<td></td>
</tr>
<tr>
<td>XII. Safes.</td>
<td></td>
</tr>
<tr>
<td>XIII. IT and sound equipment.</td>
<td></td>
</tr>
<tr>
<td>XIV. Televisions.</td>
<td></td>
</tr>
<tr>
<td>XV. Boats, yachts and complementary and safety equipment in the practice of water sports.</td>
<td></td>
</tr>
<tr>
<td>XVI. Aircraft, airplanes, helicopters, hang gliders, gliders, flight simulators, and complementary safety equipment intended for tourist activity.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incentive scheme</th>
<th>Tax Credit for investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied to construction material, except cement, blocks, bricks, paint and polishes.</td>
<td></td>
</tr>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incentive scheme</th>
<th>Enhance amortization of new properties, motor vehicles and other tangible assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Construction material, except cement, blocks, bricks, paint and polishes.</td>
<td></td>
</tr>
<tr>
<td>II. Carpets and rugs.</td>
<td></td>
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<tr>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incentive scheme</th>
<th>Deduction from the taxable amount of Corporate Income Tax for training activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Construction material, except cement, blocks, bricks, paint and polishes.</td>
<td></td>
</tr>
<tr>
<td>II. Carpets and rugs.</td>
<td></td>
</tr>
<tr>
<td>III. Sanitary equipment.</td>
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<tr>
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<td></td>
</tr>
</tbody>
</table>

Incentive scheme for training activities

- Up to 5% of the taxable amount, applied to the investment in professional training activities of Mozambican workers.
- Up to 10% of the taxable amount, applied to the investment in professional training for the use of equipment based on new technologies.

Applied during the first 5 years since the beginning of activities.
Incentive scheme

Deduction from the taxable amount of Corporate Income Tax for specialized equipment with new technologies

Up to 10% of the amount invested in specialized equipment using new technologies for the company’s activities.

Applied during 5 years since the date of commencement of activities.

Incentive scheme

Deduction from the tax base of Corporate Income Tax for the purchase of art and other objects representative of the Mozambican culture

Ap to 50% of the amount spent on expenses incurred in the purchase of these objects.

Applied during 5 years since the date of the commencement of activities.

Incentive scheme

Deduction from the tax base of Corporate Income Tax for construction and rehabilitation

Up to 120% of the amount spent on all expenses incurred in the construction and rehabilitation of works considered useful to the public by the competent authorities.

Applied during 5 years since the date of the commencement of activities.

Source: World Tourism Organization (2023), provided by Mozambique Tourism Authority (INATUR).

Besides the tax incentives, there are incentive schemes aiming to promote investment in conservation areas. These schemes are translated into the so-called concessions in conservation areas to develop sustainable commercial tourism establishments and activities while preserving the country’s natural heritage. There are different types of concessions depending on the level of control, responsibility, risk, and revenue sharing between the public sector and a private party. Typical public-private partnerships are described in the following table.
<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Duration</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build Operate Transfer (BOT)</td>
<td>The private party builds a facility and transfer it to the public partner, which then leases the operation of the facility to a private partner under a long-term lease.</td>
<td>Up 25 years</td>
<td>The private partner designs and constructs a facility, then operates it on a lease basis.</td>
</tr>
<tr>
<td>Concession</td>
<td>A private entity obtains long-term user rights to build and manage a tourism facility. The concessionaire takes on the full responsibility of the investment and is responsible for management of the facility. A capital investment is usually required.</td>
<td>Up 25 years</td>
<td>The private partner designs, constructs or expands, maintains and operates a facility to provide services to tourists. At the end of the concession period, the facility reverts to the conservation authority. It also pays a fixed fee for the right of concession as well as a percentage of the revenue.</td>
</tr>
<tr>
<td>Two-tier concession, inside conservation areas</td>
<td>A community legal entity obtains a concession contract and special licence that allow it to partner with a private entity and sub-lease concession rights.</td>
<td>Up 25 years</td>
<td>The private partner designs, constructs or expands, maintains and operates a facility to provide services to tourists. The private party pays a fix amount to cover compulsory legal requirements and a percentage of revenues, with an annual minimum.</td>
</tr>
<tr>
<td>Type</td>
<td>Description</td>
<td>Duration</td>
<td>Conditions</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
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</tr>
<tr>
<td>Lease, inside conservation areas</td>
<td>The private party builds a facility and transfer it to the public partner, which then leases the operation of the facility to a private partner under a long-term lease.</td>
<td>Between 5 and 25 years</td>
<td>The private partner maintains and operates a facility to provide services to tourists. The private operator pays a fee to the Government.</td>
</tr>
<tr>
<td>Management contract, inside conservation areas</td>
<td>The private entity concludes an agreement with the Government to manage an existing tourism facility.</td>
<td>Fewer than 5 years</td>
<td>The private partner manages a range of specific activities. Government receives all revenues and pays private operator a management fee.</td>
</tr>
</tbody>
</table>


Besides these new measures, Mozambique also had Special Economic Zones under the regulatory framework of this type of initiatives, to attract investment into the tourism sector. For instance, the Government offers incentives such as:

- The exemption of duties and VAT on construction material for building a lodge in an area of natural beauty.
- Reduction in Corporate Income Tax for 15 years in case of the creation of basic infrastructure.

All tourism concessions companies must be registered in Mozambique for tax purposes and special tourism fiscal benefits.
INVESTING IN MOZAMBIQUE
Mozambique emerges as a landscape full of potential, recording a journey of economic challenges with a resilience that holds promises of a brighter future. The country's geographic location and access to sea with four out of its six neighbors being landlocked, provides Mozambique with a significant strategic advantage. However, this chapter reveals that regionally Mozambique's performance still lags behind its neighbors in some economic metrics. Looking ahead, following a slow recovery, Mozambique's growth narrative, while nuanced, is projected to outshine with 2023 projections. Its growth rate between 6% and 7% surpasses that of its regional counterparts.

This forecast could present a promising opportunity for potential investors, particularly as Mozambique strides forward with an improving regulatory environment and a commitment to successfully implement its Economic Acceleration Package (PAE). In addition, the New Investment Law passed this year demonstrates the Government's proactive approach to reform, streamline and simplify business processes, creating a more welcoming climate for foreign direct investment.

Vis-à-vis business, Mozambique has demonstrated a better-than-average ease of doing business within Africa, indicating an environment ripe for possible entrepreneurial ventures. On a global level however, Mozambique's overall business environment still falls short, ranking 138th from 190 countries. Social, economic, and political challenges, including governance, social unrest in the North and low human development indicators have affected the confidence of foreign investors in the past. Nevertheless, Mozambique is placing its milestone for the countries' economic trajectory. Through the implementation of several reforms, mentioned in chapter two, Mozambique reinforces its commitment to stimulate private, investment, improve its business environment and pave the way for increased business opportunities to position itself as a more attractive investment destination with untapped potential.

This is especially significant in the tourism sector—a domain where Mozambique has not only seen an impressive influx of visitors but also boasts a wealth of attractions from its pristine beaches to its vibrant cultural tapestry. Indeed, compared to inbound tourism statistics in the region, Mozambique, showcases its popularity as a destination. Moreover, the country's travel and tourism prospects are underscored by a favorable position in price competitiveness and international openness, providing a bright outlook for the tourism sector. Yet, we observe that, despite welcoming higher numbers of international tourists than some of its neighbours, the corresponding investment in tourism has not been proportional. This points to a vast untapped market potential—a fertile ground for investment and growth. This dichotomy illustrates a clear opportunity for investors to cultivate a growing market—one rich with cultural and natural resources, aiming towards improved human development and prosperity.
Mozambique emerges as a landscape full of potential, recording a journey of economic challenges with a resilience that holds promises of a brighter future. The country’s geographic location and access to sea with four out of its six neighbors being landlocked, provides Mozambique with a significant strategic advantage. However, this chapter reveals that regionally Mozambique’s performance still lags behind its neighbors in some economic metrics. Looking ahead, following a slow recovery, Mozambique’s growth narrative, while nuanced, is projected to outshine with 2023 projections. Its growth rate between 6% and 7% surpasses that of its regional counterparts.

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of foreign investors in the past. Nevertheless, Mozambique is placing its milestone for the countries’ economic trajectory. Through the implementation of several reforms, mentioned in chapter two, Mozambique reinforces its commitment to stimulate private investment, improve its business environment and pave the way for increased business opportunities to position itself as a more attractive investment destination with untapped potential.

This is especially significant in the tourism sector—a domain where Mozambique has not only seen an impressive influx of visitors but also boasts a wealth of attractions from its pristine beaches to its vibrant cultural tapestry. Indeed, compared to inbound tourism statistics in the region, Mozambique, showcases its popularity as a destination. Moreover, the country’s travel and tourism prospects are underscored by a favorable position in price competitiveness and international openness, providing a bright outlook for the tourism sector. Yet, we observe that, despite welcoming higher numbers of international tourists than some of its neighbours, the corresponding investment in tourism has not been proportional. This points to a vast untapped market potential—a fertile ground for investment and growth. This dichotomy illustrates a clear opportunity for investors to cultivate a growing market—one rich with cultural and natural resources, aiming towards improved human development and prosperity.

In Figure 4.1, Mozambique’s annual GDP growth is compared to those of five other countries – namely, South Africa, Kenya, Tanzania, Angola, and Zambia which represent similar and/or neighbor countries. Overall, between 2000 to 2015, Mozambique was among the fastest-growing economies in Sub-Saharan Africa. However, as of 2016 and as observed in Figure 4.1, Mozambique grows slower than other comparable countries today. Indeed, annual growth rates of the other 5 countries from 2017 to 2022 (excluding 2020), averaged 3.6 and 2.8% pre-COVID-19 (2017-2019). In comparison, Mozambique observed growth rates below the average with 3.1% and 3.2% from 2017 to 2022 (excluding 2020), and 2017-2019, respectively.

The best performing country, in terms of GDP growth, was Tanzania, demonstrating a growth rate that was on average 1.8 percentage points higher from 2017 to 2022 (excluding 2020) than that of Mozambique. On the other hand, Angola showed the lowest growth rates in the benchmark across all years, with exemption of 2020. Mozambique’s economy grew per year on average 2 percentage points faster than Angola during the same time frame.

Looking at growth trends post-COVID-19, although Mozambique’s GDP growth rate in 2020 was less disrupted from the health crisis than those of other countries in the region, recovery rates following that year have been much lower for Mozambique than the average recovery rates of comparative African countries. Out of five countries, Angola is the only country that observed lower growth rates in 2021 and 2022 compared to Mozambique.

Nevertheless, if we look at GDP growth projections for 2023, according to the International Monetary Fund (IMF). Mozambique’s growth of 7% is by far the highest across the benchmark. In contrast, economies of Tanzania and Kenya are expected to grow by 5.2% and 5% this year.107

These projections signal a potential turning point for Mozambique’s economy. However, while these projections are promising, it is crucial for Mozambique to ensure that this growth is sustainable and inclusive. The country still faces significant challenges, including high levels of poverty, unemployment, and income inequality. With the right policies and investments, Mozambique could position itself as a leading economy in the region.
Figure 4.1 Mozambique’s annual GDP growth rate compared to other African countries in the region, 2017-2022
(annual GDP growth, %)

Transitioning from Mozambique’s growth performance in the region, another significant indicator of the country’s economic health and attractiveness for investments is the Ease of Doing Business ranking. Although this index has been discontinued, the World Bank’s Ease of Doing Business ranking remains a foundational tool for evaluating the conduciveness of the regulatory environment in starting and operating a business.

Globally, Mozambique’s ease of doing business ranks 138th among 190 countries. When comparing Mozambique’s business environment with countries in Africa, the country takes rank 20 out of 48 countries and performs better than the average.108 Looking at the individual indicators in more detail, Mozambique performs least on starting a business (176th) enforcing a contract (168th) and getting credit (165th). Indeed, vis-à-vis both former indicators, the number of procedures and cost of these activities are higher than the Sub-Saharan average. Instead, the time it takes to start a business in Mozambique is 17 days while the region average is over 21 days. On the other hand, the country performs strongest in dealing with construction permits (61st), receiving insolvency (86th), and trading across borders (94th).109

While Mozambique’s position in the Ease of Doing Business Ranking is an important indicator, it’s just one piece of the puzzle. The country’s rich natural resources, strategic location, and commitment to reforms make it an attractive destination for businesses and investors looking to tap into the potential of the African continent. On the other hand, as the country lies at a crossroad, a number of reforms and efforts have been initiated by the Government to improve the area in which the country falls short regionally and globally. These strategic decisions have been discussed in detail in chapter two and three.
Figure 4.2 Mozambique’s ranking for the Ease of Doing Business Index, 2020
(Rank 1–190)

<table>
<thead>
<tr>
<th>Country</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>56</td>
</tr>
<tr>
<td>South Africa</td>
<td>84</td>
</tr>
<tr>
<td>Zambia</td>
<td>85</td>
</tr>
<tr>
<td>Nigeria</td>
<td>131</td>
</tr>
<tr>
<td>Mozambique</td>
<td>138</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>140</td>
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<tr>
<td>Tanzania</td>
<td>141</td>
</tr>
<tr>
<td>Angola</td>
<td>177</td>
</tr>
<tr>
<td>Congo</td>
<td>183</td>
</tr>
</tbody>
</table>

In addition to these economic indicators, the tourism sector, a significant contributor to many African economies, provides another lens to evaluate Mozambique’s regional performance. In assessing Mozambique’s tourism sector relative to other nations, the Travel and Tourism Development Index (TTDI) from the World Economic Forum (WEF) stands out as our foremost tool. The TTDI reviews a variety of factors and policies that support the sustainable and robust growth of the Travel & Tourism (T&T) sector, playing a pivotal role in a country’s overall development. Each country’s performance is evaluated based on 17 pillars and 113 individual indicators, which are divided into five main themes — Enabling Environment, Travel and Tourism Policy and Enabling Conditions, Infrastructure, Travel and Tourism Demand Drivers, and Travel and Tourism Sustainability.

Globally, Mozambique ranks 127th out of 140 countries and 22nd across the 34 countries in Africa on the TTDI. The regional best former is South Africa, ranking 66 positions better than Mozambique.110
Figure 4.3 Mozambique’s ranking for the Travel and Tourism Development Index, 2019
[Rank 1–140]


South Africa  Kenya  Tanzania  Zambia  Mozambique  Nigeria  Angola  Congo
Figure 4.4 compares Mozambique and six other countries in the region across four pillars of the TTDI, measuring the rank only across the 34 countries located on the African continent. Mozambique, performs above the median for all four pillars and shows its strongest performance in price competitiveness and international openness, ranking 8th and 5th in the region. The pillar on price completeness evaluates how costly it is to travel and invest and international openness measures how open a country is for travel and investments.

Figure 4.4 Mozambique ranked across four pillars of the Travel and Tourism Development Index in Africa, 2019
(Rank 1–34)
**Figure 4.5 Southern and Eastern Africa score Heat Map Travel and Tourism Development Index, 2019**

<table>
<thead>
<tr>
<th>Country</th>
<th>Global Rank</th>
<th>ENABLING ENVIRONMENT</th>
<th>TRAVEL AND TOURISM POLICY AND ENABLING CONDITIONS</th>
<th>INFRASTRUCTURE</th>
<th>NATURAL AND CULTURAL RESOURCES</th>
</tr>
</thead>
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<tr>
<td>South Africa</td>
<td>61</td>
<td>4.6 3.9 3.7 4.4</td>
<td>4.6 4.5 2.5 5.6 3.7 3.3 3.5 4.3 4.5</td>
<td>3.5</td>
<td>3.2</td>
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<tr>
<td>Namibia</td>
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<td>4.8 5.0 3.5 4.4</td>
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*Southern Africa Average*
<table>
<thead>
<tr>
<th>Country</th>
<th>Global Rank</th>
<th>Business Environment</th>
<th>Safety and Security</th>
<th>Health and Hygiene</th>
<th>Human Resources and Labour Market</th>
<th>ICT Readiness</th>
<th>Prioritization of Travel and Tourism</th>
<th>International Openess</th>
<th>Price Competitiveness</th>
<th>Environmental Sustainability</th>
<th>Air Transport Infrastructure</th>
<th>Ground and Port Infrastructure</th>
<th>Tourist Service Infrastructure</th>
<th>Natural Resources and Cultural Resources</th>
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<td>4.4</td>
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<td>3.8</td>
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<td>4.0</td>
<td>3.1</td>
<td>5.6</td>
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<td>2.5</td>
<td>1.7</td>
<td>2.1</td>
</tr>
</tbody>
</table>

**Eastern Africa Average**

| | 4.3 | 5.1 | 3.3 | 4.1 | 3.0 | 4.2 | 2.7 | 5.2 | 4.2 | 2.3 | 2.9 | 2.8 | 3.2 | 1.3 |

Lastly, Figure 4.6 shows the relationship between total inbound tourism arrivals (equivalent to international tourist arrivals which corresponds to the concept of overnight visitors) and size of investment of tourism FDI projects announced for Mozambique compared to that of Tanzania, South Africa, Kenya, Zambia and Angola from 2016 to 2021. The size of the circles corresponds to the number of announced tourism projects.

The clear outperformer in terms of FDI number of projects and capital investment is Tanzania, with 10 and USD 1 billion respectively, despite attracting less inbound tourism than similar peers in the region. Indeed, for instance South Africa is the largest tourism destination, with an average of 7.7 million international tourists visiting per year and the country attracted in the same time frame 6 tourism FDI projects, resulting in a total capital investment of USD 205 million. This said, South Africa welcomed over six times more international tourist but received USD 796 million less in capital investment in announced tourism FDI.

Similarly, can be overserved with Mozambique, who has been a destination for only two tourism FDI projects with a total value of USD 117 million from 2016 to 2021. Hence, although Mozambique welcomed the second largest number of total inbound tourism in the benchmark with 9.3 million tourists, the country only attracted a fifth of the number of projects announced in Tanzania with almost half of the capital investment announced per project. We can cautiously conclude that the attractiveness of Mozambique as a popular tourist destination is not captured and represented by the foreign direct investments announced in the country.

This discrepancy raises pertinent questions about the factors influencing FDI decisions in the tourism sector. It could be that investors perceive higher risks in Mozambique, despite its popularity among tourists, or that there are infrastructural or regulatory challenges that deter large-scale investments. However, such a perspective also underscores the vast untapped potential of Mozambique. With its rich cultural heritage, pristine beaches, and diverse ecosystems, Mozambique remains a gem waiting to be fully discovered by the global investment community. This juxtaposition of current FDI trends and the inherent potential of the country positions Mozambique as a promising investment opportunity in the tourism sector for visionary investors looking to pioneer and capitalize on emerging markets.
**Figure 4.6 Relationship between total number of inbound tourism arrivals and capital investment of announced tourism FDI by country, 2016-2021**

(USD million, Size of circles represent number of announced tourism FDI projects)

*The term inbound tourism arrivals is equivalent to International tourist arrivals which corresponds to overnight visitors.  
To conclude, comparing Mozambique’s economic and tourism landscape to other tourism destinations in the region, reveals a country at an economic crossroads. The analysis shows that there lies an untapped potential and opportunity as Mozambique’s allure as a tourist haven is not fully mirrored in investment flows. This presents a unique chance for visionary investors to pioneer growth in this sector. The country’s compelling combination of natural beauty, cultural richness, and a developing business environment creates a fertile ground for sustainable investment ventures. For Mozambique, the path ahead is one of strategic positioning and harnessing its competitive advantages. For investors, it is an invitation to be part of Mozambique’s promising future.
4.2. Mozambique’s Tourism Sector.

Situated on the south-eastern coast of Africa, Mozambique presents a compelling proposition to tourists and investors alike with its vast 2,700 km Indian Ocean coastline and 14 unique ecological regions. Anchoring its commitment to ecological preservation, the nation dedicates 25% of its land to conservation, protecting a rich biodiversity that includes over 5,500 flora and 4,271 terrestrial fauna species. Noteworthy landmarks like the Ilha de Moçambique, a World Heritage Site, and celebrated natural reserves such as Chimanimani National Park and Benguerra Island in the Bazaruto Archipelago, have garnered international acclaim, earning spots on prestigious lists like Time’s “World’s 100 Greatest Places”, Condé Nast Traveller’s “Reader’s Choice Awards 2021 for the Top Islands in Africa and the Indian Ocean” and the National Geographic magazine’s “25 Amazing Journeys for 2022.”

Between the years 2016 and 2020, tourism has contributed a total of USD 2,586,964,073 to the Mozambican GDP. During this period, tourism contributed an average of 4.1% to overall GDP. Considering only the pre-2020 years, this share to GDP shoots up to 4.5%. Furthermore, by 2022, tourism had grown to represent 25.7% of the country’s service exports, highlighting its role on the international stage. To this end, between 2018 and 2022, approved investments in Mozambique’s tourism sector accounted for 10.8% of the total. In greater detail, the years 2018 and 2019 saw the highest percentage in terms of the sector’s contribution to GDP at 5% each year.

These two years also saw the highest number of inbound tourism expenditure and inbound tourism arrivals (overnight visitors) underpinning this biennale period as one of the strongest for tourism in Mozambican history. Furthermore, the COVID-19 pandemic had a profound and adverse effect on Mozambique’s tourism sector. The total contribution of tourism to the country’s GDP plummeted from USD 643.1 million in 2019 to USD 341.1 million in 2020, marking a substantial decrease of approximately 47%.

Despite the setbacks from COVID-19, the country is well on its way to defining itself as a global tourism destination as it continues to see an increase in investments into its burgeoning tourism sector. In 2021, 492,000 tourists arrived in the country from across the globe and in the same year, the country generated USD 127 million in inbound tourism expenditure. The government’s strategic development and sustainable tourism policies are tailored to protect its invaluable natural and cultural resources while fostering economic growth.
For almost a decade (2008-2017), inbound tourism arrivals in Mozambique remained quite stable at approximately at 1.7 million tourists per year. 2018 was an exceptional year for Mozambique’s tourism sector, welcoming 2.9 million tourists. The growth trend was then disrupted shortly after by the COVID-19 pandemic in 2020.

Source: World Tourism Organization [2023].
Mozambique’s tourism sector is emerging as a crucial economic pillar, demonstrating both growth potential and a commitment to sustainable development initiatives in the country. For almost a decade between 2008 and 2017, inbound tourism arrivals in Mozambique remained relatively stable averaging approximately at 1.7 million tourists per year. Between 2010 and 2019, the nation witnessed an impressive 17.5% increase in inbound tourism arrivals, accompanied by a remarkable 133% surge in inbound tourism expenditure. Moreover, 2018 was an exceptional year for Mozambique’s tourism sector as the country welcomed 2.7 million (2.743 million) tourists, the highest figure during this timeframe, before dipping to just over 2 million (2.019 million) the following year.\(^2\)

However, the onset of the COVID-19 pandemic had a severe impact, with a 53% decrease in tourism arrivals from 2.019 million in 2019 to 0.952 million in 2020 and a parallel 64% decline in tourism expenditure from USD 252 million to USD 90 million [see Figure 4.8]. The second year of the pandemic in 2021 continued to take a toll on Mozambique’s tourism sector. Comparing data from 2019 to 2021, a stark 76% decline in inbound tourism arrivals and a 50% drop in inbound tourism expenditure were observed. Consequently, 2021 proved to be the most challenging year on record for Mozambique’s tourism sector due to the pandemic. Delving deeper, the data reveals that the decline that began in 2020 persisted into 2021, with a 49% reduction in tourism arrivals from 0.952 million to 0.492 million and a 41% increase in inbound tourism expenditure from USD 90 million to USD 127 million [see Figure 4.8].\(^3\)

As a result, the total number of inbound tourism arrivals in 2021 observed numbers significantly below those of 2010, with a reduction of 71%, highlighting the severe effects of the COVID-19 outbreak on the country’s tourism sector [see Figure 4.8].\(^4\)
Although tourism may not be the cornerstone of the Mozambican economy unlike other countries in the region, it remains a significant and integral sector within its diverse landscape. As detailed in Figure 4.8, the sector reached a high watermark in 2019, with inbound tourism expenditure peaking at around USD 252 million. Between 2010 and 2017, there was a commendable increase of 39.8% in tourism revenue, climbing from USD 108 million to USD 151 million. This upward trajectory continued robustly, surging by 60.3% into 2019. However, the data starkly illustrates the impact of the COVID-19 pandemic, with a sharp downturn of 64.3% in inbound tourism expenditure from 2019 to 2020, and an increase of 41% into 2021. Consequently, 2021 marked the period’s lowest points in terms of inbound tourism arrivals. A contrast to the steady growth seen in the sector in the years leading up to the pandemic.
Figure 4.9 Mozambique – exemplary international tourist profile
[Share of total inbound tourism arrivals, %]

Source region [%]¹

56.3
Southern Africa

5.3
East Africa

16.4
Europe

Average length of stay in accommodation establishments (days)¹

1.8

Purpose of visit [%]²

16
Business

68
Holidays and Leisure

16
Other personal purposes

Share of inbound tourism arrivals who travel on package holidays [%]²

8.8

Mode of transport [%]²

35
Land

65
Air


¹ 2010-2021
² 2010-2019
As shown by Figure 4.9, the average tourist in Mozambique is likely to stay approximately 1.8 days. Air travel is the predominant mode of entry, preferred by 65% of these international guests. Most tourists arrive in Mozambique with the purpose of holidays, leisure, and recreation. Between 2010 and 2019, the Figure was 68% with remaining 32% visiting the country for business or other professional reasons [see Figure 4.10]. Moreover, the majority of tourists (56.3%) originate from Southern Africa, making up over half of the inbound tourism arrivals, while those from Europe representing a significant 16.4%, followed by visitors from East Africa [see Figure 4.11]. This diverse matrix of travelers reflects Mozambique’s wide-ranging allure as a tourism destination.126
Mozambique boasts a diverse array of tourists hailing from across the globe. However, as shown by Figure 4.9, there are certain regions and countries that stand out as the primary sources of visitors to Mozambique. Figure 4.11 highlights the total share of inbound tourism arrivals by region and country. Between 2010 and 2021, Africa emerged as the leading source of inbound tourism arrivals, constituting a substantial 74.9% of the total share. Further, Mozambique welcomed 15.8 million tourists from the continent, with Southern Africa alone contributing 56.3%, equivalent to 11.9 million visitors during this period. Additionally, Europe claimed the second position, bringing in 3.5 million tourists, accounting for 16.4% of the source arrival matrix.\textsuperscript{127}

Within these regions, specific countries held the distinction of being the primary sources of tourists to Mozambique. In Africa, South Africa and Zimbabwe led the pack, collectively contributing 53.9% and 7.8%, respectively, to the overall 74.9%. Meanwhile, in Europe, Portugal and the United Kingdom stood out as key contributors, with 0.72 million (3.4%) and 0.58 million (2.7%) tourists originating from these countries, respectively.\textsuperscript{128}

4.11 Mozambique Figure – share of inbound tourism arrivals by region and country, 2010-2021

Figure 4.12 Mozambique – tourism services offer

Number of educational institutions that teach tourism and hospitality courses\(^1\)  
22

International airports  
3

Total number of tourism services establishments (including accommodation, food&beverage and travel agencies)\(^2\)  
8,261

Total employment in tourism\(^3\)  
72,025

Share of hotels and hotel resorts among all tourism accommodation establishments [%]\(^2\)  
13

Share of apartments and residential hotels among all tourism accommodation establishments [%]\(^2\)  
16

Mozambique’s emerging and dynamic tourism sector is characterized by a well-established network of stakeholders from both the public and private sectors. As of 2022, the greater tourism value chain provides employment to 72,025 individuals. Notably, 97% of these jobs are within the accommodation and catering services, while 2% can be attributed to travel agencies. In terms of location, 53% of the sector’s workforce is concentrated in Mozambique’s capital, Maputo [see Figure 4.13]. In addition, as of 2023, Mozambique houses 3 international airports.
Figure 4.13 Mozambique – employment in the tourism sector, 2021

Accommodation and Catering
Number of jobs
70,097

Travel Agencies
Number of jobs
1,248

Maputo City
53%

The country is home to 22 educational institutions offering tourism and hospitality courses of which 16 are medium and 6 higher education institutions. Most of these institutions are located in Maputo, which boasts 8 medium-level and 5 higher education institutions (see Figure 4.14).
A review of Mozambique’s tourism services establishments in 2021 revealed that food and beverage services had the highest share, accounting for 64% of its composition. The hotel sector followed with a 33% share, while the travel agency and reservation services trailed with a modest 3.7% contribution to the market.
Mozambique’s accommodation sector for tourists is diverse collectively offering 934 units. As data provided by the Mozambique Tourism Authority (INATUR) reveals, apartments and residential spaces account for 16% of the market. In addition, the hotel sector, which spans from 1 to 5-star ratings, represents 13%, and guest houses make up a further 12% of the share. Regarding the country’s hotel offerings, there are 358 unique properties, with the bulk being 2 and 3-star establishments as detailed in Figure 4.17. As of 2021, Mozambique’s luxury portfolio is relatively small, offering 14 unique five-star and 26 four-star hotels.133

**Figure 4.16 Mozambique – tourism accommodation establishments, 2021**

- **Apartment and Residential Hotels**
  - 436 units (16%)

- **Hotels (1 to 5-star rating) and Hotel Resorts**
  - 358 units (13%)

- **Guest Houses**
  - 313 units (12%)

- **Lodge**
  - 127 units (5%)
Figure 4.17 Mozambique – hotels by star-rating

Source: World Tourism Organization (2023), provided by Mozambique Tourism Authority (INATUR).
05

TOURISM INVESTMENT OPPORTUNITIES
Figure 5.1 Mozambique – priority destinations

Quirimbas
Sun, sand beaches and culture

Gorongosa
Adventure tourism

Niassa
Eco-tourism

Vilankulo
Sun and sand beaches

Maputo
Business, culture and MICE

Source: World Tourism Organization (2023), provided by Mozambique Tourism Authority (INATUR).
Table 5.1 Portfolio of tourism investment projects in Mozambique

1. Ponta Dobela Eco Tourism Resort

**Implementation Authority**
Mozambique Tourism Authority - INATUR

**Modality**
PPP Joint Venture

**Location**
Maputo National Park, Maputo Province

**Project Description**
Development of a resort by a protected bay area, known for its rich birdlife. The area encompasses riverine forest, freshwater lakes and several kilometres of sandy beaches.

The development is intended towards accommodating urban-lover-residents in luxury condominium towers and villas located above a stone town and waterfront promenade.

**Estimated Total Investment (USD)**
10,000,000

**Main Components**
The proposed development comprises:

- Eco houses
- Beach houses
- Beach bar
- Spa
2. Macaneta Bay Resort

**Modality**
Private Partnership

**Location**
Maputo Province, District of Marracuene

**Project Description**
The resort will be located in a natural setting within a short driving distance from Maputo.

**Estimated Total Investment (USD)**
750,000,000

**Main Components**
The concept features:

- Marina
- Golf courses
- Residential estate
- Business hub
- Wellness village
- Educational campus
- Healthcare facilities
3. Pomene Beach Resort

Modality
Private Partnership

Location
Inhambane Province

Project Description
The project’s objective is to develop a nature-based tourism resort. This project includes the construction and operation of more than five luxury hotels and villas and intends to offer other activities related to the exploration of the Pomene Reserve.

Estimated Total Investment (USD)
500,000,000

Main Components
The project embraces 2,545 hectares of beach front.
4. Zinave National Park

**Implementation Authority**
National Administration for Conservation Areas

**Modality**
Public-Private Partnership

**Location**
Zinave National Park, Inhambane Province

**Project Description**
The project will introduce a premier service where guests can enjoy fly-in safaris to Zivane. This project also incorporates Bush and Beach excursions seamlessly integrated with the renowned Vilankulos and Bazaruto Archipelago destinations.

The goal is to offer an unparalleled experience that combines the best of both wilderness and coastal adventures.

**Estimated Total Investment (USD)**
3,000,000

**Main Components**
The project encompasses a luxury camp in the middle of pristine nature.
5. Metangula Lake Resort

**Implementation Authority**
Mozambique Tourism Authority (INATUR)

**Modality**
Public-Private Partnership

**Location**
Niassa Lakeshore, Niassa Province, Mentangula District

**Project Description**
Lake Niassa contains the world’s only surviving freshwater corals, and some 700 of its 1,000 tropical fish species are unique to the lake.

In addition, Lake Niassa is a globally recognized hub of unique freshwater biodiversity, crucial for understanding evolutionary processes. It also sustains the livelihoods of many in Malawi, Mozambique, and Tanzania, playing a vital role in their economies and wellbeing.137

The site also has strong winds throughout the year, offering good conditions for aquatic sports.

**Estimated Total Investment (USD)**
5,000,000

**Main Components**
The developer seeks to advance an integrated resort by Lake Niassa and its white sandy beach.

The project comprises a plot size of 10 hectares of beach front with a potential for the development (see right).
6. Inhassoro Beach Resort

Implementation Authority
Mozambique Tourism Authority (INATUR)

Modality
Public-Private Partnership

Location
Inhambane Province

Project Description
The beach resort is rejuvenating the classic hotel infrastructure in the Bazaruto Archipelago, aiming to promote its historic charm and offering guests a unique and comfortable experience.

Estimated Total Investment (USD)
7,500,000

Main Components
The project includes 5 hectares of beach front.
7. Zambezia Hot Springs

Implementation Authority
Mozambique Tourism Authority [INATUR]

Modality
Public-Private Partnership

Location
Zambézia Province

Project Description
Zambézia Province boasts unique hot springs, or “fontes quentes,” promoting Health Tourism. These springs, which can reach boiling temperatures, are found across districts like Morrumbala, Lugela, Mocuba, Nicoadala, Pebane, Maganja da Costa and Gilé.

Estimated Total Investment (USD)
5,000,000

Main Components
12 hot springs mapped in Zambézia province.
8. Chimanimani National Park

Implementation Authority
National Administration for Conservation Areas

Modality
Public-Private Partnership

Location
Manica Province

Project Description
Chimanimani offers unparalleled rugged views and is home to Mozambique’s tallest peak, Mount Binga (2,436m). Situated adjacent to Zimbabwe, it is a part of the Chimanimani Transfrontier Conservation Area. Beyond its natural beauty, the area holds significant cultural heritage, with the local community safeguarding ancient cave paintings and traditions.

Estimated Total Investment (USD)
2,000,000

Main Components
The concept includes a luxury camp in the middle of Chimanimani National Park.
9. Pemba Business Hotel

**Implementation Authority**
Mozambique Tourism Authority [INATUR]

**Modality**
Public-Private Partnership

**Location**
Pemba City, Cabo Delgado Province

**Project Description**
Located in the vibrant heart of Pemba city, the initiative seeks to establish a state-of-the-art business hotel. This development aims to position Pemba as a pivotal hub for commerce, inviting businesses and professionals to thrive in its dynamic environment.

**Estimated Total Investment (USD)**
5,000,000

**Main Components**
The project identified 0.5 hectares of beach front.

*Source: World Tourism Organization (2023), provided by Mozambique Tourism Authority [INATUR].*
Historically, Mozambique has been dependent on attracting substantial FDI into “mega-projects”, which stimulate growth but have provided limited employment opportunities to an extremely fast growing and predominantly rural population. As suggested by the World Bank, among others, the path forward required inclusive growth and Mozambique needs to accelerate more structural transformation through more privatization and focus on creating an enabling environment for private sector growth and competitiveness. This should be initiated in parallel towards strengthening human capital and focusing on skills development.¹³⁹
### Table 6.1 Recommendations

<table>
<thead>
<tr>
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<th>Recommendation</th>
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<tbody>
<tr>
<td>1</td>
<td>Reestablish national confidence through better economic governance and transparency.</td>
</tr>
<tr>
<td>2</td>
<td>Minimize reliance on low-productivity agriculture and extractives. Diversify the economy and upgrade the services sector from simple activities like retail to more advanced ones such as ICT, finance, and professional services.</td>
</tr>
<tr>
<td>3</td>
<td>For sustained growth, utilize the services sector for inclusive growth and job generation, given the right conditions. Enhance service sector productivity, stimulate informal firm formalization, and bolster inter-sectoral linkages.</td>
</tr>
<tr>
<td>4</td>
<td>Concentrate on human capital enhancement and skill development to raise productivity.</td>
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<tr>
<td>5</td>
<td>Foster innovation by elevating education standards and investing in skill development, especially managerial skills, to boost the services sector’s productivity.</td>
</tr>
<tr>
<td>6</td>
<td>Enhance the quality of education and health services to drive inclusion and improve social indicators.</td>
</tr>
<tr>
<td>7</td>
<td>Implement structural reforms to bolster the private sector and further the 2022 economic acceleration measures to enhance the private sector.</td>
</tr>
<tr>
<td>8</td>
<td>Offer credit guarantees to smaller businesses and cut bank credit costs to help formalize informal enterprises. This involves decreasing the government’s dependency on domestic debt markets.</td>
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<tr>
<td>9</td>
<td>Move away from the procedural, risk-averse, and costly approach to regulating the private sector. Instead, create a conducive environment for private sector growth and trade.</td>
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In Conclusion

Mozambique shows promising numbers regarding its macroeconomy. Its consistent growth throughout the last decade shows that the economy and government are resilient. The country possesses significant natural resources and a splendid nature, which might become major economic standpoints for its development, albeit the country still faces certain challenges. Mozambique has been trying to attract foreign investors, focusing on sectors like energy, agriculture, and infrastructure. The country’s liquefied natural gas (LNG) projects have received significant attention and investment, highlighting its potential as an important country in the global energy market. However, the success of foreign direct investment (FDI) in Mozambique depends on solving certain obstacles related to governance, infrastructure, and regulations. To maintain economic growth and development, ongoing efforts to enhance the business climate and manage risks are crucial as Mozambique positions itself as an attractive destination for foreign investors.

The country has also the potential to emerge as a significant force in the worldwide tourism sector thanks to its breath-taking natural landscapes, rich cultural heritage, and untapped economic prospects. The nation possesses, therefore, the necessary resources for a flourishing tourism industry. However, as noted in this report strategic enhancements are required to unleash its capabilities thoroughly. For that reason, this document emphasizes the crucial domains in which Mozambique can achieve significant advancements, stimulating economic development, generating employment opportunities, and positioning itself as a highly desirable tourist hotspot.

One of the critical aspects lies in the strategic allocation of funds and infrastructure development. Mozambique should allocate resources towards constructing and enhancing vital infrastructure, including transportation networks, airports, and ports. These investments will not only strengthen accessibility to tourist attractions but also attract FDI for the hospitality and tourism sectors. Enhanced infrastructure will also play a pivotal role in Mozambique’s capacity to accommodate the rising arrival of tourists.

Sustainable tourism practices should be a top priority for Mozambique, which involves preserving its unique ecosystems, conserving the environment, and protecting its cultural heritage. Furthermore, it is essential to involve local communities in tourism activities, ensuring they share the economic benefits and play a crucial role in promoting and preserving Mozambique’s cultural and natural assets. By integrating sustainability and community involvement into its tourism strategy, Mozambique can ensure that tourism growth is economically beneficial as well as ecologically and socially responsible.

The role of the government in promoting tourism expansion is crucial. Mozambique should guarantee that its legal and regulatory structure is conducive to investment, offering a secure and foreseeable business atmosphere. Collaborations between the public and private sectors are also essential, as they accelerate tourism growth through joint efforts. Fostering international cooperation and regional partnerships can enhance the country’s influence and the overall tourist
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Our comparison of Mozambique’s economic and tourism landscape to other tourism destinations in the region, reveals a country at an economic crossroads. This document illustrates that there is an untapped potential and opportunity within Mozambique as its allure as a tourist haven is not fully mirrored in investment flows. This presents a unique chance for visionary investors to pioneer growth in this sector. Moreover, the country’s compelling combination of natural beauty, cultural richness, and a developing business environment lays the foundations for sustainable investment ventures. For Mozambique, the path ahead is one of strategic positioning and harnessing its competitive advantages. For investors, it is an invitation to be part of Mozambique’s promising future.
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The World Tourism Organization (UNWTO), a specialized agency of the United Nations, is the leading international organization with a central and decisive role in the promotion and development of responsible, sustainable and universally accessible tourism. It provides a global forum for tourism policy issues and a useful source of tourism expertise. It is composed of 160 countries, 6 Associate Members, 2 permanent observers and more than 500 Affiliate Members.