



ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY

LABOUR MARKET PROFILE

2017

MOZAMBIQUE

Danish Trade Union Development Agency,
Analytical Unit

Copenhagen, Denmark



PREFACE

The Danish Trade Union Development Agency (DTDA) presents this Labour Market Profile as a yearly updated report that provides a comprehensive overview of the labour market's situation.

The report is divided in eleven thematic sections including: trade unions, employers' organizations, tripartite structures, national labour legislation, violations of trade union rights, working conditions, situation of the workforce (with subsections such as unemployment, sectoral employment, migration, informal economy, child labour, gender, and youth), education (with subsection vocational training), social protection, general economic performance, and trade. Additionally, Appendix presents updated data of membership in the the Mozambican National Trade Union Centre (OTM-CS) and the Confederation of Free and Independent Unions of Mozambique (CONSILMO); list of approved labour related legislations in Mozambique and status of ratification of International labour Organization (ILO) Conventions.

Estimations are based on data from international databanks (e.g. ILO's Key Indicators of the Labour Market (KILM) and NATLEX as well as the World Bank's World Development Indicators), national statistical institutions and ministries. Information is also collected from the International Trade Union Confederation (ITUC), U.S. Department of State, media sources (e.g. LabourStart, national news, etc.) along with trade unions centers, employers' organizations, NGOs, among others.

Several indexes such as the Global Rights Index, the Doing Business Index, the Governance Indicators, the Human Development Index and the Global Competitiveness Index are used as proxy indicators of the labour market's environment. The indexes' methodologies

and the data quality can be followed by the sources' websites.

This report was published in October 2017.

ACKNOWLEDGMENT

The DTDA is the Danish trade union agency for international development co-operation. It was established, under a slightly different name, in 1987 by the two largest Danish confederations: the Danish Federation of Trade Unions (LO) and the Danish Confederation of Salaried Employees and Civil Servants (FTF). The organization activities are related to: i) support democratic development of the trade union movements in Africa, Middle East, Asia and Latin America; and ii) contribute to democratic development in the societies in which the unions operate.

This Labour Market Profile is prepared by the DTDA's Analytical Unit in Copenhagen with support from DTDA sub-Regional Office in Tanzania as well as our local partners in terms of data collection of trade union membership.

All other labour market profiles of the countries where DTDA operates are available at our website: <http://www.ulandssekretariatet.dk/content/landeanalyse>

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Cover Photo: Carsten Snebjerg



EXECUTIVE SUMMARY

Mozambique is a low income country. Yet, up until 2016, the country experienced an impressive high economic growth estimated at 7.5% on average during the last decade. However, in 2016 Mozambique faced a debt 'scandal' which suspended most foreign aid. Associated to the growth is a high inflow of foreign direct investment and capital formation. Similarly, the extractive industries sector has pushed for these outcomes to occur, and natural gas deposits off the coast have the potential to become one of Africa's largest infrastructure project. Nevertheless, this sector is a narrow employment sector that creates relatively few jobs. The labour market remains rigid and hampers the doing business. The governance environment seems better than many other African countries, but has been deteriorating in recent years due to conflict between ruling party Frelimo and opposition RENAMO.

The labour market is very dominated by the informal economy. Especially subsistence agriculture continues to employ the vast majority of the workforce. It is noteworthy that the society is experiencing an urbanization that has opened up a new space for men and women in the informal economy; and a 'feminization' of agricultural production is in progress. In general, many small household enterprises are not supported by policies that improve their business environment. On the other hand, there has been an increase in the labour productivity in Mozambique. It is still mostly related to a within-sector i.e. the extractive industries, which suggests that the country has not experienced a fundamental restructuring of the economy.

Mozambique has a very high unemployment rate, especially urban and among youth. It is a clear sign that both the labour market's formal sector and the informal economy are rigid.

Mozambique has one of the lowest average years of schooling in the world. It is notable that returns to years of schooling are relatively high, but is under a decrease due to a rising supply of educated labour, among others. The labour market has relatively low skill levels and there is a demand for vocationally educated workers. Thus, companies often import skilled labour.

There were few new approved labour market legislations in recent years. And the regulations are frequently not effectively enforced. This is mainly due to lack of financial resources, human resources as well as

the challenge of formalizing the informal economy. There are also some flaws on the legislations and ITUC has registered Mozambique with 'repeated violation of rights'.

The real minimum wage has been hollowed out by a very high inflation rate of 20% in 2016. Although the minimum wages are relatively high in Mozambique, a majority of the workforce are operating in the informal economy, which is known for not respecting these wages.

In Mozambique the status of employment has only undergone marginal changes. The employees and employers remains a minority and 83% are either contributing family members or own-account workers. This indicates that the informal economy with more persons in vulnerable employment is increasing in Mozambique.

There are a wide range of gender gaps on the labour market, such as women have a limited control over household resources, lower wages than men, and lower school enrolment on all levels.

The country's social insurance coverage is very low; and few social protection mechanisms exist for the informal and self-employed workers. On the other hand, the government makes steps in the direction of a national social protection floor. Trade unions in Mozambique have recommended that the social protection system should be extended to the unemployed and create an Unemployment Insurance Fund.

The trade union movement has experienced a growth of membership on absolute terms, reaching a union density at 3.6% of the workforce, including members from affiliated trade union from the informal economy. The employers' organizations argue that cooperation in labour-employment relations is somewhat unwieldy. Several Collective Bargaining Agreements (CBAs) are functioning but still with a limited coverage among the wage and salaried workers at 20%. In the private sector, employers continue to renege on collective agreements.

Mediation and arbitration tripartite procedures are operating in the country and spread out to all provinces. These provincial mediation bodies have an aggregate positive outcome rate at 80% of total requested labour disputes.



COUNTRY MAP



Source: Google



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TRADE UNIONS

A trade union movement was operating during the Portuguese rule. A single-union system was established in a framework of national trade union centre in 1983, which was represented by the Mozambican National Trade Union Centre (OTM-CS). In 1992, three unions broke away from OTM-CS and established the Confederation of Free and Independent Unions of Mozambique (CONSILMO). Later, another trade union, the National Union of Worker of Private Security Companies and Guards (SINTESP), entered into CONSILMO.

Labour unions have exerted pressure on the government to maintain some pro-worker provisions in labour legislation, particularly regarding dismissal of local personnel and work force composition. The minimum wage, decided every year, remains a major concern for the unions.¹

A new law on trade union rights for workers in the public administration was approved in April 2014. It regulates the exercise of freedom of association by this category of workers and establishes dialogue with the employers. The law had several political controversies. Among others, the government insisted that union rights in the public administration and the right to strike are separate issues which belong in two different pieces of legislation.² The law's articles include the legal recognition of the Civil Service Union (SINAFP).

Both trade union centres are involved in national tripartite institutions, e.g. the Labour Advisory Commission) (see also the section: Central Tripartite Structures).

OTM-CS has slightly more than 245,000 members and CONSILMO with 106,000 members (Table 1 and Appendix Table 23).

Table 1: Trade Union Centres in Mozambique, 2013

Trade Union Centre	Total Members
OTM-CS	245,152
CONSILMO	106,066

Note: Most data is from 2013 and more information is available in the Appendix Table 23.

Sources: OTM-CS and [ITUC, Trade Union Development Projects Directory, Mozambique](#)

Close to 111,000 organized workers from the informal economy were affiliated to trade unions. Today, this segment covers 23% of the country's total trade union membership rate.

There are at least 23 active trade unions in Mozambique. The trade union density of the wage and salaried workers was estimated at 29% in 2016. That appears relatively high. However, this segment of wage and salaried workers constitutes only 13% of the total employment. Thus, on a broader estimation of this trade union density, bringing in the total labour force into the equation, it was estimated at 3.1%. Not to mention, if affiliated organized workers from the informal economy were also included in the estimations, the trade union density was up to 3.6% (Table 2).

Table 2: Trade Union Facts in Mozambique

Number of trade unions	23
Dues (OTM-CS member)	1 medical
Members of trade unions	351,152
Members of trade unions, including affiliated organized workers from the informal economy	461,691
Trade union density of labour force	3.1 %
Trade union density of waged workers	33 %
Trade union density (incl. affiliated organized workers from the informal economy) of labour force	3.6 %
Women member share of trade unions (OTM-CS)	22 %
Members of affiliated trade unions from the informal economy	110,542

Note: Most data of trade union membership are from 2013 (see also Appendix Table 23).

Source: OTM-CS; [ITUC, Trade Union Development Projects Directory, Mozambique](#); and Danish Trade Union Development Agency calculations of trade union densities.

The Mozambican National Trade Union Centre³

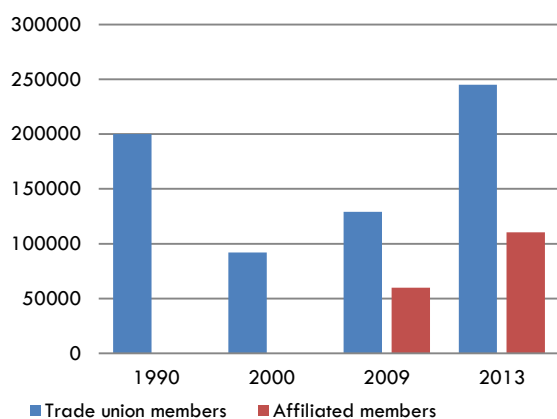
OTM-CS (Portuguese: *Organizaco dos Trabalhadores de Mocambique – Comite Sindical* (OTM-CS)) was established in 1976 as a trade union federation for all Mozambican workers, albeit with a very strong link to the ruling party, FRELIMO. OTM-CS covers all provinces in Mozambique and has 14 affiliated national unions. The organization is affiliated to the International Trade Union Confederation (ITUC).

The traditional union membership base was strongly affected back in the 1987 by the large reduction in the number of salaried workers. Among others, the OTM-CS's membership trend dropped down from 200,000 workers from the formal sector in 1990 to 92,000 in 2002; and the density of the trade union federation plummeted from 68% to 40%, respectively.⁴ The most recent data available showed that the OTM-CS membership was growing again from 129,000 members in 2009 to 245,000 in 2013. This equalled a growth of 90% and has now superseded the number from 1990.



Another important issue was that organized workers from the informal economy became legally recognized which opened up for an influx of many new trade union members. Data demonstrate that members from affiliated organized workers grew fast from 60,000 members in 2009 to almost 111,000 members in 2013, especially from the Association of Informal Sector Workers (ASSOTSI) (Figure 1).

Figure 1: Trade union membership in OTM-CS, 1990-2013
Source



Source: The Friedrich-Ebert-Stiftung (FES) and OTM-CS

Confederation of Free and Independent Unions of Mozambique (CONSILMO)

CONSILMO (Portuguese: *Confederaçao Nacional dos Sindicatos Independentes e Livres de Mocambique*) was founded in 1992 as a breakaway union from OTM-CS, due to the ties to the FRELIMO party. It is involved in the Tripartite Working Commission at the national level. CONSILMO has four member organisations with a total of 106,000 members in 2008 (see more on **Table 23**).⁵

During 2017, CONSILMO focused on promoting adjustment in contracts signed with contractors to oblige them to not cut their labour force. To strengthening the economic growth and the job creation, the organization also pointed a need of liberalizing transport prices as well as a privatization of the *Electricidade de Moçambique* (EDM), the *Linhas Aéreas de Moçambique* (LAM) and the *Petróleos de Moçambique* (PETROMOC) to make them to profitability. In addition, in May 2017, CONSILMO found a ruling of the Constitutional Council (CC) to declare unconstitutional a regulation empowering the Minister of Labour to expel foreign workers a dangerous precedent (see also the section: National Labour Legislation).

EMPLOYERS' ORGANISATIONS

The Global Competitiveness Index provides the employer's view on a variety of aspects, among these the labour market efficiency. The Employers consider the labour market rigid in Mozambique, with the country being ranked as number 133 out of 138 (1 is highest). Table 3 provides an overview over the results. The most notable in terms of low ranking are: pay and productivity, redundancy costs, reliance on professional management as well as cooperation in labour-employer relations. On the other hand, the country scores on the top in terms of women participation in the labour force ratio to men (see also the section: Workforce).

Table 3: Labour Market Efficiency in Mozambique, 2016

Indicator	Rank	Value
Overall	133	3.1
Cooperation in labour-employer relations	123	3.7
Flexibility of wage determination	114	4.3
Hiring and firing practices	96	3.5
Redundancy costs (weeks of salary)	130	37.5
Effect of taxation on incentives to work	63	4.0
Pay and productivity	133	2.9
Reliance on professional management	126	3.3
Country capacity to retain talent	77	3.4
Country capacity to attract talent	57	3.6
Female participation in the labour force ratio to men	1	1.11

Note: Rank from 1 to 135 (1 is highest). Value is estimated: 1 = lowest, 7 = highest.

Source: [The Global Competitiveness Report, 2016/17, 7th pillar; Labour Market Efficiency](#)

The Confederation of Economic Associations of Mozambique (CTA)

CTA (Portuguese: *Confederação das Associações Económicas de Moçambique*) was established in 1996 as the Working Commission of Associations. Seventy trade associations, chambers of commerce, federations and forums are members of CTA.

The mission of CTA is to create a business environment favourable to the development of the private sector, and a strong employers' organisation movement able to influence policies, be participatory, socially responsible, and promote economic competitiveness and quality of business.⁶

The dialogue between CTA and government has improved. However, the business environment is still afflicted with mistrust and the attacks attributed to Renamo, according to CTA.⁷



The confederation also outlined problems with reference to government payments to private companies that were stopped in 2016. They contended that the economic downturn has a negative impact that is expressed in a large number of companies to close, in particularly companies serving the gas and coal industry.

Chamber of Commerce and Industry (ACIS)⁸

CTA faces a strong competitor from the ACIS (Portuguese: *Associação de Comércio e Indústria*). Unlike the CTA, ACIS is perceived to be independent of FRELIMO. Involved in a variety of corporate social responsibility programs, including HIV/AIDS programs in workplaces, ACIS seeks to represent a broader spectrum of interests as it contributes to improved relationships with workers.

CENTRAL TRIPARTITE STRUCTURES

Mediation and Arbitration

Collective disputes are governed by the Labour Law.⁹ A dispute must be mediated by a body chosen by the parties in the dispute, or otherwise a Labour Mediation and Arbitration Commission (LMAC). The parties can choose voluntary arbitration, whereas arbitration is compulsory in essential services, a broad definition that includes workers in the Export Processing Zones (EPZ). An arbitration committee is appointed, with three members; one from the parties in the dispute and one appointed by the mediation and arbitration body. Cases unresolved by mediation or voluntary arbitration are referred to the labour court. The Labour Act allows a strike to be ended by a decision of the mediation and arbitration body.

The Mediation and Arbitration Centre (COMAL) took effect in 2010. This institution operates on a tripartite basis, with representation from the government, the trade unions, and employers' associations. It was extended to all provinces in 2012 and has been become more institutionalized into labour mediation and arbitration centres.¹⁰ The provincial mediation bodies were requested to intervene during the year 2015 in 7,438 labour disputes. Positive outcomes were reached in 5,924 cases, which equalled 80% outcome rate.¹¹

National Labour Advisory Commission (*Comisión Consultiva del Trabajo - CCT*)¹²

The tripartite CCT is the tripartite negotiating forum between the government, the trade unions, and employers' associations. It analyses and gives advice

on: restructuring and development policies, participation of representative organizations of employers and workers and comments the ILO's standard-setting instruments.

A single minimum wage was changed into a new minimum wages framework that was crafted out of negotiations in CCT in the beginning of 2017. It was launched in April 2017 by the government. From now on there will be negotiations over the minimum wage covering 15 sectors and sub-sectors. The highest percentage rise, 21%, was for the government's own employees, in the public administration. The lowest, 5.5%, was for the hotel industry (see also the section: Working Conditions).¹³ In the aftermath of the CCT negotiations, OTM-CS has argued that the negotiations reached poor outcomes and not curbing the negative impact of the economic downturn that hit hard the workers by high increases in the cost of living (see also the section: General Economic Performance).

Other bi/tripartite organs

- National Social Security Institute (INSS)
- National Training and Professional Institute (INEFP)
- New Partnership for Africa's Development (NEPAD)
- Resolution and Arbitration Forum
- Mozambican Deputy Group

Collective Bargaining Agreements

The Labour Law covers the right of workers to organize and engage in collective bargaining, but exclusive of trade unions. In practice, employers' gives a limited value of cooperation in labour-employer relations, which was illustrated in table 3. Among trade union organizations, it has also been argued that many companies were not open to collective bargaining in their workplaces, and intimidated the most active trade unionists.¹⁴

Based on the limitations of data availability, Collective Bargaining Agreements (CBAs) among wage and salaried workers had coverage of 20% in 2012. In the private sector, employers continue to renege on collective agreements, though. Based on a broader view, only approximately 1.8% of the workforce is covered by CBAs.

Table 4: Collective Bargaining Agreements in Mozambique

Number of CBAs (OTM-CS)	1,297
Workers covered by CBAs (OTM-CS)	207,735
Share of waged workers covered by CBAs	20 %

Source: [ITUC, Trade Union Development Projects Directory, Mozambique](#)



Other sources have registered 11 CBAs that cover the period from 2009 to 2016. These CBAs are available on Appendix Table 24.¹⁵

NATIONAL LABOUR LEGISLATION

Constitution¹⁶

The constitution from 1990 guarantees the freedom of association and unions. It recognises to strike except in essential services and prohibits lockouts. The constitution also guarantees the right to work, fair remuneration, health and safety at work, equal pay for equal work. It prohibits forced and child labour. It also specifically mentions different industrial sectors and means of production.

Labour Act¹⁷

The Labour Act of 2007 sets general principles and regulates individual employment relations, such as for hiring, firing, working hours, remuneration, occupational safety and health, vocational training, social security and labour inspection. The law also regulates collective labour relations, by regulating and establishing rights of trade unions and employers' organisations. Minimum Wages Law is also regulated under this Act. In addition, this Act allows the central body of the labour administration 45 days within which to register a workers' (or employers') organization. This Act allows a strike to be ended by a decision of the mediation and arbitration body, which can be interpreted as an undue interference by authorities or employers during the course of a strike.¹⁸

Social Security Act

This Act (No. 4/2007) defines the bases for social protection and organizes the respective system, i.e. organized in three levels: non-contributory basic, compulsory, and complementary social security. In 2014 the trade union movement called for a revision of article 30 of the Mandatory Social Security Regulation, that determines an inappropriate value of the pension.¹⁹

Child Labour Act

This Act (No. 7/2008) protects children and their rights, which are entitled in the Constitution. The Act establishes the fundamental opportunities and facilitates that guaranties their development. However, Mozambique's legal framework still leaves gaps in preventing child labor and its worst forms. For example, there is no list of hazardous activities prohibited to children, and education is only compulsory until age 13.

Defending Human Rights and the Fight against the Stigmatisation and Discrimination of People living with HIV Act

The amended Act (No. 12/2009) establishes the rights and obligations of persons living with HIV/AIDS. It outlines the means for prevention, protection and treatment. This Act also makes a framework for monitoring and enforcing workplace legislation implementation. There were amendments in 2014 to strengthen the legislation defending HIV-positive people. Two new legislations outlines that nobody can be sacked or otherwise discriminated against because of their HIV-status. In addition, nobody can be obliged to inform their employers whether they are HIV-positive, and job offers can never be made dependent on taking an HIV test.

Syndication on Civil Service Act

This Act (nr. 18/2014) is aimed at strengthening social dialogue, ensure the participation of officials and state agents in the management of the relationship working with the State and strengthen their social and professional rights. This act is setting up trade union that opens up space for state employees to organize themselves into unions so they can enter into dialogue with the government in order to defend their interests. The act also adopts alternative mechanisms for conflict resolution, i.e. conciliation, mediation and arbitration. It is noteworthy that it does not include the right to strike in the public administration, which has led to claims that the law bans strikes.

Other Labour Related Legislations

Several other legislations exists which regulates and sets standards and restrictions for the labour market.²⁰ In 2017, one law was passed which is the establishment of basic social security programmes and is to be carried out by the National Social Action Institute (INAS). This is in attempt to create a national Social Protection Floor, SPF (see chapter about Social Protection). Nine labour related laws have been passed since 2014 (table 5 and Appendix Table 25).

Table 5: Number of approved National Labour Related Legislations in Mozambique, 2014-2017 (October)

	2014	2015	2016	2017
Number of new legislations	7	1	0	1

Source: [ILO, NATLEX, Mozambique](#)



Observations on the Labour Legislation

ITUC has registered some flaws in terms of the market legislation protection of workers' rights. Among others, there has been excessive civil or penal sanctions for workers and unions involved in non-authorized strike actions as well as the Labour Act allows the central body of the labour administration 45 days within which to register a workers' (or employers') organization.²¹

In the same fashion, the government does not effectively enforce many of its labour laws. This has largely been due to a lack of resources to investigate abuses, although the government occasionally made efforts to do so, including fines for companies that violated labour laws and regular expulsion of foreign workers for abuses, according to sources. Fines were not sufficient to deter violators.²²

Ratified ILO Conventions

Mozambique is still halting in terms of ratifying ILO conventions. Although they have ratified 18, all of which are enforced, they still need to improve, especially when it comes to technical conventions:

- Fundamental Conventions: 8 of 8.
- Governance Conventions (Priority): 2 of 4.
- Technical Conventions: 25 of 177.
- Mozambique hasn't ratified any conventions during the last 12 months.

CTA, OTM-CS and CONSILMO presented observations on seven ILO conventions and the Committee of Experts (CEACR) has also several observations on the conventions: C105, C017, C018, C029, and C105.²³

TRADE UNION RIGHTS VIOLATIONS

Mozambique had no ranking in the ITUC Global Rights Index 2017. The latest one is from 2016 when the country was placed as 2 out of 5+ ranking (Table 6). Workers in countries with the ranking of 2 experience repeated violations of rights, e.g. weaker collective labour rights and certain rights have come under repeated attacks by governments and/or companies and have undermined the struggle for better working conditions.

Table 6: Global Rights Index, Mozambique ranking, 2014-2017

	2014	2015	2016	2017
Ranking on the Global Rights Index	3	2	2	-

Note: Five clusters in total with ratings from 1 to 5. A country is assigned the rating 5+ by default, if the rule of law has completely broken down.

Source: ITUC, Global Rights Index

The latest case registered by ITUC was from 2015 and was related to mine refuses to bargain over pay. According to the source, about 250 Mozambican workers at a coal mine went on strike

in January 2015 over pay discrimination after their employer refused to negotiate. Workers at the mine run by an Indian company complained that while Indian workers driving dumper trucks received more than 35,000 meticais a month, Mozambican workers received just 7,500 meticais for doing the same job. The strikers complained that when they attempted to negotiate their wage grievances with the management, they were told that if they were not satisfied with what they earned, they could leave, as there was "no shortage of labour in Mozambique".²⁴

ILO Committee of Freedom of Association has one confidential active Freedom of Association case (Table 7). The complainant was raised in August 2017 by the International Service Publics (ISP).

Table 7: ILO Complaints Procedure Freedom of Association Cases in Mozambique, 2017 (September)

Freedom of Association cases	Number
Active	1
Follow-up	0
Closed	0

Source: ILO, NORMLEX, International Labour Standards country profile, Sierra Leone

Other sources reported unions did not behave in a transparent manner and used connections with government and private sector management to engage in unauthorized dismissals.²⁵

It was noted that companies have continued to engage in antiunion discrimination by replacing pro-union workers at the end of their contracts and dismissing workers for striking. The government has occasionally also used intimidation to suppress the activities of workers organizations.

There are moreover numerous reports of forced labour and forced child labour in the domestic and agricultural sectors. Women and girls from rural areas, lured to cities with promises of employment or education, but ended up exploited in domestic servitude. Women and girls from Zimbabwe and Malawi who voluntarily migrated to the country were subsequently exploited in domestic servitude.²⁶



WORKING CONDITIONS

The minimum wage is usually raised every year in the spring and based on the National Labour Advisory Commission's tripartite negotiations forum between the government, trade unions, and the employers' association. There were 15 minimum wages approved in different industries, with the highest minimum wage in Financial Services with 10,400 metical (US\$161) per month, and the lowest in agriculture at 3,642 metical (US\$56). The manufacturing industry had a minimum wage of 5,965 metical per month (US\$92) per month. The minimum wage average growth has been at 12% in the period 2015-17 (Table 8).

Table 8: Wages and Earnings in Mozambique

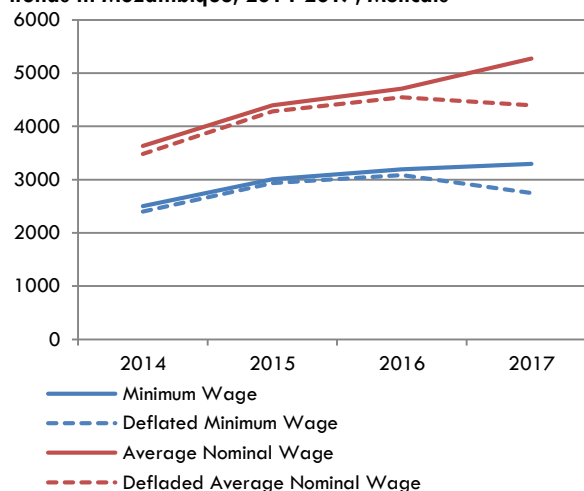
	Metical Current	US\$ Current
Nominal minimum wage (lowest, agriculture) 2017/18	3,642	US\$56
Nominal minimum wage (highest, Financial services) 2017/18	10,400	US\$161
Real minimum wage growth from 2015 to 2017, %	12 %	
Growth in % of average minimum wage 2015-17)	-17 %	
Ratio of minimum wage to value added per worker *	1.4	
Minimum wage applicable to workers **	US\$ 132	

Note: Growth of real minimum wage is the nominal minimum wage average divided by inflation in consumer prices.

Source: WageIndicator.org, World Bank, World Development Indicators and World Bank, Doing Business, Labour Regulation in Mozambique and Danish Trade Union Development Agency calculations of wage changes

Looking at figure 2, it is apparent that the inflation rate of 20% in 2016 has hollowed out the minimum wage and damaged the wage workers purchasing power. OTM-CS has confirmed this and stated that they were met with resistance in the negotiations on the minimum salary, and that the workers have therefore lost significant purchasing power.²⁷ Furthermore, it should be noted that these numbers are based on earnings in the formal sector and the salaries could therefore be even lower in the informal sector which makes up the bulk of the employment in Mozambique. A raise in the official minimum wage therefore affects only few people in Mozambique.

Figure 2: Average nominal and deflated minimum wage trends in Mozambique, 2014-2017, Meticais



Source: Calculations from Danish Trade Union Development Agency

With reference to a recent analysis from the ILO also shows that under-qualified workers are found to earn around 35% more than workers with the same qualifications who are well matched to their jobs. Over-qualified workers earn around 33% less than their well-matched peers.²⁸

According to sources, the Ministry of Labour cannot enforce health, safety, and wage laws effectively, and the government only occasionally fined or closed firms for noncompliance. In addition, there continued to be significant violations of labour laws in many companies, and the infrequency of sanctions for violations created little deterrent to continued violation. Equally important, many worker complaints include failure by employers to deposit social security contributions deducted from wages, inability to obtain social security benefits, unlawful firings, and intimidation of union members.²⁹

A general view of the standard legal workweek is illustrated below. It should be mentioned that foreign workers are protected under the law just as no sectors or groups of workers, including the informal economy workers, are specifically exempted from these laws. Notwithstanding, in practice, and as an example, there has been reported pregnant women are more likely to be terminated by employers hoping to avoid maternity leave payments.

Table 9: Working Conditions in Mozambique

Fixed-term contracts prohibited for permanent tasks	Yes
Maximum length of a single fixed-term contract (months)	24 months
Maximum number of working days per week	6.0 days
Premium for work overtime work (%)	50 %

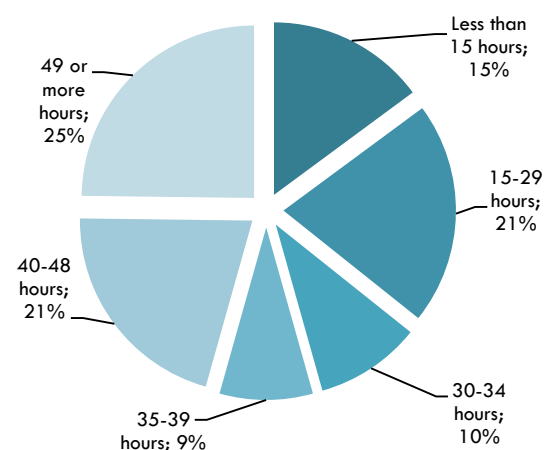


of hourly pay)	
Paid annual leave (average for working days with 1, 5 and 10 years of tenure)	12, 30 and 30 days
Minimum length of maternity leave	60 days
Amount of maternity leave benefits	100%
Source of Maternity leave Benefits	Employer
Unemployment protection after one year of employment	No

Source: [World Bank, Doing Business, Labour Regulation in Mozambique](#) and [ILO, Working Conditions Law Report 2012](#)

Close to one out of two (46%) of workers that are active on the labour market are most present in the less than 34 hours worked per week. This suggests a significant underemployment in Mozambique. As mentioned, the normal weekly hours' limit, which is assessed at 48 hours, covers only 21% of the employed workers. As a contrast, one out of four (25%) of employed workers are working with 49 or more hours per week (Figure 3; see also the section: Workforce).

Figure 3: Employment by hours worked per week in Mozambique, 2012



Source: [ILO, Key Indicators of the Labour Market](#)

WORKFORCE

Mozambique's total population is 28.8 million, with the labour force consisting of 12.5 million. Employment in the formal sector is estimated to be around just 14% of the total employment which approximates to 1,750,000 workers. It is projected that 300,000 youths join the labour force every year.³⁰

As seen in Table 10, Mozambique has an estimated employment-to-population ratio at 62%, which is slightly lower than the average for the sub-Saharan Africa. Mozambican women, however, are estimated to have a higher attachment to the labour market compared to both Mozambican men and the average

for the sub-Saharan Africa women overall. Women also have a much higher participation rate compared to men at age 15-24 (Youth), perhaps indicating that a higher proportion of men continue to secondary education. According to sources, more than half the Mozambican girls drop out by the fifth grade and only 11% enrol at the secondary level, which could explain the higher participation rate among young women.³¹

Generally, women aged 15+ with higher employment rates than men is unusual for most economies, and indicates that women are very active participants on the Mozambican labour market.

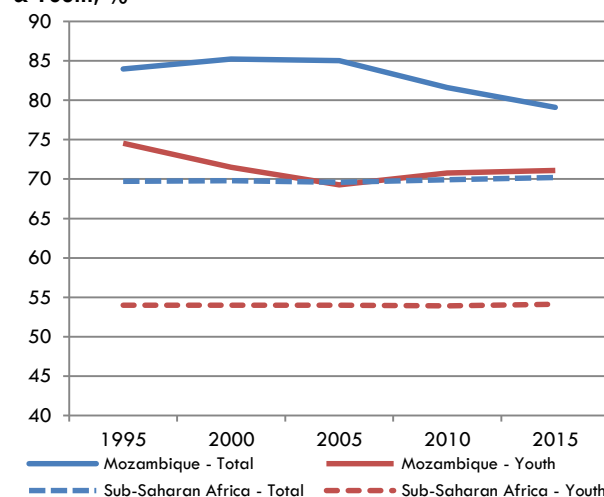
Table 10: Employment to Population Ratio in Mozambique and Sub-Saharan-Africa, 2016

Sex	Age	Mozambique	Sub-Saharan Africa
Men & women	Total 15+	62 %	65 %
	Youth 15-24	44 %	48 %
Men	Total 15+	60 %	71 %
	Youth 15-24	41 %	51 %
Women	Total 15+	63 %	59 %
	Youth 15-24	47 %	45 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The labour force participation rate in Mozambique has seen a slight decline since 1995, from 84% to 79%, but there has been no change in the estimates from 2015 to 2016. The youth segment has experienced a similar decline from 75% in 1995 to 69% in 2005. However, it has been stable at 71% since 2010.

Figure 4: Labour Force Participation Rate 1995-2015, Total & Youth, %



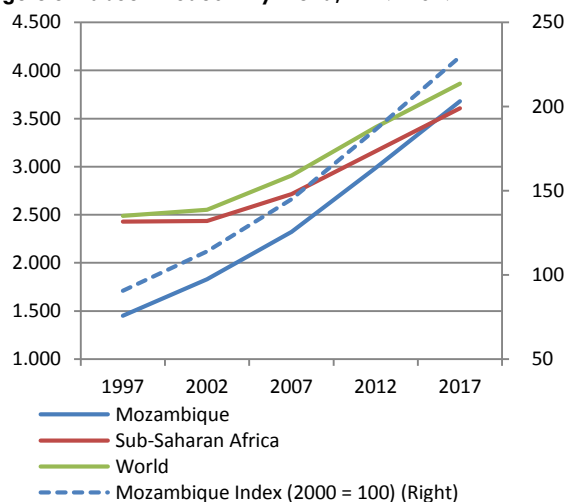
Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

According to ILO estimations, there has been a noteworthy increase in the productivity in Mozambique overall since 1997. However, as seen in figure 5, Mozambique still has lower productivity levels compared to the world average although it has



overtaken the Sub-Saharan Africa average in 2017. As will be explained in the section on sectoral employment, aggregate productivity growth in Mozambique is mostly related to within-sector advances in the extractive industries. This suggests that the country has not experienced a fundamental restructuring of the economy. Productivity along with hourly compensation costs can be used to assess the international competitiveness of a labour market, and Mozambique has been ranked as 133 out of 137 in terms of pay relative to productivity.³²

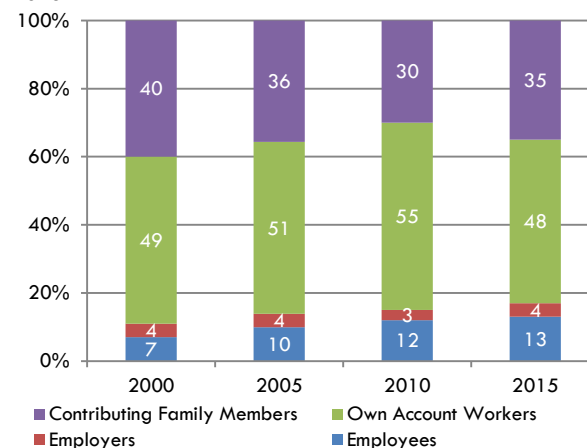
Figure 5: Labour Productivity Trend, 1997-2017



Note: The estimations of Mozambique's, Sub-Saharan Africa's and the World's labour productivity are based on output per unit of labour input based on GDP per person engaged (constant 2011 US\$ PPP). The labour productivity in Mozambique was indexed year 2000 (=100).
Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Regarding the status of employment, Mozambique hasn't undergone any major structural transformations (see figure 6), as the amount of contributing family members has grown again after a brief dip around 2010. According to ILO estimates, there has been no change between 2015 and 2016. The vast majority remains own account workers and contributing family members, and the amount of employers and employees remain very low in spite of a small growth. This leaves the majority of the workers in vulnerable employment situations as own account workers and contributing family members have a lower likelihood of having formal work arrangements, leaving them at bigger risk of lacking elements related to decent employment such as social security and voice at work³³

Figure 6: Status of Employment in Mozambique, 2000-2015



Note: Self-employed workers operate for themselves instead of working for an employer that pays a salary or a wage. They own their own business, of which they are also the primary or sole operator. Contribution family workers are those workers who - working on their own account or with one or more partners - hold the type of job defined as a self-employed job, and have not engaged on a continuous basis any employees to work for them during the reference period.³⁴
Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Skills mismatches is prevalent in Mozambique where data, depending on the approach, suggests that between 43% and 89% of the employed were under-qualified for the position they held in 2008, while only between 1% and 18% were overqualified the same year.³⁵ These numbers should be read with care as they are several years old, and, furthermore, only take into account formal education and ignore work related experience. However, these numbers are aligned with other reports suggesting that there is a severe lack of skilled labour in spite of a huge demand.³⁶ This is not just for managerial positions, but also for skilled professionals such as engineers and accountants as well as skilled technicians such as mechanics and carpenters. Under-education is therefore a major challenge for moving the work force from low paying, low productivity, informal and rural work, over to the more productive, formal sectors.

Unemployment

ILO has estimated an unemployment rate at 22 % for Mozambique in 2016. This is slightly higher among women than men. Youth unemployment was estimated at 38%. While these numbers are a lot higher than the numbers for Sub-Saharan Africa and the regional average, the unemployment rate for youths is actually lower than the average for Southern Africa. The unemployment rate, however, should be read with some caution as it is difficult to obtain viable information in



economy dominated by subsistence agriculture and an informal economy.

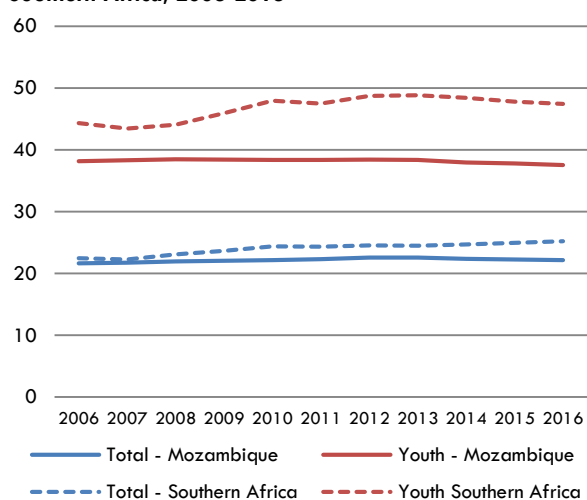
Table 11: Unemployment Rates in Mozambique, 2016, %

		Mozambique	Sub-Saharan Africa
Unemployment	Total	22 %	7.5 %
	Men	20 %	6.5 %
	Women	24 %	8.6 %
Youth Unemployment	Total	38 %	11 %
	Men	38 %	9.9 %
	Women	37 %	13 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Looking at the trends from the past ten years in Figure 7, it is apparent that the unemployment rates have stayed reasonably flat in Mozambique staying below the Southern Africa average. Both Mozambique's and the Southern Africa average are hovering far above the sub-Saharan Africa average.

Figure 7: Unemployment rates in Mozambique and Southern Africa, 2006-2016



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Data from a somewhat outdated 2008/09 household survey showed that the unemployment was more common in urban areas with a rate of 8.9%, while the rate in rural areas was just 0.4% and a long-term unemployment rate at 5.9%.³⁷ Urban youth unemployment is a challenge. As in most African countries, the formal sector in Mozambique grows too slow to absorb the many young people entering the labour market each year. Thus, many therefore end up in unemployment or informal jobs, with little prospect of reliable employment.³⁸

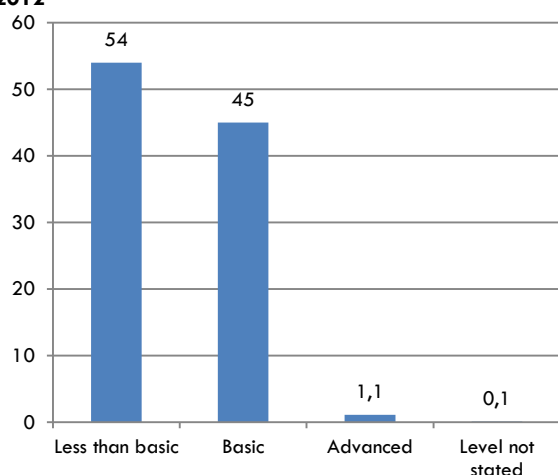
The concept of underemployment does sometimes also include those who are employed below their skill-level, whereas the measure for Mozambique is confined to time-related underemployment, indicating those who involuntarily worked less than 40 hours per week. Underemployment has been estimated at 35% in urban areas in the before mentioned 2008/09 survey. This was more common in rural areas with a rate of 49%. The same survey also showed that underemployed women tend to be in urban areas, whereas underemployed men tend to be in rural areas. This suggest that either there is a higher degree of gender-based occupational discrimination which is more prevalent in urban areas, or that women in urban areas often engage in both domestic work alongside productive activities in the home, while men engage in more in work outside the home.³⁹ Underemployment in rural areas was more common because of seasonal changes in activities. Underemployment is about the same level for youth as for the total labour force.

Interpretation of the open unemployment and employment rates as indicators of a well-functioning labour market can be problematic in developing countries. This is exemplified by the huge the discrepancies between the unemployment rates presented by the ILO estimates (Table 11) and the World Development Report. When unemployment is not an option where a person can't survive, work of some sort has to be found, which often means casual and informal work. Unemployment should therefore be understood in relation to the strength of social safety nets, the prevalence of informal employment and how much of informal employment is underemployment due to few formal employment possibilities.⁴⁰

Looking at the unemployment levels by the level of education, it is apparent that the unemployment rate is significantly lower for people with an advanced education compared to those with basic levels or less. The ILO only has data from 2012, making it difficult to trace any trends in how education levels have affected unemployment rates. This further confirms that there is a tendency towards under-education and a lack of highly skilled labour (Figure 8).



Figure 8: Unemployment Rates by Level of Education in %, 2012

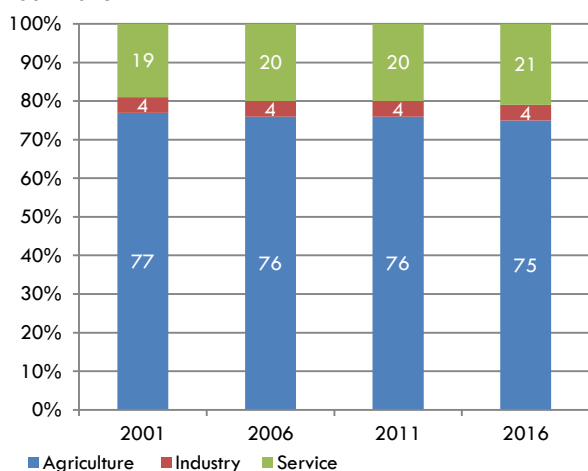


Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Sectoral Employment

Agriculture is by far the single largest employment sector in Mozambique, employing around 75% of the labour force, with the service sector as the second largest sector 21%, and industries employing 4%. Figure 9 shows that there has only been a very slight movement from the agricultural sector over to the service sector during the last 15 years. This constitutes a problem for Mozambique as agriculture only contributes with 25% of GDP although it employs the vast majority of the population. The large difference between people employed in agriculture and the contribution to GDP is reflected in other sectors, where there is a much higher contribution to GDP compared to the number of workers in the sectors.

Figure 9: Employment by Sector in Mozambique in %, 2001-2016



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Table 12: GDP-share by sector in Mozambique 2015

Sectors	GDP share	Change 2010-2015, percentage point
Agriculture	25%	-3.4%
Mining and quarrying	5.6%	3.2%
Manufacturing	10%	-1.2%
Electricity, gas and water	3.4%	0.0%
Construction	2.5%	0.2%
Trade, hotels and restaurants	14%	0.2%
Transport and communications	12%	-1.0%
Finance, real estate and business services	8.6%	-1.3%
Community, social and personal services	6.9%	1.4%
Others services	12%	1.5%

Source: [African Economic Outlook 2017](#)

The low productivity in the agricultural sector is also reflected in the sectoral distribution of valued added of GDP in Mozambique, where there has been no profound change during the last 15 years (Figure 9). Cereal yields have increased steadily since a low in 2005, though agricultural yields are otherwise reported to have been stagnant in the last decade. Around 95% of agricultural workers work on small plots with little technology or access to extension services which inhibits productivity.⁴¹

Notwithstanding, there has been a gradual integration of rural workers in markets and rural incomes have risen with some sustainability. Many rural workers have for example invested in crop diversification and entered into contracting arrangements with agro-processing firms. It supported many farmers moving into small-scale commercial farming, or have diversified into export crops such as tobacco, cotton, cashew nut and others.⁴²

Compared to 2001, the industrial sector in Mozambique was responsible for less value added in 2016. Most notable for this sector was the decline of value added for manufacturing, which in 2016 was almost half of what it was in 2001.⁴³ And as illustrated in Figure 9, there has been no increase on the aggregate employment in the industry sector during the last decade. This is a problem for Mozambique as the development of a manufacturing sector is considered an important step in the transition from a low-income to a middle-income country.⁴⁴ The tariff structure in Mozambique tends to discourage investment in processing industries. Among others, heavy taxation of imported inputs adds to production costs or reduces the



competitiveness of products manufactured in the country.

Figure 10: Mozambique's Value Added, % of GDP, 2001-2016



Source: [World Bank World Development Indicators](#)

Migration

Mozambique experienced a net migration of minus 25,000 people from 2008-2012. In 2016, Mozambique received 1.8% of GDP in personal remittances, which is lower than the sub-Saharan Africa average of 2.3% (Table 13).

Table 13: Status of Migration in Mozambique and sub-Saharan Africa

	Net Migration (2008-2012)	Net Migration to Average Population (2008-2012)	Remittances Received, % of GDP (2016)
Mozambique	-25,000	- 1 : 4,794 inhabitants	1.8 %
Sub-Saharan Africa	-2,046,131	- 1 : 2,838 inhabitants	2.3 %

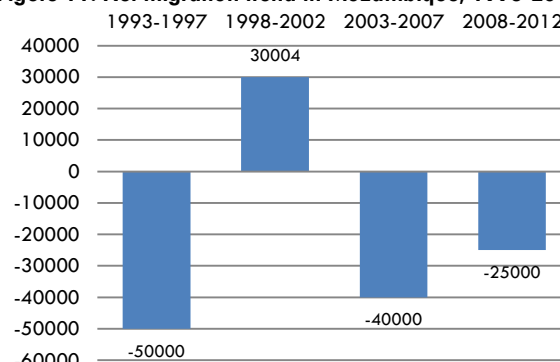
Source: [World Bank World Development Indicators](#)

The top destination countries in terms of emigration are South Africa, Zimbabwe, Portugal, Malawi and Tanzania, while Mozambique receives most of its immigrants from Malawi, Zimbabwe, South Africa, Lesotho and Tanzania.⁴⁵

Based on the limitations of data availability, the negative net migration trend demonstrated a declining rate during the 2000s and the beginning of the 2010s (Figure 11). However, changes have occurred in recent years, especially regarding the number of refugees as internal conflict erupted again in 2013⁴⁶. It has been reported that at least 10,000 people has fled to neighbouring country Malawi due to abuses committed by the army and opposing party RENAMO fighters. The number of internally displaced people has been

growing through 2016 too, with more 1,000 families living in camps set up in Manica province.⁴⁷

Figure 11: Net migration trend in Mozambique, 1993-2012



Source: [World Bank World Development Indicators](#)

In Mozambique, the urban population was calculated to be approximately 32% of the total population in 2015, and there is a growing movement from rural to urban areas. Between 2010 and 2015, Mozambique had an annual rate of urbanisation of 3.3%.⁴⁸ This can potentially put a lot of strain on the underdeveloped service and industrial sectors as they will have to grow in order to supply jobs for a growing urban population.

The high growth rates and shortages of skilled domestic labour that has been present in Mozambique have also created a demand for skilled foreign labour. With a certain historical irony, a number of unemployed Portuguese moved to Mozambique in order to find jobs in the years after the 2008 financial crisis.⁴⁹

High population mobility, including cross border travel, has been identified as one of the key drivers of the AIDS epidemic in Mozambique. The rehabilitation of the transport and communications systems that led to the movement of workers within and outside the country, have held serious implications for the spread of the epidemic.⁵⁰ Currently, the prevalence of HIV refers to the percentage of people ages 15-49, who are infected with HIV, is 11%, which is double as high as the sub-Saharan Africa's average.

The Southern African Development Community's (SADC) Ministerial-level Migration Dialogue for Southern Africa recently debated ways of enhancing labour migration and migration management. It was among others mentioned that in Mozambique recent coal finds and exploration can potentially lead to migration from neighbouring states. It was argued that it is important to open legal channels for labour migration from neighbouring countries to avoid increases in irregular migration.⁵¹



Informal Economy

While the informal economy in most African countries lies between 45% and 90%, Mozambique has a rate of above 90%.⁵² The government estimated that informal activity represented around 40% of GDP in 2012. Thus, the informal sector plays a key function in the economic growth and it also a source of income for the majority of the poor population. A non-agricultural enterprise census revealed that the median firm in Mozambique has only two workers, while 78% of firms have up to five workers. Many of these firms are likely to be informal at least to some degree.⁵³ Even if the formal sector grows rapidly, it is still likely that a big proportion will enter the informal sector as the labour force, by projections, should double in size by 2050⁵⁴. It is also noteworthy that informal enterprises have a productivity premium from holding a registration document, since it allows them to concentrate on business rather than on evasion techniques. According to the survey, 60% of the enterprises are unaware of their illegal status.⁵⁵

Both national and local governments have only recently begun to acknowledge the informal economy's contribution to the economy. Policies improving the business environment are not supporting the small household enterprises, though.⁵⁶ In response, the ILO supported a seminar on the "Transition from informality to formality" in 2016, which brought together government representatives, employer's organisations and labour unions to share experiences and good practices in regards to ILO's recommendation 204, which provide guidance on how to implement legal and policy frameworks aimed at reducing the size of the informal economy and move it over to the formal sector.⁵⁷

Associação da Economia Informal de Mozambique (AEIMO) is an informal workers association and fully affiliated of OTM-CS. With around 111.000 members, it is also the largest single organization associated to OTM-CS. There are additionally three other associated organizations from the informal economy.⁵⁸ A union for domestic workers has also been created.

Child Labour

Although Mozambique has ratified all key international conventions concerning child labour, child labour is still prevalent in Mozambique⁵⁹. In 2008, child labour was estimated to be around 22%, which is lower than the 25% average for sub-Saharan Africa.⁶⁰ Child labour is higher in rural areas (25%) than urban (15%). Girls

(24%) were slightly more likely than boys (21%) to be engaged in child labour. Older children at the age 12-14 (27%), were also more likely to be engaged in child labour than younger at the age 5-11 (21%).⁶¹

Table 14: Working children Proportion of all children in age group, 2008

Region	Year	Type	Proportion
Mozambique (age 5-14)	2008	Child labourers	22 %
Sub-Saharan Africa (age 5-17)	2008	Children in employment	32.8 %
		Child labourers	25.3 %
		Hazardous work	15.1 %

Note: Children in employment include all children who conduct some kind of work, whereas child labourers are a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182. Source: For Mozambique; UNICEF, Mozambique Multiple Indicator Cluster Survey 2008. For Sub-Saharan Africa; ILO, International Labour Conference 2010

By law children must be paid at least the minimum wage or a minimum of two-thirds of the adult salary, whichever is higher. However, Mozambique's legal framework leaves gaps in prohibiting child labour, including its worst forms. Among others, while the law does prohibit unhealthy or dangerous work for children below the age of 18, the law does not identify specific prohibited hazardous activities.⁶² The Mozambican Ministry of labour has recently started drafting a list of hazardous occupations for children as part of a plan to combat child labour.⁶³ Current labour laws states that children aged 12-15 may work under certain conditions defined by the council of ministers but fails to specify any further. As education is only compulsory until the age of 13, this leaves children aged 13 and 14 vulnerable to child labour. In practice, children often work on family farms in seasonal harvests as well as on commercial plantations harvesting cotton, tobacco, or tea; and are paid on a casual basis rather than for an hourly minimum wage.⁶⁴

The Ministry of Labour regulates child labour. Labour inspectors may obtain court orders and use police to enforce compliance with child labor provisions. However, the system is still underdeveloped as there are no mechanisms in place for submitting complaints about hazardous and forced child labor, and the fines are too low to discourage the use of underage labour. Furthermore, the labour inspectorate lack staff and funds to investigate violations outside of the capital, and the staff earned low wages making them



vulnerable, and inclined to seek bribes. Inspectors also lack means to travel to sites and therefore rely on the company they are investigating to provide transportation to sites under investigation.⁶⁵

The HIV/AIDS pandemic is a major cause of child labour in Mozambique. Children, who have lost one or both of their parents, are more likely to be engaged in child labour.⁶⁶ Children migrating to Mozambique are also at higher risk of exploitation, and girls from neighbouring countries have, after voluntary migration, subsequently become victims of sexual exploitation and forced domestic work. Within Mozambique, girls are being lured from rural to urban areas with promises of work or education but end up being exploited in the commercial sex industry or for domestic work. Children, especially boys, are sometimes trafficked from Mozambique to South Africa for forced labour in mining, agriculture or street vending. Current programs target street children and child trafficking victims but do not address other sectors in which children engage in hazardous work, and programs remain insufficient.⁶⁷

Gender

Mozambique remains a highly patriarchal society. In 2015, Mozambique ranked as number 139 out of 188 countries on the United Nations Development Programme's (UNDP) Gender Inequality Index which is combined measure of the empowerment, economic status and health of women compared to men. According to a study from the World Bank, women have a limited control over household resources and women-headed households are still poorer than their male-headed counterparts.⁶⁸ In 2011, only 49% of Mozambican women participated in the three decision: Own healthcare, major household purchases and visiting family.

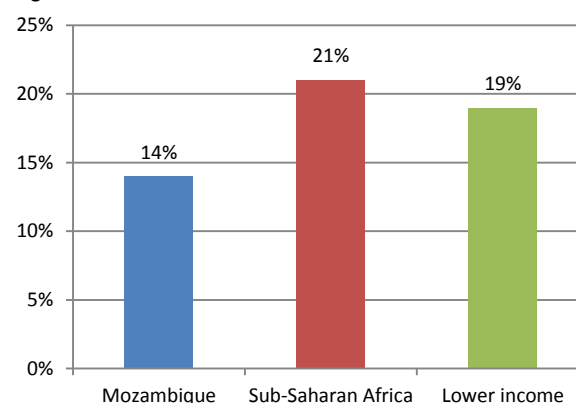
Women's role stands out in agriculture and the informal economy. A 'feminization' of agricultural production is in progress. This is related to a tendency for men to move out of that sector and into the private sector and self-employment in non-agricultural sectors at a faster pace than women. The labour market presents fewer options to leave the agricultural sector for women compared to men, which is related to socio-cultural traditions, gender penalties in the labour market. On the other hand, survey data from 2010 also showed a decrease in the proportion of women in agriculture from 89% to 75% and a related increase in the proportion in commerce from 5.5% to 12%, which may indicate a shift in women's livelihood strategies.

The law prohibits discrimination against workers because of their sex, gender identity, sexual orientation HIV/AIDS status, and the Ministry of Labour generally intervened in cases of perceived discrimination by employers. With an increased public awareness of this law, there were no public reports of individuals dismissed because of their HIV status.⁶⁹

A clear gap on the Mozambican non-agricultural labour market is that only 14% of women workers have regular full-time employment and it is lower than the 21% average of sub-Saharan African as well as the average for low income countries (figure 12).

By the same token, women are almost four times less likely than men to receive a salaried, formal sector job. They often receive lower pay than men for the same work and are less likely to have access to credit.⁷⁰ These numbers should, however, be read with some care since the survey data used is from 2007.

Figure 12: Full-time women workers, 2007



Source: [The World Bank & IFC, Enterprises surveys, Mozambique: Country Profile 2007](#)

There is a strong contingent of bodies that specifically represent women, such as the Mozambican Association of Women in Legal Profession, the Association of Rural Women (AMRU), The Committee of the Working Woman of the Organization of Mozambican Workers (COMUTRA), Women, Law and Development (MULEIDE) and Women and Law in Southern Africa Research and Education Trust (WLSA).⁷¹

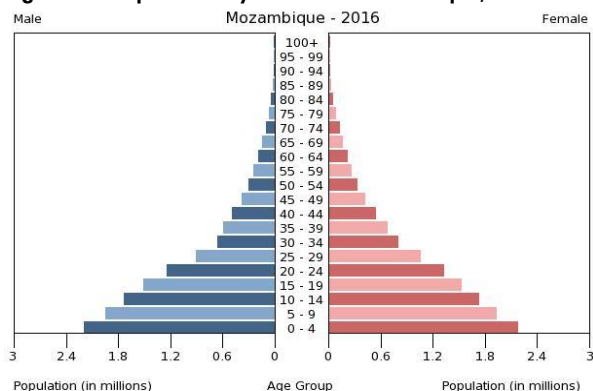
Youth

Mozambique has a high population growth rate at 2.5% per year as well as a very young population with a median age of 17 years and around 45% of the population being 0-14 years old (see figure 12). The youthful population is, among other things, a result of



one of the world's highest birth-rates, averaging more than five children per woman, and with an even higher birth-rate in rural areas.⁷²

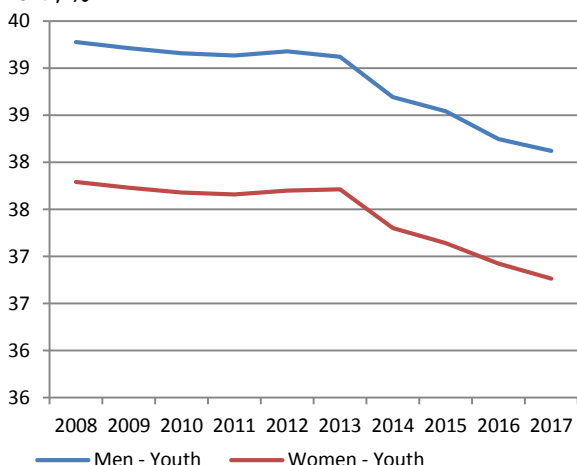
Figure 13: Population Pyramid for Mozambique, 2016



Source: [CIA World Factbook](#)

As mentioned previously, ILO has estimated that 300,000 new people enter into the labour market each year, giving the creation of decent jobs an imperative role for the future of the young generations. Based on the more 'open' unemployment rate – i.e. condition in which people are able to work and are also willing to work but there is no work for them – both young men and women have very high rates at 38% and 37%, respectively. As seen in Figure 14, these rates have been fairly stable during the last 10 years, meaning that there is some job creation taking place in absolute terms, but many of these jobs are vulnerable, with low wages, poor social security and little social dialogue.⁷³

Figure 14: Youth Unemployment in Mozambique, 2008-2017, %



Source: [ILO, Key Indicators of the Labour Market \(KILM\) 9th edition](#)

The share of youth not in employment, education or training (NEET) was estimated at 10% in 2012. This is more common among women than men with a rate 13%

compared to 7.4%. This constitutes a problem as this group is especially vulnerable to labour market and social exclusion.⁷⁴

The two sectors that traditionally generate significant employment for youth are: agriculture and small & medium-sized enterprises (SME). Unfortunately only a minority of farms have access to services and markets. The SMEs sector accounts for 43% of employment and has been growing at 7% a year, but is constrained by lack of access to affordable capital, heavy 'red tape' and a poor business climate.⁷⁵

The high economic growth in the last decade has been driven by capital-intensive investments, e.g. extractive industries. To put it another way it has not created sufficient employment for youth entering the formal sector, but forced into marginal jobs in the informal economy.

The government operates with development strategies where employment is a priority, and it promotes youth entrepreneurship.⁷⁶ A low skills level of the labour force remains a significant issue both for employers, who are unable to engage qualified labourers, and promoting culture of entrepreneurship. By the same token, there is little appropriate education such as vocational training or lifelong skills learning directed towards youth who have dropped out after some primary or secondary schooling.⁷⁷ In addition, Mozambique has a National AIDS Strategic Plan, a National Education Strategic Plan and Operational Plan for AIDS, which all includes sections dedicated to youth.⁷⁸

EDUCATION

In 2015, the mean number of years of schooling in Mozambique was just 3.5 years, placing the country in the lowest category of countries on UNDP's Human Development Indicator list.⁷⁹ Illiteracy numbers are high with the total rate at an estimated 41%. However, there are major generational differences with the illiteracy rate among the youth being 23%, while it is 51% for adults. Furthermore, there is a huge gender gap, with the rate of illiterate women being a lot higher than for men (see Table 15). Undoubtedly, the 15 year long civil war, which ended in 1992, and later political conflict between the FRELIMO and RENAMO parties, caused a deterrent on enrolling into education. The civil war did destroy vital infrastructure including schools.⁸⁰ Older generations of Mozambicans also lack education because the Portuguese rule actively prevented meaningful education for the majority of Mozambicans



in order to inhibit empowerment of the local population.⁸¹

Table 15: Illiteracy Rates in Mozambique, 2015

	Youth	Adult	Total
Men	16 %	33%	27 %
Women	30 %	67 %	54 %
Men and Women	23 %	51 %	41 %

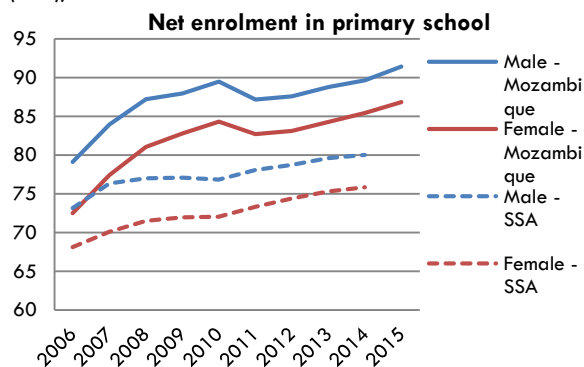
Source: [ILO, Key Indicators of the Labour Market \(KILM\) 9th Edition](#)

Looking at the gross enrolment rates in the Mozambican educational system (Figure 15), it is apparent that women have lower rates in all three levels of education. Enrolment rates into primary education is higher than sub-Saharan Africa, as primary schools have are free and compulsory, though families are required to pay for supplies and uniforms.⁸² However, while the enrolment rate is high for primary education, the human capital for Mozambique remains very low as the completion rate is extremely low with boys aged 18 having obtained just 6.3 years of education in 2011 (primary school consists of seven years⁸³), and especially in rural areas where only 34% of boys and 23% of girls had completed all seven years of primary education⁸⁴

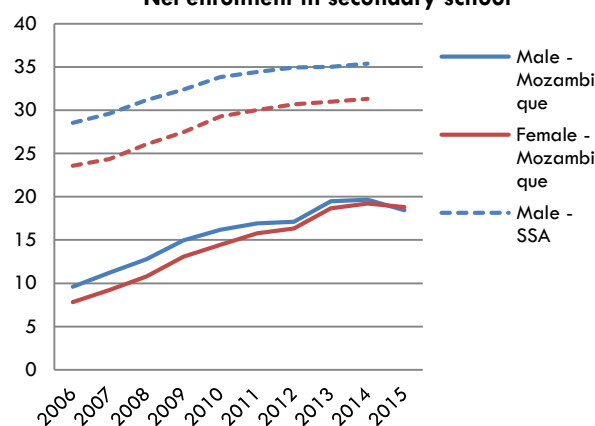
Enrolment into both secondary and tertiary education is much lower in Mozambique than other sub-Saharan African countries, even though there is an upward trend for both males and females. As in primary education, the completion rate in Mozambican secondary education is extremely low with as many as 92% of the students not completing the entire education in 2008, limiting their skills at the labour market skills. Dropouts were mainly due to financial constraints.⁸⁵

Figure 15: Enrolment in Primary, Secondary and Tertiary school, 2006-2015

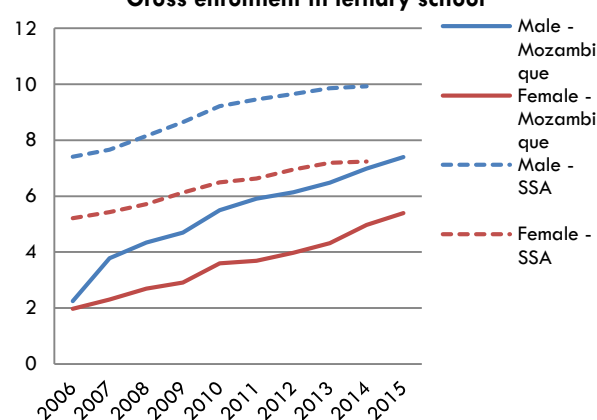
Male and female, Mozambique and sub-Saharan Africa (SSA), %



Net enrolment in secondary school



Gross enrolment in tertiary school



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: [World Bank, DataBank, Education Indicators](#)

According to the African Development Bank⁸⁶, the low skills level of the labour force remains a significant issue both for employers who are unable to engage qualified labourers as well as for promoting a culture of entrepreneurship. The low education level has led some foreign companies to import labour, and the government has therefore set a quota on number of foreign workers per enterprise. The low levels of education also mean that there is a reasonably high return to education in Mozambique. Estimates show that there is a 12% average increase in monthly earnings per year of schooling in 2009.⁸⁷ These numbers should, however, be read with care as data the predominantly came from wage labour jobs, which masks sectoral differences, and it has previously been indicated that the return is significantly lower in sectors such as mining and agriculture. Furthermore, the trend indicates that the returns are getting smaller, which could be explained by the bigger supply of educated labour.⁸⁸



Vocational Training

As seen in Table 16, a little more than 52,000 pupils were enrolled in vocational training in 2015. The ratio of pupils in vocational training to all pupils in secondary education is lower than the average in the sub-Saharan Africa. The rate of women enrolled in formal secondary vocational training in 2015 was estimated at 34%, which is slightly higher compared to 2010.

Table 16: Vocational Training Status in Mozambique

Mozambique	2010	2015
Pupils in Vocational Training	35,162	52,416
Enrolment in Secondary Vocational, Females (%)	33 %	34 %
Ratio of Teachers in Secondary Vocational Education to Pupils in Vocational Training	N/a	N/a
Comparative Estimations	Country/ Region	%
Ratio of Pupils in Vocational Education to All Pupils in Secondary Education	Mozambique	4.9 %
	Sub-Saharan Africa	6.3 %
Ratio of Pupils in Vocational Training out of 15-24 year olds	Mozambique	0.9 %
	Sub-Saharan Africa	1.9 %

Source: [World Bank, DataBank, Education Indicators](#), except numbers of 15-24 year olds: [Mozambique – CIA World Factbook](#), [Sub-Saharan Africa UN Data](#)

There are around 36 technical secondary schools for elementary level, 28 for basic level and 19 for medium level. Some more private training providers have recently entered the market and offer specialized training programs for their private sector clients, but these programs still only accommodate a minority of students in the TVET system. It is estimated that 22% of formal firms in Mozambique are offering formal training.⁸⁹

A new law on professional education was approved in July 2014. Based on an analysis by the Government, a National Authority for Professional Education (PIREP) has been in focus, which includes a comprehensive steering committee composed of the Ministries of Education and Labour, trade unions, and private sector representatives. This institution is directed to be responsible for coordinating the decentralization and rollout to the provinces of professional education centres. It will also be supported by a new Professional Education Fund, financed through a 1% levy on private sector wages. The provincial centres will be steered by

local representatives, and work in coordination with the employment centres.⁹⁰

According to the World Bank, there are problems in terms of both capacity and quality when it comes to vocational training in Mozambique. Shortage of places in secondary and technical schools prevent graduates from starting vocational training even though it has been estimated that there is a higher return from vocational training compared to similar academic schooling. Another major concern is a lack of relevance for employers, which in part has been caused by a lack of involvement from employer and industry representatives. The quality of teaching has also been questioned, as the vocational education institutions lack qualified teachers, have a shortage of teaching aids, outdated curricula and dilapidated workshop facilities for practical training. The low quality has resulted in high repetition rates as well as many dropouts. Governance and institutional arrangements has been characterized as fragmented.⁹¹

There has been under-served vocational training for ordinary union membership. OTM-CS runs a Vocational Training Institute in Maputo that is open to the public, but appears not to meet the demand. The Committee for Trade Union Education and Training (CONEFS), mainly funded by the Danish LO, does address training needs for shop stewards, but with constraints and limitations.⁹² The other trade union confederation, CONSILMO, has prioritized organization of the vocational training for their members who are mainly in the construction, hotel, and catering industries.

SOCIAL PROTECTION

Mozambique has made positive institutional strides in terms of extending basic social security during the last 10 years. In 2007, the Social Protection Law was passed which established universalisation as a goal and protected key rights while also creating different funding mechanisms. This was expanded in 2010 with the Regulation for Basic Social Security and the National Strategy for Basic Social Security (ENSSB), which coordinated the efforts to extend the coverage and improve the efficiency in delivery of basic social security benefits. The Social protections system in Mozambique is organised in three levels. These consist of the non-contributory basic, compulsory and complementary social security schemes. The basic social protection is non-contributory transfers and services for the poorest households and the most vulnerable, while the compulsory is social security for formal sector



workers and public servants. The complementary social security is a voluntary addition to the compulsory.⁹³

While the regulatory framework is progressing towards a national Social Protection Floor (SPF), the coverage of social programmes remains low. In 2015, the number of beneficiaries of basic social security was 377.594,⁹⁴ which shows the still limited range, as an estimated 69% of the population was below the poverty line in 2008 (using the World Bank \$1.9 2011 PPP poverty line).⁹⁵ Also, even though all workers are entitled to social security in the Labour Law, the social insurance coverage is very low since social insurance coverage has been restricted to salaried workers, which constitutes only a small part of the working population, with most people being either employed or self-employed in the informal sector. Furthermore, just 2.2% of the active population in 2009 contributed to social security⁹⁶, and just 17% of the eligible people received an old age pension (Table 17). It has therefore been assessed by ILO, the International Monetary Fund (IMF) and the Oxford Policy Management that due to the structure of the labour market, a more viable solution for establishing a SPF in Mozambique is to expand non-contributory social protection and not to rely on contributory subsystems only.⁹⁷ Table 17 shows that Mozambique spent around 5.3% of its GDP on social protection in 2010, and of this around 2.8% of GDP is on healthcare. It is registered that merely 4% of the population is covered by that expenditure leaving a huge proportion of the population at risk.

Table 17: Social Protection Facts, Mozambique

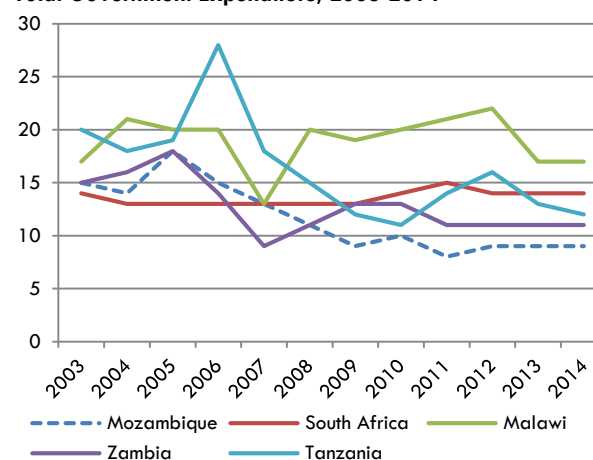
Indicator	Measure	Mozambique
Public social protection expenditure (all functions) as a percentage of GDP	% of GDP	5.3 % (2010)
Public Health expenditure as percentage of GDP	% of GDP	2.8 % (2011)
Social health protection coverage as a proportion of total population	% of Population	4.0 % (2011)
Percentage of Population above Pensionable age receiving an old age pension	Proportion of total	17 % (2011)
Percentage contributing to a pension scheme of the economically active population	Age +15	4.2 % (2008)

Source: [ILO, Social Protection, Statistics and Indicators](#)

As seen in Figure 16 and Figure 17, Mozambique spends less money on health care, relatively, compared to its neighbouring countries, but it still has a low percentage of out-of-pocket expenditures compared to

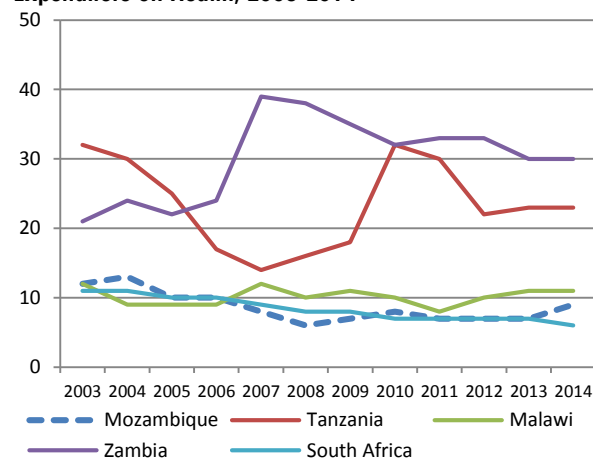
the others. Having a low out-of-pocket expenditure is usually considered positive, as high numbers are associated with catastrophic and impoverishing spending.⁹⁸ The low spending on health care, in terms of both government and out-of-pocket expenditure, could, to some degree, be explained by a simple lack of accessibility to health care services. The Mozambique Poverty Reduction Strategic Program (PARPAII) estimates that 30% of the population has no access to health care and just 50% has access to acceptable levels of health care.⁹⁹ Inability to reach public health care institutions could explain the relatively low health care expenditures.

Figure 16: Government Expenditures on Health as % of Total Government Expenditure, 2003-2014



Source: [WHO, Global Health Observatory Data Repository](#)

Figure 17: Out-of-pocket Expenditures as a % of Total Expenditure on Health, 2003-2014



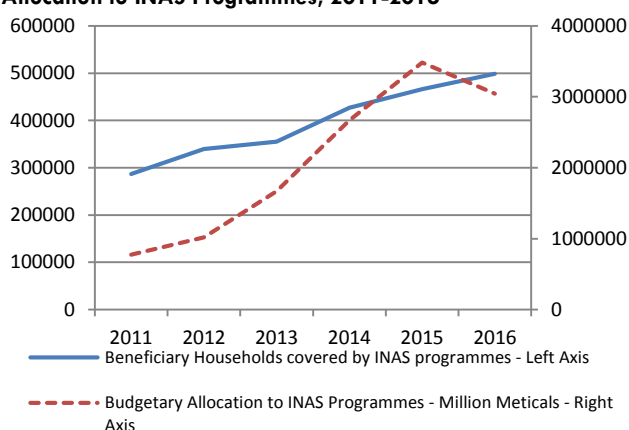
Source: [WHO, Global Health Observatory Data Repository](#)

The National Social Action Institute (INAS) is responsible for the four basic social protection programs; PSSB, PASD, PASP & SSAS. Looking at Figure 18, there has been a positive trend in terms of households covered by programmes from INAS since 2011. The budgetary



allocation, however, has gone down a little from 2015 to 2016 after an upwards trend since 2011. This constitutes a hollowing of the social benefits which is further amplified by the decision not to adjust the value of the Basic Social Subsidy Programme (PSSB) to the high inflation rate (inflation will be expanded upon in chapter about general economic performance) and fluctuations in prices for basic foodstuffs. This means that there has been a significant loss of purchasing power for the beneficiaries of these programmes.¹⁰⁰

Figure 18: Beneficiary Households of and Budgetary Allocation to INAS Programmes, 2011-2016



Source: [ILO, Budget Brief – Social Action 2016 - Mozambique](#)

The trade unions argued in 2014 that the Social Protection System should be extended to the unemployed and created the Unemployment Insurance Fund.¹⁰¹ Few social protection mechanisms exist for the informal and self-employed workers, which are small family or community run schemes. However, the social security law of 2007 aims to extend the compulsory social insurance system to self-employed workers. There is an addendum to the law of social security, which entitles these workers to be part of the system. This is not yet well organized, though, and therefore many of the people from the informal sector remain non-registered.¹⁰² In addition, especially seasonal workers, by the nature of their contracts, cannot constitute sufficient contribution periods to allow them to obtain the benefits of social security.¹⁰³

In 2016, the Mozambican government approved ENSSB II which is an extension and expansion of the former ENSSB in line with the Government's five year programme for 2014-19, the National Development strategy 2015-2035, Agenda 2063 of the African Union and the Sustainable Development Goals for 2016-2024.¹⁰⁴ This strategy contains a more ambitious strategy for non-contributory social protection in Mozambique including: gradual introduction of an old

age grant, a disability grant and a three-pronged child grant and the adoption of a targeting approach aiming to excluding those who are not poor nor at risk of poverty. Furthermore, it includes a programme for multipurpose social welfare services at community level, a gradual increase in the value of social transfers and a strengthening of INAS including a decentralisation. The ENSSB aims to reach 3.4 million direct beneficiaries in 2024 in an attempt to reduce the poverty rate by 7%, poverty gap by 16% and Gini coefficient by 5%.¹⁰⁵

GENERAL ECONOMIC PERFORMANCE

Mozambique is a low income country. The country transition from a post-conflict country to one of Africa's "frontier economies" has demonstrated an impressive economic growth at around 6.7% on average in the last decade. The country is still dependent of foreign assistance but it was continuing to decline, reaching an estimated 25% of the planned national budget in 2016.¹⁰⁶ In addition, most of the growth is taking place in foreign owned, capital intensive, export oriented "mega-projects" which have created few jobs and limited technology transfer to the rest of the economy.

Mozambique was going economic and financial crisis in 2016 worsened by the discovery of hidden state debt, prompting the International Monetary Fund (IMF) and international donors to suspend aid to the country in the past year. See more on Table 18.

Table 18: Key Facts on General Economic Performance in Mozambique, 2016

GDP (US\$ Current)	US\$11 Billion
GDP Real Growth	3.4 %
GDP per capita	US\$382
Government Budget Balance, % of GDP	- 8.8 %
Tax revenue (% of GDP)	20 %
Doing Business * (2017)	✦ 3 change in rank 137 of 190
Human Development Index **	No change in rank 181 of 188
Gini Index *** (2008)	45.6 37 of 150 countries

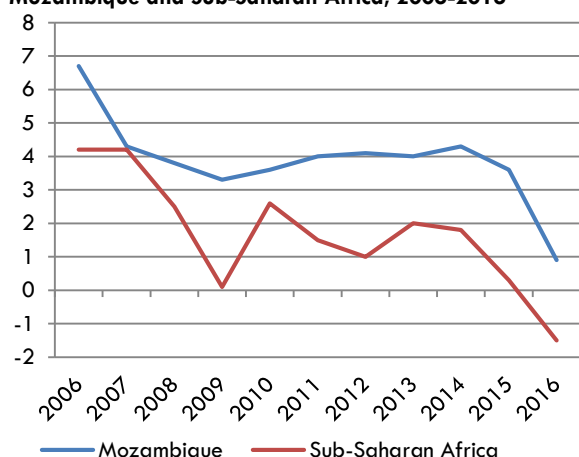
* A high ranking on the Ease of Doing Business Index means the regulatory environment is more conducive to the start-up and operation of a local firm.¹⁰⁷ Doing Business ranking change is in the period 2016-2017. ** The Human Development Index (HDI) measures the average of a long and healthy life, access to knowledge, and a decent standard of living. HDI ranking change is in the period 2010-2015. *** A Gini coefficient of 1 (or 100%) expresses maximal inequality among values. This Gini Index ranks the first country with the highest inequality while the number 145 has the highest equality.

Sources: [World Bank, World Development Indicators](#), [CIA World Factbook](#), and [UNDP, Human Development Indicators](#); and [World Bank & IFC, Ease of Doing Business 2017 in Mozambique](#)



In terms of GDP per capita growth, Mozambique has been above the sub-Saharan Africa average during the last 10 years even with a severe drop in 2016 as observed on Figure 19.

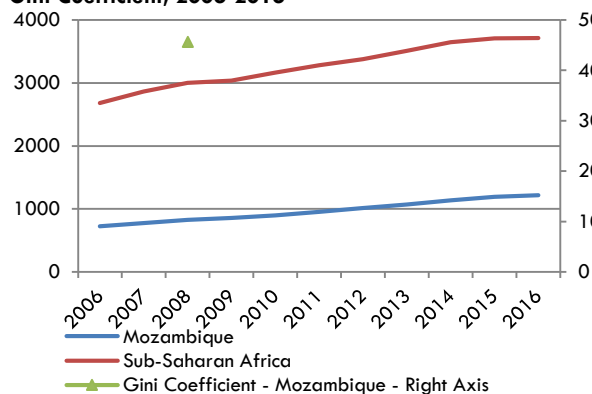
Figure 19: Annual GDP Growth per Capita in % in Mozambique and Sub-Saharan Africa, 2006-2016



Source: [World Bank, World Development Indicators](#)

This, however, should not mask that Mozambique remains a poor country compared to the sub-Saharan Africa average. Even with the high growth rates Mozambique has sustained since the end of the civil war in 1992, the GDP per capita (PPP) is still lower than the average for the region at around US\$1,200 compared to \$3,710 (Figure 20), and this is projected to stay so for the coming years.¹⁰⁸

Figure 20: GDP per Capita PPP (Current International \$) and Gini Coefficient, 2006-2016

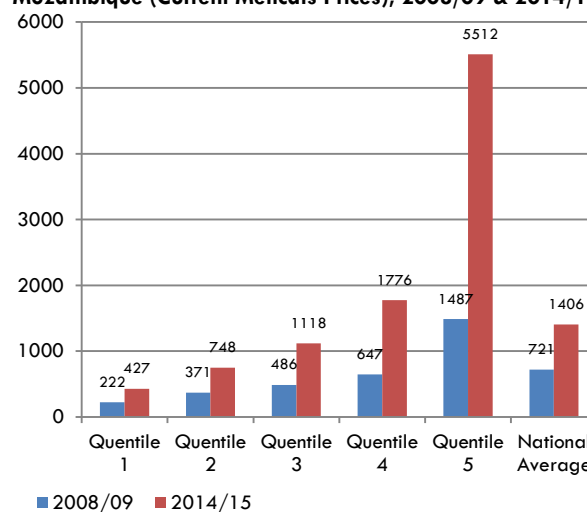


Source: [World Bank, World Development Indicators](#)

The Gini Coefficient shows that there are high degrees of inequality in Mozambique, and the country ranks as the 37th most unequal country in the world. While the latest World Bank Gini coefficient is from 2008, and therefore slightly outdated, the latest family budget survey (IOF) from Mozambique indicates that the impressive economic growth rates has not benefited the

poorest as much as the richer. Figure 21 shows that while the consumptions in 2014/15 is higher in all quintiles compared to 2008/09, the higher the quintile the higher the growth, and by far the largest increase has been in the fifth quintile where the consumption has gone from 1,487 Meticaais per month (US\$38) to 5,512 (US\$141), i.e. around 3.7 times higher while the first quintile is approximately 1.9 times higher. The Monthly consumption in the fifth quintile is therefore around 13 times larger compared to the first quintile in 2014/15, while only 6.7 times larger in 2008/09. The fifth quintile consumes around 3.9 times the amount of the national average. It is important to note that this does not mean that the Mozambican population has gotten much richer as inflation (see Figure 22) has hollowed out the gains in consumption. There is a big challenge to diversify the sources of economic growth in order to make it more inclusive. This means an increase in productivity in the agricultural sector as well as a shift in employment from agriculture to higher productivity and better organised industrial and service sectors.

Figure 21: Monthly per Capita Consumption by Quintiles in Mozambique (Current Meticaais Prices), 2008/09 & 2014/15



Source: [Instituto Nacional de Estatística \(INE\), IOF 2014/15](#)

Looking at table 15, it is evident that Mozambique has a high rate of working poor. It is estimated that 53% of workers in employment are living for less than US\$1.9 a day compared to the 40% average for the sub-Saharan Africa.¹⁰⁹ Although there has been a reduction of the extremely poor between 2011 and 2016, it remains high and almost nine out of ten (85%) are still living with less than US\$3.1 per day. Consistent with its many working poor, Mozambique had a small middle-class, with only 9.6% living for US\$3.1-5 a day and 3.6% for US\$5-13 a day. Notwithstanding, there has



been a slight increase of people in the middle class between 2011 and 2016.

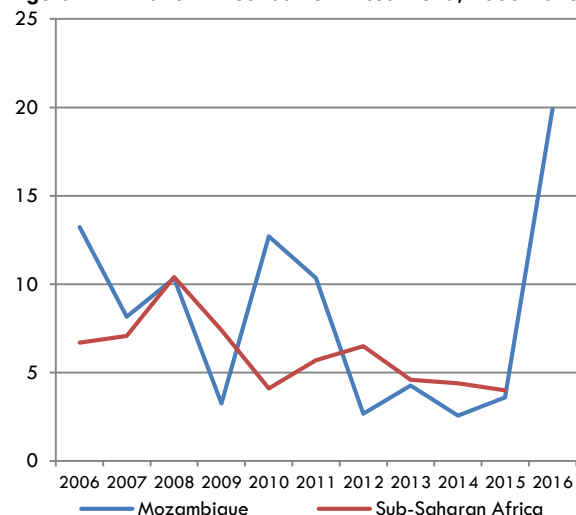
Table 19: Working Poor and Middle-Class Trends in Mozambique 2011-2016

Estimated Poverty Line	2011	2016	Growth Percentage Points
Extremely Poor (<US\$1.9 a day)	65 %	53 %	-11 %
Moderately Poor (≥US\$1.9 & <US\$ 3.1 a day)	25 %	32 %	7.2 %
Near Poor (≥US\$ 3.1 a day & <US\$5 a day)	6.6 %	9.6 %	3.0 %
Developing Middle Class (≥US\$ 5 a day & <US\$ 13 a day)	3.0 %	3.6 %	0.6 %
Developed Middle Class and Above (≥US\$ 13 a day)	1.0 %	1.6 %	0.6 %

Source: [ILO, Key Indicators of the Labour Market](#)

After having stayed relatively low for since 2012, the inflation rate skyrocketed to 20% in 2016 (Figure 23). This was mainly due to a rapid depreciation of the Mozambican Metical, which caused the currency to lose around 42% of its value in 2016. Among others, basic needs for the population such as electricity and water had rapid increases in price ¹¹⁰

Figure 22: Inflation in Consumer Prices Trend, 2006-2016



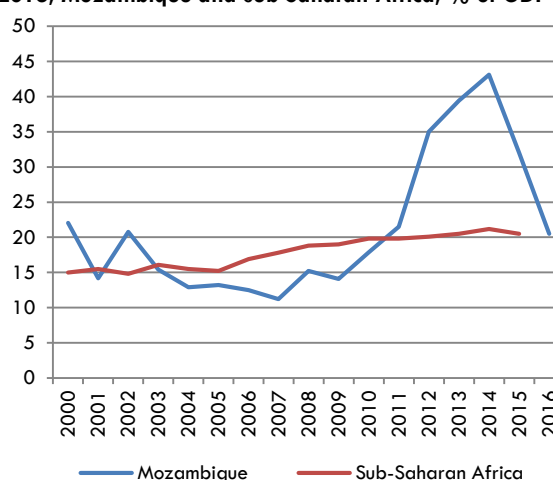
Source: [World Bank, World Development Indicators](#)

Mozambique's foreign debt had been going down for several years largely due to forgiveness and rescheduling under the Heavily Indebted Poor Countries (HIPC) and Enhanced HIPC initiatives by the IMF. However, In 2016, the Mozambican government admitted to have hidden more than US\$2 billion debt from IMF and other investors, which immediately made the IMF, World Bank and several donor countries

suspend all aid. Public debts are estimated to be 100 % of Mozambique's GDP in 2016, and along with the donor withdrawal, the high inflation rate and currency depreciation, this has been a cause for weaker growth in 2016 lower growth rates the coming years.¹¹¹

The capital formation rate has experienced a fast increasing trend since 2007, but this reversed in 2016. Since capital formation signals how much of the new value added in the economy is invested rather than consumed, it points towards that investments were promoted to upsurge the current small domestic market and create new jobs in the formal sector. The deep drop in 2016 was related to the recent depreciation of the metical. However, according to IMF, there is no evidence of capital flight, though. The capital formation continues to be driven by mega-projects' transactions as well as changes in the trade credit positions.¹¹²

Figure 23: Gross Fixed Capital Formation Trend, 2000-2016, Mozambique and sub-Saharan Africa, % of GDP



Source: [World Bank, World Development Indicators](#)

The doing business environment in Mozambique is still not easy. The country stands at 137 in the ranking of 189 economies on the Doing Business 2017 ranking (Table 20). It is noteworthy to mention that it is a higher ranking than Sub-Saharan Africa's regional average ranking that was set at 143. Mozambique has relatively high rankings on dealing with Construction Permits (30 out of 189 countries) and resolving insolvency (65). On the other hand it is cumbersome to enforcing contracts (185), getting electricity (168), and getting credit (157).



Table 20: Mozambique's Ease of Doing Business Rankings, 2016/17

Topics	2017	2016	Change
Starting a Business	134	121	↓ 13
Dealing with Construction Permits	30	29	↓ 6
Getting Electricity	168	166	↓ 2
Registering Property	107	104	↓ 3
Getting Credit	157	152	↓ 5
Protecting Minority Investors	132	129	↓ 3
Paying Taxes	112	111	↓ 1
Trading Across Borders	106	105	↓ 1
Enforcing Contracts	185	185	No change
Resolving Insolvency	65	65	No change

Note: Doing Business 2016 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors or that affects the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business. This Index has been controversial due to flawed data, especially in terms of labour market flexibility and undervalued paying taxes. However, the table can still be used as indicative measurements with reservations.¹¹³

Source: [World Bank, Doing Business Rankings](#)

The governance milieu in Mozambique fares better than many other African countries, but it deteriorated in recent years (Table 21). This has especially been related to both political stability and rule of law which has been affected negatively by armed conflict between ruling party Frelimo and opposing party RENAMO. It has been reported that summary executions and sexual violence have happened on both sites, and at least 10 high profile figures have been attacked or killed in politically motivated attacks with insufficient investigation from the authorities.¹¹⁴

Table 21: Mozambique's Governance Indicators, 2011-2016

Year	Voice & Accountability	Political Stability	Government Effectiveness
2011	-0.20/41%	0.33/58%	-0.64/30%
2016	-0.39/34%	-1.05/12%	-0.85/19%
Year	Regulatory Quality	Rule of Law	Control of Corruption
2011	-0.43/36%	-0.57/33%	-0.49/39%
2016	-0.70/25%	-1.02/16%	-0.87/18%

Note: The Governance Indicator score from -2.5 to 2.5 while the percentage ranks from 0 (lowest) to 100 (highest).

Source: [World Bank, Worldwide Governance Indicators](#)

TRADE

With exports reaching almost 35% and an expanding import at 77% of GDP, trade plays an important role in Mozambique's economy. Exports declined in 2016, mostly due to reduced commodity prices.¹¹⁵ Also the Foreign Direct Investments (FDI) rate exploded between 2010 and 2013 with fair decline since. Investments are mainly made in the energy and natural resources sector, reaching US\$3.868 billion in 2015.

Table 22: Trade and Foreign Direct Investment (FDI) in Mozambique, 2016

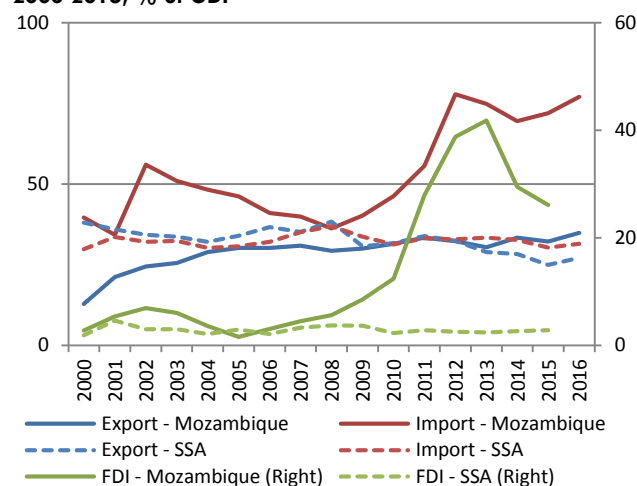
Exports	US\$ 3.8 Billion 35 % of GDP
Imports	US\$ 8.5 Billion 77 % of GDP
FDI Net Inflows (BoP, Current US\$), 2015	US\$ 3.9 Billion 26 % of GDP
FDI Stock (2016)	N/a

Note: Imports and Exports are in current US\$

Source: World Bank, [World Development Indicators](#)

Without a doubt, the large investment projects in natural resource extraction have created a high GDP growth rate before the 2016 debt crisis. These mega-projects explain, to a large degree, the massive import of goods and services, capital accumulation as well as the FDI increase, which is far beyond the Sub-Saharan Africa average in % of GDP. Even though Mozambique has been hit hard by the debt scandal and low commodity prices, growth in GDP and export earnings are expected to occur in 2017 as a result of increased coal exports and investments in natural gas deposits off the coast. If the natural gas investment is realised, it has the potential to be the largest infrastructure project in all of Africa.¹¹⁶

Figure 24: Trade and Foreign Direct Investment Trends, 2000-2016, % of GDP



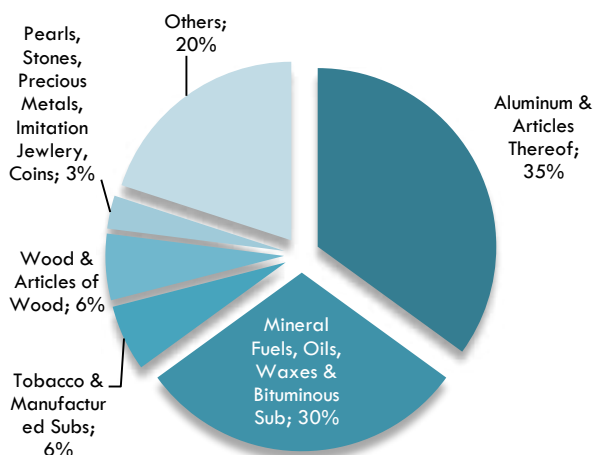


Source: [World Bank, World Development Indicators](#)

Exports are dominated by aluminium coming from the Mozal smelter plant. Large tax exemptions of the smelter were given to the investors to attract foreign investment, i.e. every US\$1 being paid to the government from the plant, an estimated US\$21 leaves the country.¹¹⁷ Coal extraction in the Tete province is expected to grow substantially in the coming years, as it is the largest untapped coal reserves in the world. However, there is no guarantee that the increased income will benefit the wider public, as corruption is already common in Mozambique, many other African countries have experienced similar resource bonanzas with wealth benefitting the few, and the extractive industries are capital intensive industries which create few jobs compared to their investment.¹¹⁸

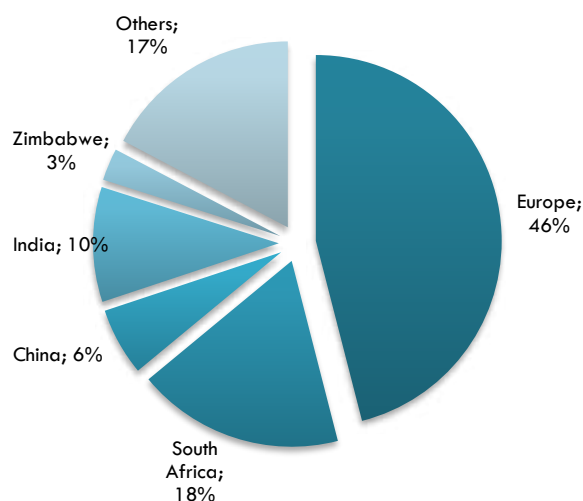
It has been reported that Mozambique continues to follow a pattern of factor-driven economies with FDI concentrated on the extractive industries, while infrastructure, innovation and higher education and training are underdeveloped. Nevertheless, there has been an approval of the regulatory framework based on a credit bureau that aims to a more formalised economy as well as greater access to financing, easing the fiscal burden on small- and medium enterprises (SME). It has been identified that the biggest constraint remains the lack of qualified human resources and general human development.¹¹⁹

Figure 25: Mozambique's Main Exports, 2015



Source: [Harvard University, Centre for International Development, The Atlas of Economic Complexity](#)

Figure 26: Mozambique's Main Export Markets, 2015



Source: [Harvard University, Centre for International Development, The Atlas of Economic Complexity](#)

Trade Agreements

Mozambique is a member of the Africa Free Trade Zone that was launched in 2008. This is directed to ease access to markets within the region and attempts to strengthen the three main regional economic communities' - the East African Community (EAC), the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) - bargaining power when negotiating international deals.

Mozambique is in the 2000 Cotonou Agreement on development cooperation between EU and African, Caribbean and Pacific (ACP) countries, which reaffirms commitment to ILO's Fundamental Conventions and includes provisions on cooperation on various labour and social issues.¹²⁰

Since 2000, Mozambique has benefitted from the United States' African Growth and Opportunity Act (AGOA), which is a Generalised System of Preferences. It allows duty and quota free access for some products. Mozambique can be removed from AGOA, if the United States deems that Mozambique among other human rights issues do not seek to uphold the ILO Core Labour Standards and have acceptable minimum wages, hours of work and occupational safety and health.¹²¹



Industrial Free Trade Zones (IFZs) / Special Economic Zones (SEZ)

Mozambique operates with Industrial Free Trade Zones (IFZs) has been in place since 1993. Incentives are offered to all industrial activities with a few exceptions. IFZs are closed physical areas which must have security systems in place. There are four IFZs; all private.

In 2007, Mozambique introduced a new type of zones, the Special Economic Zone (SEZ) approved by the Government Decree no. 75/2007. The latter zones are a geographic area of economic activity, rather than a physically-closed space. SEZ fiscal and other incentives are available to all types of legal economic activity. To date, four SEZs are established, two are public and two are private. Especially is the *Zona Económica Especial de Nacala* the largest (and public) zone with 159 approved projects in the areas of commerce, hotels and tourism, industry, construction, agriculture and health.

Sources have argued that the tariff structure is not conducive to diversification of economic activity through manufacturing. It also contributes to investors' arguments

in favour of duty and tax concessions, including under IFZ/SEZ systems.¹²²

No data is available of the number of workers operating in the IFZ/SEZs. These zones were confronting insufficient policies and regulations that otherwise could strengthen the industries globally competitiveness. By the same token, reforms of IFZ/SEZ facilities and tax administration have been identified as a key issue in trade policy reform in Mozambique.

ITUC found serious violations of trade union rights in the SEZ in Mocal.¹²³ Also OTM-CS has complained about discrimination against trade unionists in the SEZ. For example, dismissals of activists and members or violations of collective agreements – where they exist – occur. Furthermore, the right to strike is very difficult to exercise in practice, as the zones are covered by the law on essential services.¹²⁴ However, the new act on public servants from 2014 emphasizes that arbitration is compulsory in essential services, the list of which is very broad and includes activities in the SEZ in Mozal.



ANNEX: ADDITIONAL DATA

Table 23: Status of Trade Union in Mozambique
Members and Collective Bargaining Agreements (CBA)

	Affiliation To national trade union centre	Total Members (2013)	Women Members	Workers covered by CBAs
SINPOCAF Port and Railways Workers Union	OTM-CS	6,232	482	4,938
SINTIQUIAF Chemical, Graphic and Rubber Workers Union	OTM-CS	13,417	3,387	13,417
SINTIME Metallurgic and Energy Workers Union	OTM-CS	17,124	1,778	17,124
SINTIA Sugar Workers Union	OTM-CS	30,325	4,203	30,385
SINECOSSE Commerce and Service Workers Union	OTM-CS	23,408	8,471	23,408
SINTIMAP Marine and Fishing Workers Union	OTM-CS	13,480	466	13,480
SNEB Bank Workers Union	OTM-CS	10,361	4,691	8,452
SINTAC Aviation and Communication Workers Union	OTM-CS	7,452	2,053	5,475
SINTIC Cashew Nut Workers Union	OTM-CS	8,155	4,605	6,500
SINTIAB Food and Drinks Workers Union	OTM-CS	15,000	4,532	12,561
SINPEOC Dock Workers Union	OTM-CS	6,159	125	7,059
SINTAF Agriculture and Forester Workers Union	OTM-CS	66,703	8,491	60,012
SINTISPRIMO Security and Private Guard	OTM-CS	15,876	529	
SINTELMO	OTM-CS	3,200	900	2,678
SINAFP Public Sector Workers Union	OTM-CS	24,750		
SINED Education Sector Workers Union	OTM-CS (Affiliated, not legally recognised)	8,200	8,000	2,246
AEIMO Association of Informal Economy Operators and Workers	OTM-CS (Associated organisation)	4,200	-	-
SINTRAT National Union of Road Transport Workers	CONSILMO	10,000 (2003) *	-	-
SINTIHOTSI National Union of Workers in the Hotel Industry, Tourism and Related Industries	CONSILMO	18,410 (2003) *	-	-
SINTESP National Union of Worker of Private Security Companies and Guards	CONSILMO	- *	-	-
SINTICIM National Union of Workers of Civil Construction, Woodworkers and Miners	CONSILMO	35,656 *	-	-
SNJ National Union of Journalists	Non-affiliated	-	-	-
SNP National Union of Teachers	Non-affiliated	-	-	-
ASSOTSI Associacao dos Operadores e Trabalhadores do Sector Informal		110,542	-	-

* These numbers diverge from the presented aggregated number of CONSILMO data on Table 1. This was related to a lack of access to an updated segregated dataset of the organization's trade unions membership.

Source: OTM-CS; [ITUC, Trade Union Development Projects Directory, Mozambique](#); and [ICTUR, Trade Unions of the World, 2016](#)



Table 24: List of Collective Bargaining Agreements in Mozambique

Companies with CBAs	Year
Van Leer Greif Moçambique Ida	-
EMOSE – Empresa Moçambicana de Seguros, SA	2012
Coca-Cola Sabco (Moç.) S.A.R.L.	2013
Visa Segutança Lda	2013
Real. Sociedade de Gestão Hoteleira Lda (Hotel Monte Carlo)	2013
Standard Bank, S.A.	2010
SOS Segurança	2013
Kempe Engineering Limitada	2010
Companhia de Desenvolvimento do Porto de Maputo (MPDC)	2015
Moçambique Cellular (mcel), Sarl	2009
Matanusca Mozambique Ida	2016

Source: [WageIndicator, Acordos Colectivos em Moçambique](#)

Table 25: List of approved labour related legislations in Mozambique, 2014-2017 (September)

Type of legislation	Legislation
2014	
General provisions	Decreto núm. 50/2014, de 22 de septiembre, que aprueba el Reglamento de Trabajo Marítimo
	Decreto núm. 48/2014, de 21 de agosto, que deroga el Reglamento de Trabajo Deportivo, aprobado por el Decreto núm. 24/2011, de 9 de junio, y aprueba un nuevo reglamento
Freedom of association, collective bargaining and industrial relations	Ley núm.18/2014 relativa a la sindicalización en el ámbito de la función pública
Equality of opportunity and treatment	Ley núm. 19/2014 de protección de las personas, los trabajadores y los solicitantes de empleo que viven con VIH y SIDA
Labour administration	Decreto núm. 11/2014: Aprueba el Estatuto Orgánico de la Inspección General del Trabajo
Occupational safety and health	Decreto núm. 11/2014: Aprueba el Estatuto Orgánico de la Inspección General del Trabajo
Social security (general standards)	Decreto núm. 46/2014, relativo a la arobación del Reglamento sobre la aplicación de la Seguridad Social Básica por instituciones religiosas y no gubernamentales
Seafarers	Decreto núm. 50/2014, de 22 de septiembre, que aprueba el Reglamento de Trabajo Marítimo
Specific categories of workers	Decreto núm. 48/2014, de 21 de agosto, que deroga el Reglamento de Trabajo Deportivo, aprobado por el Decreto núm. 24/2011, de 9 de junio, y aprueba un nuevo reglamento
2015	
Labour administration	Decreto núm. 19/2015, de 28 de agosto, que deroga el Decreto núm. 11/2014, de 26 de marzo, que aprueba el Estatuto Orgánico de la Inspección General del Trabajo (IGT), y establece nuevas disposiciones
2016	
N/a	N/a
2017	
Social Security	Decreto nº. 52/2011, de 12 de Outubro, que cria os Programas de Segurança Social Básica a serem implementados pelo Ministério da Mulher e da Acção Social, através do Instituto Nacional da Acção Social

Source: [ILO, NATLEX, Mozambique](#)



Table 26: Ratified ILO Conventions

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1996
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1996
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	2003
	C105 - Abolition of Forced Labour Convention, 1957	1977
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	2003
	C182 - Worst Forms of Child Labour Convention, 1999	2003
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1977
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1977
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	1977
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1996
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1996
Up-to-date Conventions		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1977
<p><i>Note Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.</i></p> <p><i>Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.</i></p> <p><i>In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.</i></p> <p><i>Mozambique has ratified 18 ILO Conventions, including the 8 Core Conventions and three of the four Priority Conventions.</i></p> <p>Source: ILO, NORMLEX, Country Profiles</p>		



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