ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14565247

The Private Sector in Mozambique: Context, Challenges, Opportunities and Global Comparisons

Author: Stélio Bila
PhD, Candidate in Business Management
Saint Thomas University of Mozambique (USTM)
Graduate School
Doctorate Program in Business Management

Abstract:- The private sector in Mozambique is key to economic and social development but faces challenges such as informality, limited credit access, and poor infrastructure. These issues hinder sustainable growth. This study analyzes barriers and explores opportunities for reforms and innovations. Using a qualitative approach and literature review, the study highlights potential in renewable energy, digitalization, and sustainable tourism. Lessons from emerging economies emphasize regulatory simplification and innovative financing to boost competitiveness. Collaboration among public, private, and third sectors is vital to unlocking potential. Recommendations include simplifying regulations, improving infrastructure, promoting microfinance, and strengthening public-private partnerships to drive inclusive growth.

Keywords:- *Private Sector; Economic Development; Mozambique; Structural Reforms; Public-Private Partnerships (PPPs).*

I. INTRODUCTION

Mozambique, a country transitioning to a market economy since its independence in 1975, is at a critical juncture of transformation. The private sector is increasingly emerging as an essential actor, providing alternatives to the traditional dominance of the public sector and acting as a catalyst for innovative solutions to the nation's socio-economic challenges. This transformation unfolds within a complex and dynamic legal, political, social, and economic context, necessitating in-depth analysis to understand the prevailing challenges and opportunities [1].

In recent years, the Mozambican government has implemented significant reforms to stimulate economic growth and enhance private sector participation. For instance, the Economic Acceleration Package (PAE), launched in 2022, aims to reduce barriers to entrepreneurship, foster competitiveness, and consolidate the services sector as a pillar of the national economy. The package includes measures to improve the business environment and encourage strategic investments [2].

Additionally, in March 2023, the World Bank approved USD 300 million in funding for the Access to Finance and Economic Opportunities Project. This initiative aims to facilitate access to credit, particularly for micro, small, and medium-sized enterprises (MSMEs), through the establishment of a Credit Guarantee Fund designed to enhance liquidity within the financial system and promote business growth [3].

Despite these promising developments, substantial challenges persist. The private sector continues to grapple with inadequate infrastructure, limited financing options, and regulatory complexities. For instance, only 40% of Mozambique's population has access to electricity, a significant barrier to business productivity, particularly in rural areas [4]. Meanwhile, the Mozambican Renewable Energy Association (AMER) has identified substantial growth potential in sustainable energy, emphasizing the importance of investments to align the nation with global energy transition goals [5].

The interaction between the private, public, and third sectors is intricate yet promising. Public-private partnerships (PPPs) are pivotal in mobilizing investments in infrastructure and public services. However, they face challenges such as the absence of clear regulations and a lack of well-defined roles between partners [6]. Concurrently, the third sector plays a vital role, especially in underserved social areas, by providing crucial support to vulnerable communities [7].

Experiences from other African economies underscore the necessity of a robust business environment, characterized by transparent regulations and accessible credit. For example, Rwanda's implementation of economic diversification and regional integration policies offers a model for Mozambique to emulate. These lessons affirm that, despite existing challenges, coordinated efforts among public, private, and third sectors can transform obstacles into opportunities, establishing the private sector as a cornerstone for inclusive and sustainable growth [8].

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14565247

II. CURRENT CONTEXT OF THE PRIVATE SECTOR IN MOZAMBIQUE

A. Legal Aspects

Mozambique's legal environment has undergone significant transformations since the adoption of the Investment Law (Law No. 3/93), which was designed to attract foreign and local investment by offering tax and customs incentives to encourage capital inflows. While innovative at the time, this legislation faces practical limitations in its implementation. A critical issue is the lack of harmonization among various laws and regulations, which generates legal uncertainties and undermines investor confidence. For instance, conflicting interpretations of legal provisions by different government agencies frequently lead to administrative delays and additional costs for companies attempting to establish or expand their operations in the country [9].

Another pertinent regulatory framework is the Commercial Code of 2005, which provided a foundation for commercial relations in Mozambique. Despite its significance, the code has been criticized for its complexity and lack of alignment with contemporary international practices. Issues such as excessive bureaucracy in company registration and the absence of efficient mechanisms for resolving commercial disputes have been identified as factors that hinder the competitiveness of Mozambique's business environment compared to neighboring countries [10]. Moreover, Small and Medium-sized Enterprises (SMEs), which constitute a substantial portion of the private sector, encounter heightened challenges due to weak legal protections in cases of disputes or defaults [11].

- *Challenges in Property Rights and Land Disputes*

A particularly sensitive issue in Mozambique's legal framework concerns the regulation of property rights, which has historically resulted in disputes between investors and local communities. Land legislation, as outlined in the Land Law (Law No. 19/97), stipulates that all land is owned by the State and can only be allocated through Land Use and Benefit Rights (DUAT) titles. While this framework aims to balance the interests of the State, investors, and communities, its implementation frequently encounters uncertainty and conflict. Multinational corporations such as Vale and Anadarko have faced significant challenges in acquiring land, as local communities have contested resettlement processes, and the compensation provided [12].

For instance, in 2020, multinational company Vale faced protests and legal disputes in Tete province, where local communities argued that resettlements linked to mining operations failed to meet promised minimum standards of compensation and support. These disputes revealed gaps in the legislation, such as the absence of clear mechanisms for prior and informed consultation with affected communities and inadequate oversight to ensure compliance with established agreements [13].

- *Need for Legal Reform and Modernization*

Mozambique's experience underscores the urgent need for legal system reforms to enhance efficiency and transparency. One critical area of reform is the simplification of regulations for business registration and licensing, which currently pose significant barriers to new ventures. According to the World Bank's Doing Business report (2020), Mozambique ranks poorly in global ease-of-doing-business indices, primarily due to the high time and cost associated with regulatory compliance [14].

Another pressing issue is the modernization of dispute resolution mechanisms. The adoption of alternative dispute resolution (ADR) methods, such as mediation and arbitration, remains underdeveloped in Mozambique. Most commercial disputes are still resolved through traditional courts, which face heavy caseloads and prolonged procedural delays. Establishing specialized arbitration centers and providing professional training in ADR techniques could greatly enhance the efficiency of the legal system and boost investor confidence [15].

- *Initiatives in Progress and Perspectives*

Despite persistent challenges, recent initiatives in Mozambique demonstrate progress. The government, in collaboration with international organizations, has initiated training programs for magistrates and undertaken reforms to the DUAT system, aiming to enhance accessibility and transparency. Additionally, the establishment of special economic zones, such as the Port of Nacala, has fostered the adoption of more flexible legislation aligned with global standards, thereby attracting foreign direct investment [16].

Mozambican legislation has also begun integrating principles of sustainability and social responsibility. These legal frameworks require foreign investors to respect the rights of local communities and actively contribute to inclusive economic development. Although still in its early stages, this approach illustrates a growing commitment to balancing economic priorities with social justice [17].

B. Political and Administrative Environment

Mozambique is navigating a complex political and administrative context, defined by structural challenges that adversely affect economic development and governmental efficiency. Governance in the country is undermined by two persistent issues: endemic corruption and bureaucratic inefficiency. These challenges erode public trust in institutions, impede foreign investment, hinder business competitiveness, and compromise the delivery of quality public services [18].

- *Corruption: A Systemic Obstacle*

Corruption remains one of the most significant political challenges in Mozambique. Recent reports by Transparency International reveal that corrupt practices are entrenched across various sectors of public administration, including health, education, and natural resource management. The 2022 Corruption Perceptions Index ranked Mozambique 142nd out of 180 countries, underscoring the severity of the issue [19].

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14565247

This challenge is exemplified by high-profile cases such as the 2016 hidden debt scandal, which involved illegal loans exceeding $2 billion guaranteed by the government. The scandal precipitated profound economic and political repercussions, including the suspension of international aid from key creditors such as the International Monetary Fund (IMF) and the European Union (EU) [20].

➢ *Bureaucracy and Administrative Inefficiency*

Excessive bureaucracy is another significant barrier to development in Mozambique. According to the World Bank's Doing Business 2020 report, registering a business in Mozambique takes between 19 and 40 days, whereas similar processes in neighboring countries like Rwanda are completed in under a week. This disparity highlights the lack of modernization in administrative procedures and the absence of an efficient digital infrastructure [21].

Additionally, outdated administrative systems contribute to delays in issuing business licenses and land registrations. These inefficiencies are often exacerbated by administrative corruption, where bribes are commonly employed to expedite processes or circumvent bureaucratic hurdles [22].

- *Modernization Initiatives: The Case of e-SISTAFE*

In response to these challenges, the Mozambican government introduced the Electronic State Financial Administration System (e-SISTAFE) in 2004, a digital platform aimed at modernizing public financial management and combating fraud. e-SISTAFE streamlines processes such as salary payments for civil servants and budget allocation, thereby enhancing transparency [23].

Despite these advancements, the system continues to encounter challenges. For instance, the incomplete implementation of budget planning and monitoring modules hampers its overall effectiveness. Furthermore, resistance from sectors that benefited from the opacity of the previous system remains a significant barrier to full adoption [24].

- *Examples of Political-Administrative Impact*

Mozambique's political and administrative challenges are further exacerbated by regional conflicts and partisan disputes. Instability in Cabo Delgado, driven by insurgencies linked to extremist groups, has adversely affected both local and national public administration. This instability undermines security and erodes investor confidence, particularly in resource-rich areas such as those containing gas and coal reserves [25].

Another critical issue is natural resource management, which remains highly contentious. For instance, in 2019, Anadarko encountered significant delays in implementing a liquefied natural gas project due to disputes between the government and local communities over resettlement processes and inadequate financial compensation [26].

- *Necessary Reforms and Lessons from Other Economies*

Lessons from other African nations demonstrate that digital and administrative reforms are pivotal for reducing bureaucracy and combating corruption. Rwanda, for instance, has implemented the *IREMBO* system, a digital platform that consolidates public services, reduces intermediaries, and enhances transparency. Mozambique could adopt a similar strategy, prioritizing investments in technology and institutional capacity-building to reform its administrative systems [27].

Mozambique's political and administrative environment faces significant challenges but also presents opportunities for transformative reforms. Combating corruption and advancing administrative modernization are central to establishing a more efficient and accountable government. Continued investments in initiatives such as e-SISTAFE and the strengthening of public institutions are critical to enabling Mozambique to achieve its economic and social aspirations [28].

C. Economic and Social Dimension

Mozambique possesses a multifaceted economy in which the private sector plays a critical role in driving economic and social development. Despite its substantial contributions, structural challenges, including the widespread prevalence of informality, cultural barriers, and inadequate infrastructure, continue to influence the nation's economic performance. These complexities are further compounded by the coexistence of traditional practices with the modern demands of the global market [29].

➢ *Contribution of the Formal Private Sector*

The formal private sector contributes approximately 40% of Mozambique's GDP, with agriculture and extractive industries forming the backbone of this economic output [30]. A prominent example is the exploitation of natural resources, such as natural gas and coal. The floating natural gas platform in the Rovuma Basin, spearheaded by TotalEnergies, began operations in 2022, establishing Mozambique as one of Africa's leading exporters of Liquefied Natural Gas (LNG) [31].

However, the impact of the formal sector is unevenly distributed. While large corporations benefit from tax incentives and infrastructure investments, small and medium-sized enterprises (SMEs) face considerable barriers, including limited access to credit and excessive bureaucracy [32].

➢ *The Dominance of the Informal Economy*

The informal economy in Mozambique is estimated to employ over 80% of the workforce and contribute approximately 40% of the GDP [33]. This prevalence is evident in activities such as street trading, subsistence farming, and small family businesses. Informal markets in Maputo, such as *Mercado Xipamanine*, serve as vibrant hubs of economic activity but remain outside the regulated system, resulting in significant tax losses and precarious working conditions [34].

While informality provides flexibility and absorbs a substantial portion of the unskilled workforce, it also presents structural challenges, including low productivity and the absence of social protection. Women constitute a large segment of the informal workforce, often in vulnerable positions such as domestic work and subsistence farming [35].

➢ *Cultural Influences and Business Practices*

Business practices in Mozambique are profoundly shaped by traditional social structures and community values. One example is the *Xitique* system, a local collective savings practice widely employed by communities to fund small businesses, particularly in rural areas. However, this informal system often clashes with formal credit requirements, posing challenges for entrepreneurs seeking access to structured financing options [36].

Additionally, the lack of formal business education and resistance to formalization remain significant obstacles for small businesses aspiring to expand. Training programs provided by NGOs, such as *TechnoServe Mozambique*, have faced difficulties in engaging informal entrepreneurs. Many perceive limited benefits in formalizing their businesses due to high costs and burdensome regulations [37].

➢ *Detailed Examples of Challenges and Opportunities*

Agricultural Sector: Agriculture remains the dominant economic activity in Mozambique, with small family farms producing 95% of the food consumed domestically. However, limited access to modern technologies and external markets constrains productivity. Programs such as *ProSAVANA*, which aim to modernize agriculture in the Nacala corridor, have faced criticism for failing to sufficiently benefit smallholder farmers [38].

Extractive Industry: The exploration of natural gas and coal is a major source of government revenue. In Cabo Delgado, gas projects led by *TotalEnergies* have created thousands of direct jobs but have also heightened tensions with displaced local communities due to inadequate compensation and resettlement processes [39].

Informal Trade: Informal markets, such as Maputo's Mercado Central, highlight the vitality of the informal sector, where thousands of vendors operate daily. However, the lack of regulation leads to unsanitary conditions and provides little legal and social protection for traders [40].

➢ *Lessons from Other Economies*

Progressive Formalization: Rwanda's formalization programs provide a compelling model. These initiatives have simplified small business registration and introduced tax incentives, including initial tax exemptions for microenterprises [41].

Support for the Agricultural Sector: Investments in technology and infrastructure can significantly enhance agricultural productivity. Kenya's One Acre Fund program exemplifies how targeted interventions can improve farming practices and market access [42].

Business Training: Tailored training for informal entrepreneurs can enhance business management skills and facilitate the transition to formality.

In short, Mozambique's economic and social dimensions present a landscape of contrasts: while the formal private sector drives GDP in strategic areas, the informal economy supports the majority of the workforce. Addressing the challenges of informality and integrating modern business practices with local cultural values are critical for achieving inclusive development. Initiatives that streamline formalization, bolster entrepreneurial capacity, and promote sustainable agricultural practices are essential for unlocking Mozambique's full economic and social potential.

III. MAIN CHALLENGES, RISKS AND OPPORTUNITIES

A. Challenges

Mozambique faces several structural challenges that hinder the business environment and limit private sector development. Key obstacles include poor infrastructure, limited access to credit, and regulatory uncertainty, all of which reduce competitiveness and discourage investment.

Poor Infrastructure

Insufficient transport and energy infrastructure remain a major barrier to economic growth. Only 40% of Mozambique's population has access to electricity, with significant disparities between urban and rural areas. This limitation directly affects business productivity, especially for small businesses in rural areas, which often rely on expensive and unreliable energy sources such as diesel generators [43].

In the transport sector, approximately 70% of the country's roads are unpaved, increasing logistics costs and complicating the transportation of agricultural products to domestic and international markets. For instance, the high logistics costs negatively impact the export potential of cashew nuts, which are in high demand in European markets [44]. The Nacala Corridor, a major rail route for coal exports, frequently experiences disruptions due to poor maintenance. Although modernization efforts, financed by the Japan Bank for International Cooperation (JBIC), are underway, progress has been delayed by conflicts in Cabo Delgado [45].

➢ *Access to Credit*

Access to credit is one of the most pressing issues for businesses, particularly small and medium-sized enterprises (SMEs). While the Mozambican financial system's Prime Rate was set at 19.80% in November 2024, effective loan costs for SMEs can exceed 25% annually due to high bank spreads and additional fees. This significantly hampers productive investment and limits business expansion [46].

Furthermore, the concentration of financial services in urban areas leaves many rural businesses without formal credit access. Even in urban centers, strict collateral requirements, such as real estate ownership, pose significant barriers. According to the International Finance Corporation

(IFC), fewer than 20% of Mozambican SMEs have access to formal credit; most rely on informal sources or self-financing [47]. Initiatives like the Access to Finance and Economic Opportunities in Mozambique Project, funded by the World Bank in 2023, aim to improve credit access through microcredit lines for small farmers and traders, but the program faces administrative and logistical challenges [48].

➢ *Uncertain Regulatory Environment*

Regulatory uncertainty further discourages investment. Ambiguities in tax, labor, and environmental policies create unpredictability for businesses. Abrupt policy changes often leave insufficient time for adaptation, while overlapping government agency responsibilities exacerbate regulatory complexity [49].

For instance, Mozambique's Labor Law (Law No. 23/2007) imposes strict hiring and firing requirements, increasing operational costs for companies. A Confederation of Economic Associations of Mozambique (CTA) study highlighted that labor law rigidity is a primary concern for the private sector, particularly SMEs [50]. Inconsistent taxation also undermines business predictability, with frequent changes to VAT rates posing additional risks. Reports by the Centre for Public Integrity (CIP) emphasize the need for greater transparency and consistency in tax policies [51].

➢ *Initiatives to Overcome Challenges*

Efforts to address these challenges include:

- *Energy:* The approval of the new Electricity Law in 2023 aims to attract private investment for mini-grids and expand rural electricity access [52].
- *Infrastructure:* The World Bank recently approved $400 million for the Road Infrastructure Improvement Project to pave critical roads and reduce logistics costs along the Maputo Corridor [53].
- *Credit:* Partnerships between commercial banks and international organizations are developing tailored financial products, such as reduced-rate loans with more flexible collateral requirements, to support SMEs [54].

B. Risks

Mozambique faces substantial risks, including commodity dependence, climate change impacts, and global market fluctuations, which threaten economic stability and growth.

➢ *Commodity Dependence*

The economy relies heavily on natural resource exports, such as gas and coal. While these commodities generate significant revenue, they expose the country to volatile global prices. For example, the 2020 collapse in coal and gas prices during the *Covid-19 pandemic* severely impacted fiscal revenues [55]. Investments in the Rovuma Basin gas projects, led by *TotalEnergies* and *ExxonMobil*, offer opportunities for revenue generation but face risks related to regional conflicts and market fluctuations [56].

➢ *Climate Impacts*

Mozambique's geographical vulnerability to extreme weather events, such as *Cyclones Idai* and *Kenneth* in 2019, poses significant threats. These disasters caused economic losses equivalent to 10% of GDP, destroying thousands of businesses and disrupting agricultural supply chains [57]. The cashew industry, a major export sector, suffered severe losses as plantations in Sofala and Zambézia were devastated [58].

C. Opportunities

Despite these challenges, Mozambique has significant opportunities in renewable energy, digitalization, and sustainable tourism.

➢ *Renewable Energy Growth*

High solar radiation and favorable coastal winds create potential for renewable energy expansion. Projects like the Mocuba solar park, with a capacity of 40 MW, have attracted international investment and generated local jobs [59]. The Temane Energy project, a collaboration between Sasol and EDM, combines solar and gas power to enhance rural electricity access, serving as a model for Mozambique's energy transition [60].

➢ *Digitalization*

Local startups in fintech, e-commerce, and agritech are driving digital transformation. For instance, Paycode uses blockchain technology to deliver financial services to underserved communities, addressing the financial exclusion that affects 70% of the adult population [61].

➢ *Sustainable Tourism*

Mozambique's pristine coastline and biodiversity-rich national parks, such as Gorongosa, offer untapped potential for sustainable tourism. Community-driven ecotourism initiatives generate revenue reinvested in conservation projects and local economic development [62].

In short, although Mozambique faces significant challenges related to infrastructure, credit access, and regulatory uncertainty, it has substantial opportunities to diversify its economy and achieve inclusive growth. Investments in renewable energy, digitalization, and sustainable tourism, combined with strategies to mitigate climate risks and enhance regulatory predictability, are essential for building a resilient economic future.

IV. GLOBAL COMPARISONS: DIFFERENCES AND SIMILARITIES

Comparing Mozambique with other economies—both developed and developing—highlights critical lessons that can help enhance its private sector. These comparisons reveal existing constraints while offering insights into successful policies and practices that can be adapted to Mozambique's unique context.

A. Developed Economies

In developed economies like the United States, the private sector serves as the cornerstone of economic growth, supported by structured policies that promote innovation, access to capital, and a stable regulatory framework. These features contrast sharply with the challenges Mozambique faces.

➢ *Tax Incentives and Intellectual Property Protection*

The U.S. provides robust tax incentives for research and development (R&D), such as the Research & Experimentation (R&E) Tax Credit. This initiative allows businesses to claim up to 20% of incremental R&D spending over a historical baseline, encouraging technological advancements and reducing tax burdens [57]. Moreover, the U.S. enforces strong intellectual property (IP) protections, with patents granting exclusivity for up to 20 years, fostering sustained innovation and investment [58].

In Mozambique, however, the IP protection framework remains underdeveloped, and patent registrations are limited due to weak enforcement of existing laws. This discourages investments in innovation, particularly in technology and industrial sectors. Strengthening the IP system and adopting R&D tax incentives could significantly enhance Mozambique's competitiveness [59].

➢ *Access to Markets and Capital*

The U.S. capital markets are highly developed, offering a range of financing options, including venture capital, private equity, and initial public offerings (IPOs). In 2021 alone, U.S. startups raised over $329 billion in venture funding [60]. By contrast, Mozambique lacks a robust capital market, and businesses rely heavily on high-interest bank loans that exceed 25% per annum. Limited infrastructure further restricts access to international markets, reducing export competitiveness [61].

B. Developing Economies

Lessons from developing countries like Rwanda and Bangladesh offer actionable insights for Mozambique. Both nations have implemented successful reforms to promote private sector growth, enhance financial inclusion, and strengthen economic resilience.

➢ *Rwanda: Streamlining Processes and Supporting Startups*

Rwanda has transformed its business environment through structural reforms and digitalization. The IREMBO system, which facilitates business registration in under 24 hours, has reduced bureaucracy and promoted formalization [62]. Programs like Ejo Heza encourage long-term savings and financial inclusion, particularly among low-income populations. These efforts contributed to Rwanda's 7.6% GDP growth in 2023 [63].

The KLab innovation hub supports startups by providing infrastructure, mentoring, and funding. Since its launch, KLab has incubated over 50 startups, many of which have expanded regionally and globally [64]. Mozambique could benefit from replicating such policies to improve access to capital, foster innovation, and streamline administrative processes.

➢ *Bangladesh: Microfinance and Economic Empowerment*

Bangladesh's microfinance model, led by Grameen Bank, demonstrates the transformative impact of inclusive financial services. The bank provides collateral-free loans to rural populations, empowering women and fostering economic activity. With a repayment rate exceeding 98%, the model highlights the viability of microfinance in addressing credit access challenges [65]. Mozambique could adapt this approach to extend credit access in underserved areas and promote rural economic development.

V. INTERRELATIONS: PUBLIC, PRIVATE, AND THIRD SECTORS

A. Fundamental Differences

The public sector in Mozambique primarily provides essential services such as healthcare, education, and infrastructure. However, limited financial resources and administrative inefficiencies undermine their effectiveness. The private sector drives economic growth and job creation but faces barriers such as high financing costs and inadequate infrastructure. Meanwhile, the third sector addresses gaps left by the public and private sectors, focusing on community health, education, and humanitarian assistance [66].

B. Synergies and Collaborative Initiatives

Examples of collaboration between sectors include the *CATALISA* program, which supports smallholder farmers through technical assistance and access to markets. Similarly, NGOs like Save the Children contribute to education and female empowerment in underserved areas. Strengthening coordination across sectors could maximize impact and ensure the sustainability of development projects [67].

VI. CONCLUSION AND RECOMMENDATIONS

A. Key Conclusion

The analysis reveals that Mozambique's private sector plays a vital role in economic development but faces substantial barriers, including regulatory complexity, poor infrastructure, and limited financial access. However, these challenges also present opportunities for transformative reforms.

B. Key Recommendations

➢ *Regulatory Simplification:*

Streamline processes like business registration by adopting digital solutions, as seen in Rwanda's IREMBO system.

➢ *Improved Credit Access:*

Expand microfinance initiatives, leveraging successful models like Grameen Bank. Develop credit lines with reduced rates for SMEs through partnerships with commercial banks and international organizations.

ISSN No:-2456-2165 https://doi.org/10.5281/zenodo.14565247

- *Infrastructure Investments:*

Enhance transport and energy networks to reduce logistics costs and improve business competitiveness. Projects like the modernization of the Nacala Corridor highlight the impact of targeted investments.

- *Digitalization and Innovation:*

Foster the growth of local startups through innovation hubs and public-private partnerships. Promote the adoption of technologies such as blockchain to address structural challenges like financial exclusion.

- *Sustainability:*

Promote renewable energy projects and offer tax incentives for sustainable business practices.

By addressing these structural barriers and implementing targeted reforms, Mozambique can unlock its private sector's potential, driving inclusive economic growth and fostering social development. Coordinated efforts from the government, private sector, and third sector will be essential to achieving these goals.

REFERENCES

[1]. World Bank, Mozambique Economic Update: Shifting to More Inclusive Growth, World Bank Publications, 2021. *Cited in Sections:* 1 [1], 2 [12], 10 [61].

[2]. World Bank, The Economic Acceleration Package and Strategic Investment in Mozambique, World Bank Publications, 2023. *Cited in Sections:* 2 [2].

[3]. World Bank, Access to Finance and Economic Opportunities Project, World Bank Reports, 2023. *Cited in Sections:* 2 [3], 10 [48].

[4]. International Energy Agency (IEA), Africa Energy Outlook 2023, IEA Publications, 2023. *Cited in Sections:* 2 [4], 11 [43].

[5]. Mozambican Renewable Energy Association (AMER), Sustainable Energy Growth in Mozambique, AMER Reports, 2023. *Cited in Sections:* 2 [5].

[6]. World Bank, Public-Private Partnerships: Challenges and Opportunities in Mozambique, World Bank Reports, 2022. *Cited in Sections:* 3 [6].

[7]. UNDP Mozambique, Human Development Report 2023, UNDP Publications, 2023. *Cited in Sections:* 3 [7].

[8]. World Bank, Lessons from Rwanda: Policies for Economic Diversification, World Bank Reports, 2021. *Cited in Sections:* 3 [8].

[9]. USAID, Mozambique Economic Governance Review: Legal Framework for Investment, USAID Publications, 2020. *Cited in Sections:* 2 [9].

[10]. African Development Bank, Strengthening Business Competitiveness in Africa: Mozambique Case Study, AfDB Reports, 2021. *Cited in Sections:* 2 [10], 10 [30].

[11]. African Development Bank, Legal Challenges for SMEs in Emerging Economies, AfDB Reports, 2021. *Cited in Sections:* 2 [11].

[12]. Human Rights Watch, Community Displacement and Mining Disputes in Tete Province, Human Rights Watch Report, 2021, p. 45. *Cited in Sections:* 2 [13], 13 [39].

[13]. World Bank, Doing Business 2020: Comparing Business Regulations in 190 Economies, World Bank Publications, 2020, p. 23. *Cited in Sections:* 2 [14], 14 [38].

[14]. USAID, Special Economic Zones in Mozambique: Legal Frameworks and Economic Impact, USAID Publications, 2022, p. 34. *Cited in Sections:* 3 [16].

[15]. Transparency International, Corruption Perceptions Index 2022: Insights into Governance Challenges in Mozambique, Transparency International Publications, 2022. *Cited in Sections:* 4 [18], 4 [19].

[16]. Hanlon, J., The Mozambican Debt Scandal: Political and Economic Consequences, Journal of African Studies, 2018, p. 23. *Cited in Sections:* 4 [20].

[17]. World Bank, Public Financial Management in Mozambique: Advancing Transparency through e-SISTAFE, World Bank Publications, 2021, p. 112. *Cited in Sections:* 6 [23].

[18]. African Development Bank, Digital Transformation in Africa: Lessons from Rwanda's Irembo System, AfDB Reports, 2022, p. 34. *Cited in Sections:* 8 [27], 14 [41].

[19]. International Finance Corporation (IFC), SME Credit Access in Mozambique: Access to Credit and Bureaucracy, IFC Reports, 2021, p. 12. *Cited in Sections:* 10 [32], 10 [47].

[20]. UNDP Mozambique, Evaluation of e-SISTAFE: Challenges and Opportunities for Financial Governance, UNDP Reports, 2023, p. 9. *Cited in Sections:* 6 [24].

[21]. World Bank, Natural Gas and Economic Development: Mozambique's Role in the Global LNG Market, World Bank Publications, 2023, p. 67. *Cited in Sections:* 10 [31].

[22]. Organization for Economic Co-operation and Development (OECD), Informal Trade and Market Regulation in Mozambique: A Case Study of Mercado Central, OECD Reports, 2021, p. 34. *Cited in Sections:* 13 [40].

[23]. World Bank, Renewable Energy Development in Mozambique, World Bank Publications, 2023, p. 65. *Cited in Sections:* 14 [52].

[24]. World Bank, Digital Transformation in Rwanda: The IREMBO System, World Bank Publications, 2023, p. 18. *Cited in Sections:* 14 [62].

[25]. Grameen Bank, Annual Report 2023: Microfinance and Social Development, Grameen Bank Publications, 2023, p. 19. *Cited in Sections:* 14 [65].

[26]. Save the Children, Education and Community Development in Mozambique, Save the Children Reports, 2023. *Cited in Sections:* 15 [66].

[27]. UNDP Mozambique, Third-Sector Contributions to Mozambique's Development Goals, UNDP Reports, 2023. *Cited in Sections:* 15 [67].