

Workshop on fostering productive capacities in Mozambique for industrialization, export diversification, and inclusive growth and Training of statisticians in the use of the Productive Capacities Index (PCI)

Maputo, 29 – 30 April; and 2-3 May 2024

1. BACKGROUND

Mozambique's ambitious development strategy (2015-2035) is driving the country to become one of Sub-Saharan Africa's (SSA) fastest-growing economies. From 2000 to 2015, Mozambique generated an average gross domestic product (GDP) growth of 7.3 per cent per year.¹ The economy is recovering from the protracted slowdown in recent years, with real GDP growth increasing from 2.3% in 2021 to 3.8% in 2022, with projections of even 8.3% GDP growth in 2024.² The country is endowed with ample resources of arable land, water, energy, mineral resources, and newly discovered natural offshore gas; four major commercial ports; and a relatively large potential pool of labor. It is also strategically located, serving as a gateway to international markets for four of the six countries it borders.

Nevertheless, various development objectives remain elusive. Despite having one of the fastest-growing economies in SSA from 2000-2015, job creation, poverty reduction, and human capital accumulation are still limited, with most of the substantial wealth generated benefiting limited sections of the economy. It is estimated that over 60 per cent of the population in Mozambique live below the international poverty line³ and over 83 per cent of the jobs are vulnerable.⁴

Extremely low levels of human capital are a structural constraint to rapid, inclusive, and sustainable growth in Mozambique. Basic services in education and health are distributed unevenly across the country, resulting in geographical disparities, and there are few mechanisms in place to protect the most vulnerable from the effects of shocks, driving fragility, instability, and violence.

The lack of availability of good training and weak links between supply and demand compound a weak labor market and low productivity growth. Disempowerment among girls and women hinders growth through unfavorable levels of fertility, high child and maternal mortality, low levels of skills among women, and poor productivity of women in the labor market.

However, Mozambique's strong ties to the region's economic engine, South Africa, underscore the importance of its economic, political, and social development to the stability and growth of Southern Africa as a whole.

Productive capacities include inputs necessary for business operations, such as skilled workers, energy, transportation, and ICT services. The availability and quality of these inputs influence whether a firm can compete, innovate, and grow. Similarly, an economy's "soft" productive

CONCEPT NOTE

¹ World Bank, GDP Growth (annual %). <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2015&locations=MZ&start=2000>

² <https://www.afdb.org/en/countries/southern-africa/mozambique/mozambique-economic-outlook>.

³ UNDP, 2023 Global Multidimensional Poverty Index (MPI). <https://hdr.undp.org/content/2023-global-multidimensional-poverty-index-mpi>

⁴ World Bank in Mozambique. <https://www.worldbank.org/en/country/mozambique/overview#1>



capacities – such as institutions, the ease of doing business, and the state’s ability to allocate resources – influence the feasibility of investing in new, more productive industries.

Mozambique had an overall score of 29.5 in UNCTAD’s Productive Capacities Index (PCI) in 2022.⁵ Relative to other economies in SSA, Mozambique scores better on PCI components⁶ such as structural change, natural capital, and the private sector. However, it lags on capacities related to institutions, energy, ICTs, transport, and human capital.

With its National Development Strategy,⁷ the Government of Mozambique has the objective to “raise the living conditions of the population through the structural transformation of the economy, expansion, and diversification of the productive base”. The Strategy also aims at:

- ✓ Creating the basis for industrialization.
- ✓ Defining the pillars of industrialization, including (i) human capital development; (ii) infrastructure development; (iii) research, innovation, and technological development, and (iv) organization, coordination, and institutional cooperation.
- ✓ Strategies for the development of priority areas, including (i) transformation of agriculture and fisheries; (ii) revitalization and expansion of the manufacturing industry; (iii) extractive industry, and (iv) development of ecological, cultural, historical tourism, etc.

Fostering the creation of the institutional basis for industrialization and the formation of human capital needed for industrialization will be crucial as the implementation of the African Continental Free Trade Area (AfCFTA) progresses. Expanding intra-African trade being a key objective of the AfCFTA, many new opportunities generated by the agreement will flow through cross-border trade and regional value chains.

Given Mozambique’s recent experience with rapid but vulnerable growth, the country must redouble its focus on building human capital, in the form of a critical mass of skilled workers. Beyond being a crucial input in more productive industries, skilled jobs are an important channel in combatting inequality and achieving inclusive socioeconomic development.

Along these lines, Mozambique can address some of the challenges identified in its development strategy by focusing on building economy-wide productive capacities, towards structural economic transformation and a more sustainable, inclusive development.

2. OBJECTIVES

The workshop will be divided in two parts, (i) a policy-centered workshop and (ii) a training of statisticians on the PCI, each lasting 1.5 days, to examine the gaps and limitations in Mozambique’s productive capacities, their underlying factors, and potential remedies in the form of policies, strategies, and investment and to train participants on how to use the Productive Capacities index in the gap assessment and policy formulation. The workshop is the first step in a National Productive Capacities Gap Assessment (NPCGA), the latest project in UNCTAD’s long-standing programme of technical assistance to Mozambique.

⁵ UNCTADStat, Productive Capacities Index, <https://unctadstat.unctad.org>.

⁶ Human capital, natural capital, energy, transport, information and communication technology, private sector, institutions and structural change.

⁷ The Republic of Mozambique, National Development Strategy (2015 – 2035):

<https://www.mef.gov.mz/index.php/publicacoes/estrategias/397-estrategia-nacional-de-desenvolvimento/file>



UNCTAD's objective is to support Mozambique by providing policy guidance for developing a dynamic human capital, innovative energy, and transport infrastructures, and strengthening institutions. This helps to build productive capacities, sustain economic growth, and broaden socioeconomic development.

3. DATE, TIME, AND VENUE

The Policy workshop will be organized from 29 to 30 April; and the PCI training to statisticians on 2-3 May 2024.

Time: According to the programme.

Venue: Maputo, Mozambique

4. FORMAT AND CONTENT

The event will be held in a presential format in Maputo, Mozambique. The workshop and the consultations will allow for an in-depth, substantive discussion of the technical issues related to building productive capacities and their role in fostering industrialization and structural transformation in Mozambique.

5. PARTICIPANTS

Participants of the multi-stakeholder workshop in Maputo will involve senior government officials, including Ministries of Industry and Commerce; Economy and Finance; Agriculture and Rural Development; Sea, Internal Waters and Fisheries; Mineral Resources and Energy, and other Ministries; Bank of Mozambique; representatives of development partners based in Mozambique, national, regional, and international experts in the field of economic development and representatives of the private sector and civil society, including academic institutions in Mozambique. The PCI training will involve statisticians from the National Statistics Office (INE), but also statisticians from different Ministries, Bank of Mozambique, and others.

6. INSTITUTIONAL SUPPORT

The workshop is organized by UNCTAD in collaboration with the Mozambique Ministry of Industry and Commerce (MIC), building on the UNCTAD Productive Capacities Index (PCI). The activities are supported by the UN-SDG Fund project financed by China.

7. CONTACTS

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