



*Ministry of Economics and Finance*

*Directorate of Economic and Financial Studies*

**POVERTY AND WELL-BEING IN  
MOZAMBIQUE:  
FOURTH NATIONAL POVERTY ASSESSMENT  
(IOF 2014/15)**

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## Abstract

This report provides a comprehensive analysis of poverty and well-being, including temporal trends, in Mozambique. It is based on the 2014/15 household budget survey data (*Inquérito aos Agregados Familiares sobre Orçamento Familiar* (IOF) 2014/15), conducted by the National Statistics Institute (*Instituto Nacional de Estatística*, INE). Results from this latest survey are compared to those obtained in previous survey rounds (2008/09, 2002/03 and 1996/97).

We consider poverty and well-being across an array of dimensions and using two principal approaches. The first approach focuses on consumption allowing assessment of progress towards the Millennium Development Goals. The second principal approach relies on multidimensional methods for assessing poverty and well-being. The indicators employed are drawn from the four household budget surveys. They relate to education, health, housing, and possession of durable goods.

Across all approaches, a coherent story emerges. At the national level, welfare levels have improved compared with the prior survey undertaken in 2008/09. Looking further back in time by comparing 2014/15 levels with the very low welfare levels observed in 1996/97, the gains in well-being have been substantial. Gains were rapid between 1996/97 and 2002/03 but slowed between 2002/03 and 2008/09. Gains reasserted themselves in the most recent period. Relative to 1996/97, substantial gains have been registered in both rural and urban zones and in every province.

These gains have not, however, contributed to a convergence in welfare levels between rural and urban zones or by geographical region. Very substantial differences in welfare levels persist. The gap between rural and urban zones is large and at best persistent (if not aggravating). Living conditions in the South are much better than those in the North and the Center across almost all welfare dimensions considered and all methods (partly due to a higher level of urbanization in the South compared with the North and Center). In addition, inequality of consumption has been increasing since 1996/97. The rate of increase also spiked in the most recent period.

Before continuing, some discussion of data issues is required. As emphasized in the Third National Poverty Assessment, there is a strong likelihood of undercounting of food consumption in both the 2002/03 and 2008/09 surveys, particularly in urban zones and in the South. This conclusion was arrived at because estimated calorie consumption often fell well below accepted norms for adequate nutrition in these areas. Despite efforts to better capture food consumption in 2014/15, particularly in urban zones, the problem does not appear to have gone away. Instead, it has more likely worsened spreading into rural zones where most of the population and an even larger share of poor people reside.

Issues with data make estimates of consumption poverty less precise than desired. Using the official data (no correction for undercounting of consumption in any year), poverty declines by more than five percentage points compared with 2008/09.

From a regional perspective, poverty reduction was rapid in the southern provinces, where the rate fell by about 18 percentage points, led by Maputo province. Reductions were significant but less rapid in the Center where rates fell by about 11 percentage points. These reductions are distributed quite evenly across the four central provinces. These gains were offset by an increase of an estimated ten percentage points in the North, with the greatest increases occurring in Niassa province.

For 2014-15, three different adjustment scenarios were employed. These adjustments place national poverty rates in the range of about 41 to 45 percent of the population (reflecting between 10.5 and 11.3 million absolutely poor people). As stated in the Third National Assessment, “One of the Millennium Development Goals (MDGs) for Mozambique is to reach an absolute consumption poverty rate of 40% by 2015, down from an estimated 80% in 1990.” The results from the 2014/15 budget survey indicate that Mozambique is quite close to this target.

Essentially all of the principal trends identified in the consumption poverty analysis are also reflected in the multidimensional analyses. This is important because the multidimensional indicators of welfare are much easier to observe than consumption levels and are also a lot less volatile. For example, education levels of household members are relatively easy to obtain and typically remain constant throughout an individual's adult life. Both methods employed for multidimensional analysis point to strong gains from 2008-09 and very strong gains from 1996-97. As noted, these gains are generally not succeeding in reducing disparities between rural and urban zones and between regions/provinces. Living conditions are notably better in urban zones and in the Southern provinces.

In sum, the Fourth National Poverty Assessment confirms that significant development progress has been realized in Mozambique over the past two decades. The report also reflects that large differences in well-being (and trends over time) remain between different socio-economic income groups and geographic areas. Inequality and spatial differences have increased. This implies that balanced, spatial, economic, infrastructure and social policies are becoming increasingly critical from both welfare and political economy perspectives.

## Executive Summary

This report provides a comprehensive analysis of poverty and well-being, including temporal trends, in Mozambique. It is based on the 2014/15 household budget survey data (*Inquérito aos Agregados Familiares sobre Orçamento Familiar* (IOF) 2014/15), conducted by the National Statistics Institute (*Instituto Nacional de Estatística*, INE). Results from this latest survey are compared to those obtained in previous survey rounds (2008/09, 2002/03 and 1996/97).

We consider poverty and well-being across an array of dimensions and using two principal approaches. The first approach focuses on consumption. Specifically, a poverty line is derived that represents a basic consumption level per person. Households that consume below this level on a per capita basis are considered poor. Within this approach, three sets of results are presented. First, the methods employed to measure consumption poverty in 2002/03 and 2008/09 are applied to the 2014/15 data. Second, because theory and practice for measuring consumption poverty has not remained static, an updated approach is applied to all four household budget surveys. Third, due to the persistence of food consumption undercounting and its likely spread to rural areas in the most recent survey, missing household food consumption is estimated in the most recent survey in order to (conservatively) assess progress until 2015 towards the Millennium Development Goals.

The second principal approach relies on multidimensional methods for assessing poverty and well-being. The indicators employed are drawn from the four household budget surveys. They relate to education, health, housing, and possession of durable goods. Two distinct methods for evaluating multi-dimensional poverty are applied:

- i. The Alkire-Foster method for deriving a multidimensional poverty index. This approach applies weights to a series of binary welfare indicators wherein the population is divided into those considered deprived and those considered not deprived for each indicator. For example, in the analysis presented in this report, a household is considered deprived if nobody in the family has completed the first level of primary school (EP1). This education indicator is provided a weight of 1/6. Households that are deprived in dimensions whose weight sums to a value greater than a cutoff (0.6 in the baseline analysis) are considered poor. This multidimensional poverty headcount is then combined with a measure of distance below the cutoff (to account for the fact that a household deprived in dimensions summing to a weight of 0.50 are worse off than those summing to a weight 0.20) in order to arrive at a multidimensional poverty index.
- ii. A relatively recent method based on the concept of first order dominance. This approach relies on the proposition that being not deprived is better than being deprived. With multiple binary indicators, it is possible to identify states that are demonstrably better (e.g., not deprived in all dimensions) and states that are demonstrably worse (e.g., deprived in all dimensions). Using a statistical approach called the bootstrap, it is

possible to derive a probability that a population is trending towards unambiguously better states.

These methods rely on essentially the same data in complementary ways. The Alkire-Foster method has been widely used across sub-Saharan Africa and beyond and is simple to apply; however, as noted, it requires an explicit, arbitrarily assigned weight associated with each dimension as well as assumptions regarding the cutoff point which separates poor from non-poor households. The first order dominance approach has been less widely used and is somewhat less straightforward to apply/interpret; however, it does not require any assumptions with respect to the relative importance of different dimensions of well-being.

Across all approaches, a coherent story emerges. At the national level, welfare levels have improved compared with the prior survey undertaken in 2008/09. Looking further back in time by comparing 2014/15 levels with the very low levels observed in 1996/97, the gains in well-being have been substantial. Gains were rapid between 1996/97 and 2002/03 but slowed between 2002/03 and 2008/09. The extent of the slowdown depends upon the welfare dimension in focus and the method employed. Gains reasserted themselves in the most recent period with the extent of acceleration once again varying by welfare indicator and (to a lesser degree) by method. Overall, and particularly relative to 1996/97, substantial gains have been registered in both rural and urban zones and in every province.

These gains have not, however, contributed to a convergence in welfare levels between rural and urban zones or by geographical region. Very substantial differences in welfare levels persist. The gap between rural and urban zones is large and at best persistent if not aggravating. Living conditions in the South are much better than those in the North and the Center across almost all welfare dimensions considered and all methods (partly due to a higher level of urbanization in the South compared with the North and Center).

In addition, inequality of consumption has been increasing since 1996/97. The rate of increase also spiked in the most recent period. It should be emphasized that inequality measures place very different demands on the data. In particular, top consuming households are very influential to inequality measures but essentially irrelevant to measures of consumption poverty. For this and other reasons, further analysis of trends in inequality is merited and is planned.

Before continuing to more detailed discussion of the 2014/15 results, some discussion of data issues is required. As emphasized in the Third National Poverty Assessment, there is a strong likelihood of undercounting of food consumption in both the 2002/03 and 2008/09 surveys, particularly in urban zones and in the South. This conclusion was arrived at because estimated calorie consumption often fell well below accepted norms for adequate nutrition in these areas. Despite efforts to better capture food consumption in 2014/15, particularly in urban zones, the problem does not appear to have gone away. Instead, it has more likely worsened spreading into rural zones where most of the population and an even larger share of poor people reside.

Data collection objectives for 2014/15 survey were very ambitious. Rather than seek to interview around 10,000 households over the period (about 2,500 per quarter) as had been done in the first three surveys, the most recent survey sought to interview around 11,000 households four times—once per quarter. For a host of reasons, the third quarter (February, March, April of 2015) was dropped completely (no interviews undertaken). Nevertheless, the number of interviews relative to previous surveys approximately tripled. In addition, enumerators had to cope with the new challenge of locating and interviewing the same households at three different points in time throughout the year.

These high burdens likely contributed to the failure to address the undercounting issue effectively in 2014/15. Other problems, such as issues with conversion from non-standard units and implausible values, are more prevalent. For example, the number of observations with no food consumption at all during the reference period (one week) climbed significantly from negligible numbers to nearly three percent of the sample. Detailed discussions of key data issues are contained in the appendices to this report. An important future step is to undertake detailed pilot surveys, ideally of a small sub-set of households from the 2014/15 sample, in order to determine with much greater precision the nature of the under-counting issue and generally assess data collection techniques and quality.

In the meantime, issues with data make estimates of consumption poverty less precise than desired. It is particularly difficult to estimate the extent of worsening of data problems over time. Here, we consider two factors that indicate that the food undercounting problem likely has worsened. First, calorie estimates are generally lower than the already low (often implausibly low) levels observed in 2008/09. This aggravation is partly offset by increases in purchases of meals away from home (where exact calorie estimation is not possible because only the expenditure and not the content of the meal is recorded). Second, food expenditure, in many areas, is flat or even decreasing while non-food expenditure is growing rapidly and robustly (see section 7.2.2). This is not credible in the Mozambican context. The combination of these two factors, alongside other observations, points to a likely worsening of food consumption undercounting.

With respect to multidimensional measures, data issues are much less pronounced. The indicators employed for the multidimensional analyses are relatively easy to observe. Hence, the multidimensional measures are both important in their own right and provide a valuable cross check on the consumption poverty numbers.

In terms of estimating consumption poverty, the approach employed is first to proceed with consistent methods across all four surveys without addressing the food consumption undercounting issue. This has the benefits of simplicity. As noted above, this was done using both the same methods used in 2002/03 and 2008/09 and with a revised and updated approach, labelled the PLEASE approach, that reflects the experiences gained with poverty estimation in Mozambique as well as in Ethiopia, Madagascar, Malawi, Pakistan, Tanzania, and Uganda.

In terms of trends, the two methods provide nearly identical results. Broad results for the PLEASE approach are presented in Table RE-1.<sup>1</sup> At the national level, poverty declines by more than five percentage points compared with 2008/09. Provincial level results are presented but should be interpreted with caution due to relatively small sample sizes and the presence of non-sample error, such as the food consumption undercounting discussed above. High variation in poverty rates is also an indication of the vulnerability of households to shocks.

Table RE-1: Poverty headcount ( $P_0$  measure) using the PLEASE methodology (%)

Area	IAF96	IAF02	IOF08	IOF14
National	69.7	52.8	51.7	46.1
Urban	61.8	48.2	46.8	37.4
Rural	71.8	55.0	53.8	50.1
North	67.3	51.9	45.1	55.1
Center	74.1	49.2	57.0	46.2
South	65.5	59.9	51.2	32.8
Niassa	71.9	48.3	33.0	60.6
Cabo Delgado	59.1	60.3	39.0	44.8
Nampula	69.4	49.1	51.4	57.1
Zambézia	67.6	49.7	67.2	56.5
Tete	81.9	60.5	41.0	31.8
Manica	62.4	44.7	52.8	41.0
Sofala	87.8	41.3	54.4	44.2
Inhambane	83.0	78.1	54.6	48.6
Gaza	64.8	55.4	61.0	51.2
Maputo Province	65.6	59.0	55.9	18.9
Maputo City	47.1	42.9	29.9	11.6

From a regional perspective, poverty reduction was rapid in the southern provinces, where the rate fell by about 18 percentage points, led by Maputo province. Reductions were significant but less rapid in the Center where rates fell by about 11 percentage points. These reductions are distributed quite evenly across the four central provinces. These gains were offset by an increase of an estimated ten percentage points in the North, with the greatest increases (by far) occurring in Niassa province.

Relative to 1996/97, poverty reductions are impressive across the board with particularly strong reductions observed in the South. However, relative to 2002/03, the northern and central provinces have largely stagnated in terms of consumption poverty rates. As has been emphasized

<sup>1</sup> Compared with national level results presented in previous poverty assessments, the 2002/03 and 2008/09 national estimates are somewhat lower while the 1996/97 result is very slightly higher. The differences from previous assessments fall well within statistical confidence intervals. And, the qualitative story is the same—a substantial fall between 1996/97 and 2002/03 and a stagnation in rates between 2002/03 and 2008/09.

both previously and in previous assessments, these rates are quite variable, likely reflecting a particular conjuncture of events, not least weather outcomes which strongly influence production and hence welfare for the subsistence agricultural households that predominate in these regions. Sample error and non-sample error also contribute to observed volatility.<sup>2</sup>

Relying on the data employed for calculating the poverty rates shown in Table RE-1, we find that, while the poverty rate has fallen substantially, the absolute number of poor people has remained relatively constant. Beginning from a base of roughly 12 million in 1996/97, the number of poor people declined to about 9.7 million in 2002/03. With the stagnation in poverty rates observed between 2002/03 and 2008/09, the number of absolutely poor people rose to 11.1 million in 2008/09. The decline in poverty rates between 2008/09 and 2014/15 was not sufficient to reduce the size of the absolutely poor population. The number of absolutely poor rose once again to about 11.8 million people. This leaves the absolute number of poor people at about the same level as in 1996/97 while the population has grown by more than 50 percent.

As noted above, there exists compelling evidence of under-counting of food consumption due to implausibly low levels of calorie consumption. Accounting for this missing food consumption would lower poverty rates, reduce the number of people considered absolutely poor, and increase the consumption levels of families whose consumption remains below the poverty line despite the correction. Unfortunately, correction for under-counting of calories is very difficult on the basis of existing information. Qualitative information on food consumption obtained in the 2014/15 survey provides one option.<sup>3</sup> Specifically, interviewed households were asked which foods were consumed for breakfast, lunch and dinner of each day during the one week reference period. If a food is indicated as consumed in the qualitative consumption information during the reference period but is not recorded as either purchased or home consumed during that same period, then undercounting is deemed to have occurred.

Unfortunately, the degree of undercounting remains unknown. Table RE-2 shows poverty rates for the 2014/15 survey for three adjustment scenarios. In the least aggressive, a monetary amount corresponding to approximately one small portion is added for each missing food item. In the medium scenario, the same amount is added for each day the missing item is reported. In the most aggressive scenario, the same amount is added for each meal in which the missing food item is reported.

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<sup>2</sup> As is frequently the case, the poverty gap measure ( $P_1$ ) tells a very similar story to the headcount ( $P_0$ ) measure. At the national level (using the same data as in Table RE-1), the poverty gap measure falls from about 29 in 1996/97 to about 19 in both 2002/03 and 2008/09. For 2014/15, the poverty gap measure declines to about 17.

<sup>3</sup> Unfortunately, this correction option is not available in earlier years due to lack of data. Hence, it is not possible to derive a time series of consumption corrected poverty rates. The 2014/15 corrected rates can be compared with the 1996/97 poverty rates as the undercounting problem was much less evident in that survey.



Table RE-2: Poverty headcount ( $P_0$  measure) using the PLEASE methodology and correcting for consumption undercounting, IOF 2014/15.

Area	IOF14	IOF14	IOF14	IOF14
	Not adjusted	One adjustment per week	One adjustment per day	One adjustment per meal
National	46.1	44.9	41.9	40.9
Urban	37.4	36.3	33.0	31.6
Rural	50.1	48.9	46.0	45.2
North	55.1	54.1	52.2	51.4
Center	46.2	44.7	40.5	39.5
South	32.8	31.9	29.2	28.2
Niassa	60.6	59.6	58.0	57.8
Cabo Delgado	44.8	44.1	42.7	42.4
Nampula	57.1	56.2	54.0	52.7
Zambézia	56.5	54.9	51.1	50.7
Tete	31.8	30.2	25.8	25.2
Manica	41.0	39.6	34.8	32.6
Sofala	44.2	43.0	39.1	37.2
Inhambane	48.6	47.5	45.5	44.9
Gaza	51.2	50.3	45.5	42.2
Maputo Province	18.9	17.9	16.1	15.9
Maputo City	11.6	10.8	8.6	8.6

These adjustments place national poverty rates in the range of about 41 to 45 percent of the population (reflecting between 10.5 and 11.3 million absolutely poor people). The poverty profile remains quite similar though urban zones receive a larger adjustment where the undercounting problem has tended to be more severe. As stated in the Third National Assessment, “One of the Millennium Development Goals (MDGs) for Mozambique is to reach an absolute consumption poverty rate of 40% by 2015, down from an estimated 80% in 1990.” The results from the 2014/15 budget survey indicate that Mozambique got quite close to this target.

Consistent with stronger gains in urban versus rural areas and generally stronger progress in the South compared with other regions, measures of inequality of consumption are worsening for all measures considered. Table RE-3 shows the Gini coefficient and ratios of real consumption at various percentage point cutoffs in the distribution of consumption. A trend towards greater inequality is evident for all surveys. But, this trend accelerated dramatically in the most recent period. As mentioned above, inequality will be considered in greater detail in future work.

Table RE-3: Inequality indicators at national level

	Gini	p95/p05	p90/p10	p90/p50	p10/p50
IAF96	0.40	9.29	5.23	2.37	0.45
IAF02	0.42	9.53	5.44	2.42	0.45
IOF08	0.42	9.93	5.55	2.37	0.43
IOF14	0.47	12.15	6.24	2.60	0.42

In sum, while the fruits of growth have been tilted towards benefiting better off households, poorer households have also benefitted driving down the consumption poverty rate substantially. This conclusion that poor households are progressing is strongly reinforced by the multidimensional analysis. Table RE-4 illustrates percentages of the population by the number of dimensions in which households are considered deprived for each of the surveys at the national level. Six indicators (education, water, sanitation, roofing, electricity, and possession of durable goods) are considered.

The table RE-4 starkly illustrates the profound poverty levels present in 1996/97. At the time, nearly half the population lived in a household deprived in all dimensions. These households were characterized by: not one member having completed first level primary school, no access to safe water, inadequate sanitation, grass roofing, no electricity, and very limited possession of durable goods. Furthermore, only two percent of the population lived in a household where all of these basics were present (zero deprivations). This dire situation has consistently improved. By 2014/15, less than 15 percent of the population was deprived in all dimensions and more than 15 percent were characterized by zero deprivations.

Table RE-4: Percentages of total population by number of suffered deprivation, national level. 1996/97-2014/15 (%)

Number of suffered deprivations	1996	2002	2008	2014	1996-2014 variation
0	2.0	5.1	8.5	15.9	13.8
1	2.3	4.0	5.3	8.2	5.9
2	3.0	6.1	6.8	8.6	5.6
3	6.9	9.0	10.1	12.5	5.6
4	12.1	16.0	18.6	19.0	6.9
5	27.2	26.5	27.1	21.4	-5.7
6	46.5	33.2	23.7	14.4	-32.1

The trends illustrated in Table RE-4 are reflected in trends in the Alkire-Foster multidimensional poverty index, which is shown in Table RE-5. The index begins at very high levels and then drops very substantially over the full period.

Table RE-5: Alkire-Foster multidimensional poverty index. 1996/97-2014/15 (%)

	1997	2002	2008	2014
National	0.77	0.66	0.59	0.45
Urban	0.40	0.32	0.25	0.14
Rural	0.87	0.82	0.73	0.59
North	0.87	0.77	0.69	0.57
Center	0.85	0.75	0.68	0.52
South	0.53	0.38	0.26	0.14
North urban	0.70	0.52	0.46	0.26
North rural	0.91	0.89	0.78	0.69
Center urban	0.46	0.32	0.29	0.18
Center rural	0.90	0.86	0.79	0.62
South urban	0.21	0.16	0.08	0.03
South rural	0.74	0.59	0.47	0.28
Niassa	0.87	0.77	0.63	0.60
Cabo Delgado	0.87	0.80	0.70	0.52
Nampula	0.87	0.76	0.71	0.57
Zambézia	0.91	0.84	0.76	0.63
Tete	0.87	0.79	0.71	0.55
Manica	0.79	0.59	0.62	0.39
Sofala	0.76	0.61	0.52	0.36
Inhambane	0.72	0.67	0.49	0.33
Gaza	0.66	0.41	0.37	0.17
Maputo Province	0.59	0.27	0.13	0.05
Maputo City	0.13	0.09	0.02	0.00

Three additional observations are pertinent. First, similar to the consumption poverty measures, the multi-dimensional index shows somewhat slower progress during the period 2002/03 to 2008/09. Second, gains in this multidimensional indicator tend to reinforce the conclusion of unbalanced growth. While point reductions over the full period are slightly greater in rural than in urban zones, this is partly related to the urban south beginning at low levels with correspondingly limited scope for reduction. When one compares the rural Center and North with the rural South, gains are much more rapid in the rural South. Finally, gains are notably rapid in the most recent period (2008-2014).

These conclusions are reinforced by the first order dominance analysis. It is important to highlight that consistency between the first order dominance and Alkire-Foster methods is not automatic. The first order dominance criteria is strict. While Alkire-Foster permits rapid progress in one indicator to overcome mild declines in another indicator, the first order dominance does not. The same is true for population subgroups. With Alkire-Foster, rapid progress near the 0.6 cutoff point can overcome welfare declines for poorer groups. This is also not the case for first

order dominance. To register progress, first order dominance demands progress in all indicators and across all population subgroups (defined by the distribution of deprivations).

Results from the first order dominance analysis are shown in Table RE-6. The results are interpreted as a probability of advance over the period pairs considered. At the national level, the probability of advance is one (or 100 percent) for all period pairs considered with the notable exception of the 2002/03 to 2008/09 period where the probability of advance falls to 0.68. Due to the strict nature of the FOD criteria combined with the effects of sample size, probabilities of advance tend to decline when the data are disaggregated by zone or region (and the sample size is commensurately much smaller). For this reason, we limit ourselves to the presentation of aggregates in Table RE-6.

Table RE-6: First Order Dominance (FOD) (temporal, national, urban/rural, regional, regional-urban/rural level) (1996/97-2014/15)

	1996- 2002	1996- 2008	2002- 2008	1996- 2014	2002- 2014	2008- 2014
National	1.00	1.00	0.68	1.00	1.00	1.00
Urban	0.33	0.50	0.05	0.99	0.80	1.00
Rural	0.04	0.72	0.73	1.00	1.00	0.99
North	0.91	1.00	0.09	1.00	0.48	0.76
Center	0.99	1.00	0.54	1.00	1.00	1.00
South	0.86	1.00	0.53	1.00	1.00	1.00
North urban	-	0.01	0.91	0.86	0.76	0.10
North rural	0.76	0.66	0.02	1.00	0.44	0.98
Center urban	0.02	0.05	0.01	1.00	1.00	0.99
Center rural	0.46	0.42	0.04	0.95	0.83	0.93
South urban	0.27	0.98	0.26	1.00	1.00	0.96
South rural	-	0.13	0.17	0.97	0.89	0.96

Nevertheless, over the full period (1996/97 to 2008/09), the probabilities of advance are uniformly high for all the disaggregations presented in Table RE-6. In terms of distribution of gains, the first order dominance approach is focused on whether or not there exists unambiguous improvement. The degree of improvement is not in direct focus. Hence, it is perfectly consistent that the rural South and the rural Center both exhibit a probability of advance of one over the full period while the Alkire-Foster approach shows much more dramatic declines in the rural South than in the rural Center. Finally, consistent with the Alkire-Foster multi-dimensional index, probabilities of advance are notably high in the most recent period.

In international comparative perspective, the gains registered by Mozambique over the 18 year span covered by the surveys in focus have been impressive. The consumption poverty headcount has fallen by about 25 points, perhaps somewhat more once adjustments for undercounting of food consumption are made. This is a strong performance by international standards.

International comparisons for the multidimensional measures are also very favorable. Rebound from the very dismal conditions that prevailed following the war is a part of the story. But, it is definitely not the whole story as gains in the most recent period attest.

A comparative perspective through time, albeit a less rigorous one, may also be of value. Many of the team members engaged in this Fourth Assessment of living conditions were also engaged, directly or indirectly, in the First Assessment. It is, in our view, reasonable to state that if, in 1997, one had forecasted the gains that have, in fact, been realized over the past 18 years, this forecast would have been considered a reasonably optimistic one by the large majority of stakeholders at the time.

In sum, the Fourth National Poverty Assessment confirms that noteworthy development progress has been realized in Mozambique over the past two decades. The report also reflects that large differences in well-being (and trends over time) remain between different socio-economic income groups and geographic areas. Inequality and spatial differences have increased. This implies that balanced, spatial, economic, infrastructure and social policies are becoming increasingly critical from both welfare and political economy perspectives.

Due to the concentration of the Mozambican work force in subsistence agriculture and low productivity informal enterprises, it is also clear that Mozambique is – in spite of the progress realized – characterized by very high levels of individual and household vulnerability. This means that positive and negative shocks can lead to large fluctuations in consumption possibilities and, thus, headcount poverty as well as welfare more broadly including child malnutrition. These observations hold throughout the country but are particularly pertinent to the rural zones of the North and Center, where, at this point in time, the very large majority of poor people reside (for all of the welfare metrics considered).

These facts and the findings in this report inescapably imply that future dynamics in smallholder agriculture and the informal sector will be of fundamental importance to achieving continued broad based progress in welfare enhancement over at least the next decade and likely longer than that. Nearly half of the Mozambican population is under 15 years of age, and high dependency ratios will continue at burdensome levels for a generation or more to come. The same goes for the future provision of much needed social and other public services, particularly health and education. In sum, achieving inclusive growth is the core policy challenge facing Mozambique in its economic and social development over the next decades where it will strive to make significant progress towards meeting the Sustainable Development Goals (SDGs) as agreed at the United Nations in September of 2015.