

Mozambique Power & Renewables SWOT

Strengths	Weaknesses
• Mozambique has a large hydropower generation base, allowing substantial electricity net exports to regional neighbours. • The market's large offshore gas discoveries could provide domestic fuel for thermal power generation projects. • The government has taken steps to improve the investment climate, including creating investment incentives and streamlining bureaucratic processes.	• The majority of Mozambique's population has low levels of income, with more than half of the market living in poverty, limiting the ability of Electricidade de Moçambique to raise electricity prices to cost-effective levels. • There is an overdependence on hydropower, leaving the market exposed to drought-induced electricity shortages. • Still low electrification rates and limited transmission & distribution outreach continue to hinder overall demand for electricity.
Opportunities	Threats
• The government is interested in taking advantage of its hydropower, gas and solar power resources. The market has good natural conditions for utility-scale and off-grid projects and the technology costs of wind and solar power are falling. • Robust economic and demographic fundamentals, combined with rising electrification rates, generate a positive long-term demand outlook. • Growth in Mozambique's LNG production and continued investment in the sector could provide additional incentive to develop long-term gas-fired power capacity in the market. • The government aims to provide access to electricity to the entire population (over 30.0mn inhabitants) by 2030, incentivising the development of new power capacity.	• Despite progress in addressing corruption, it remains a major problem and is a disincentive to foreign investment. • Islamist militant activity will remain a key security threat to Mozambique's LNG sector in the northern Cabo Delgado province. • The presidential election at the end of 2024 was contested and led to protests, indicating a weakened social stability context.

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