Mozambique Power & Renewables Risk/ Reward Index

Key View: *Mozambique underperforms regional averages in our Power & Renewables Risk/Reward Index (RRI), ranking 13th out of 18 markets in the Sub-Saharan Africa region. While the Rewards pillars overall are just within the average, Industry Rewards remain limited by weak capacity and generation gains. Still weak access to electricity and overall consumption also hamper scores in the Country Rewards pillar. Mozambique also underperforms in terms of Risks, with a difficult operating environment for investors in terms of the regulatory, financial and legal context, as well as an unimpressive competitive landscape. Country Risks are high, with risks of social unrest and continued security instability in the Cabo Delgado region.*

Risk/Reward Snapshot

Mozambique & Sub-Saharan Africa - Power & Renewables Risk/Reward Index

Note: Scores out of 100; lower score = more attractive market. Source: BMI Power & Renewables Risk/Reward Index

Global And Regional Ranks

- Regional rank (out of 18): 13th
- Global rank (out of 117): 103rd

Key Features And Latest Updates

- Despite its potential, Mozambique's power sector is small. Our forecast for limited capacity and generation additions negatively impacts its Industry Rewards score. However, it still outperforms the regional average, due to its relatively large generation output by regional standards, enabling Mozambique to be a regional net electricity exporter. The market's ample solar resources, coal reserves and large offshore discovered gas reserves provide upside risks to Industry Rewards, but these mostly remain at the planning phase for the time being.
- Mozambique's strong economic and demographic foundations, coupled with limited electrification and an expanding mining sector, create substantial

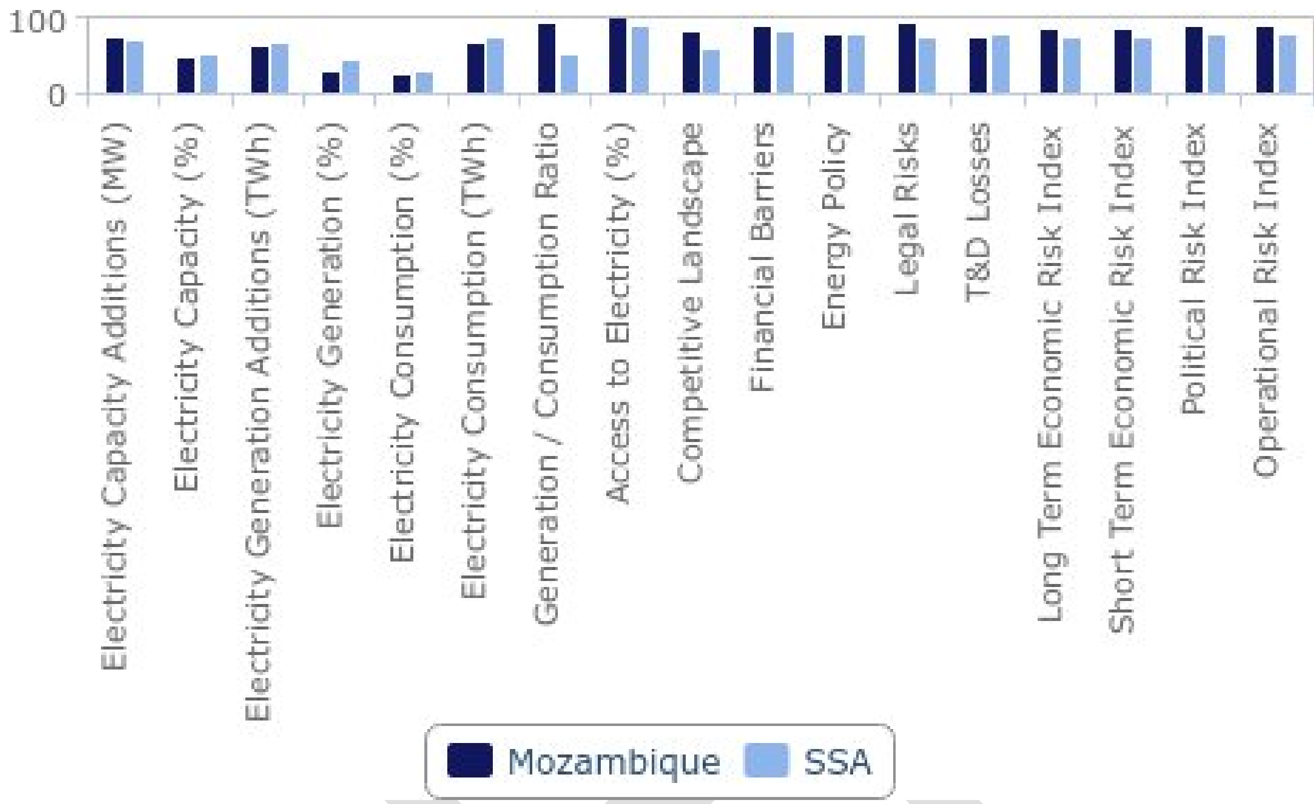
electricity demand. However, its already large generation relative to limited consumption and the still unimpressive percentage access to the grid (despite improvements), substantially limit Country Rewards. The market underperforms the regional averages in terms of Country Rewards.

- Mozambique grapples with challenges in its Industry Risks profile, characterised by high transmission & distribution losses, a complex legal system, high financial barriers, corruption concerns and limited competitive diversity within the power sector. This weighs on the market's Industry Risks - scoring significantly weaker than regional players.

- Mozambique underperforms in Country Risks, in a region that already scores poorly in terms of Country Risks. This is the highest-scoring component of Mozambique's RRI profile (lower score = more attractive). Our Country Risk team notes that the Islamist militant activity in the northern Cabo Delgado province has worsened. On the political front, the violent unrest after the October 2024 general elections could prove more protracted and larger in scale than expected, weighing on the expected economic recovery. While the situation has stabilised since the start of 2025, tensions are likely to remain elevated amid an increasingly narrow political space. High levels of poverty and inequality further contribute to social stability risks.

RRI Matrix Breakdown

Mozambique & Sub-Saharan Africa - Power & Renewables Risk/Reward Index By Component



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Disclaimer: This information is sourced from BMI Country Risk & Industry Research, a product of Fitch Solutions Group Ltd, UK