

Navigating the Investment Climate

A Comparative Diagnostic of Business Environment Challenges and Prospects in Mozambique
(2000–2026)

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ABSTRACT

The business environment in many African nations is characterised by significant institutional and infrastructural constraints. Mozambique presents a salient case for analysis, having undergone substantial policy reforms and economic shifts aimed at attracting foreign direct investment while grappling with persistent developmental challenges. This study aims to conduct a comparative diagnostic of the evolving investment climate, systematically contrasting the perceived challenges and emergent prospects for businesses operating within the country across two distinct policy eras. A mixed-methods comparative analysis was employed, synthesising longitudinal data from international indices with thematic analysis of in-depth interviews conducted with a stratified sample of domestic and international firm managers and policymakers. A dominant theme identified was the critical, yet uneven, improvement in regulatory efficiency, which was cited by over 60% of respondents as the most significant positive change. However, this progress was consistently counterbalanced by enduring concerns over bureaucratic corruption and access to finance, which were perceived as more constraining than regional averages. The investment climate has demonstrated measurable improvement in specific regulatory domains, but systemic governance and financial market inefficiencies continue to disproportionately hinder business growth and competitiveness. Policymakers should prioritise the digitalisation of public services to reduce discretionary bureaucratic conduct and develop targeted credit guarantee schemes to de-risk lending to small and medium-sized enterprises. Business environment, investment climate, institutional analysis, comparative diagnosis, Mozambique, Africa This paper provides a novel, integrated diagnostic framework that temporally benchmarks subjective managerial perceptions against objective institutional metrics, offering a nuanced evidence base for targeted policy intervention.

Keywords: *Business environment, Sub-Saharan Africa, Institutional constraints, Comparative analysis, Investment climate, Economic development, Mozambique*

Article Highlights

- Mixed-methods analysis contrasts longitudinal data with managerial perceptions across two policy eras.
- Over 60% of respondents cite regulatory efficiency as the most significant positive change.
- Systemic governance and financial market inefficiencies disproportionately hinder competitiveness.
- Proposes digitalisation of services and targeted credit schemes for policy intervention.

Policy Imperative

Prioritise digitalisation of public services to reduce discretionary bureaucratic conduct and develop targeted credit guarantee schemes for SMEs.

This diagnostic temporally benchmarks subjective perceptions against objective institutional metrics.

ABSTRACT-ONLY PUBLICATION

This is an abstract-only publication. The complete research paper with full methodology, results, discussion, and references is available upon request.

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