Life for most Mozambicans improved dramatically following the civil war in the country and the first free elections in 1994. Household incomes and asset holdings increased, as did access to and the quality of public services. Despite these improvements many Mozambican families are still among the poorest in the world. More than half of the population lives in poverty, and inequalities between rich and poor, men and women, rural and urban dwellers are persistent. The purpose of this analysis is to help policy-makers and donors promote and sustain pro-poor policies and beat the odds of economic growth benefitting disproportionally various segments of society. The analysis takes a multidisciplinary approach, combining the methodologies of three World Bank diagnostic tools: Poverty Assessment, Gender Assessment and Country Social Analysis, and drawing on both quantitative and qualitative surveys (the 2006 Poverty and Vulnerability Survey, focus group interviews, etc.) The report is structured around the following issues: (i) the main dimensions of poverty including economic, human development, and social factors; (ii) possible mechanisms of shared growth in view of current household livelihoods, changes in livelihoods and gender dynamic; (iii) possibilities for pro-poor growth in the agriculture sector; government expenditure policies; (iv) ways of bringing the government closer to its citizens i.e. improving the mechanisms for participation, representation, and access to the justice system; and (v) the impact of HIV/AIDS on growth and well-being. It concludes with recommendations for shaping future pro-poor policies in the context of the country's second phase Poverty Reduction Strategy (PARPA II).