

Doing Business 2009

Country Profile for
Mozambique

COMPARING REGULATION IN 181 ECONOMIES

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1818 H Street NW
Washington, DC 20433
Telephone 202-473-1000

Internet www.worldbank.org

e-mail feedback@worldbank.org

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Introduction

Doing Business 2009 is the sixth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 181 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 10 stages of a business's life are measured : starting a business, dealing with construction permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in Doing Business 2009 are current as of June 1, 2008*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 181 economies: 46 in Sub-Saharan Africa, 32 in Latin America and The Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 19 in the Middle East and North Africa and 8 in South Asia, as well as 27 OECD high-income economies as benchmarks.

The following pages present the summary Doing Business indicators for Mozambique. The data used for this country profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

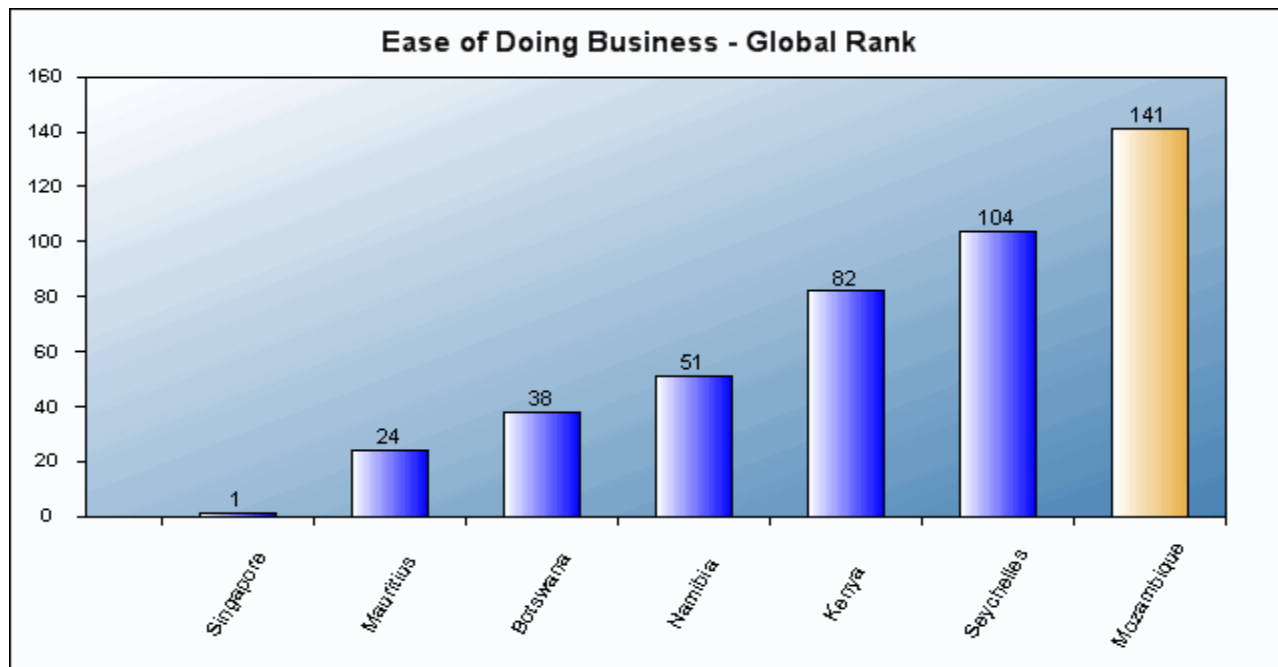
More information is available in the full report. Doing Business 2009 presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

* Except for the Paying Taxes indicator that refers to the period January to December of 2007.

Economy Rankings - Ease of Doing Business

Mozambique is ranked 141 out of 181 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Mozambique - Compared to global good practice economy as well as selected economies:



Mozambique's ranking in Doing Business 2009

Rank	Doing Business 2009
Ease of Doing Business	141
Starting a Business	144
Dealing with Construction Permits	153
Employing Workers	161
Registering Property	149
Getting Credit	123
Protecting Investors	38
Paying Taxes	88
Trading Across Borders	140
Enforcing Contracts	124
Closing a Business	133

Summary of Indicators - Mozambique

Starting a Business	Procedures (number)	10
	Duration (days)	26
	Cost (% GNI per capita)	22.9
	Paid in Min. Capital (% of GNI per capita)	122.5
Dealing with Construction Permits	Procedures (number)	17
	Duration (days)	381
	Cost (% of income per capita)	747.8
Employing Workers	Difficulty of Hiring Index	67
	Rigidity of Hours Index	60
	Difficulty of Firing Index	20
	Rigidity of Employment Index	49
	Firing costs (weeks of salary)	134
Registering Property	Procedures (number)	8
	Duration (days)	42
	Cost (% of property value)	12.9
Getting Credit	Legal Rights Index	2
	Credit Information Index	4
	Public registry coverage (% adults)	1.9
	Private bureau coverage (% adults)	0.0
Protecting Investors	Disclosure Index	5

Protecting Investors	Director Liability Index	4
	Shareholder Suits Index	9
	Investor Protection Index	6.0
Paying Taxes	Payments (number)	37
	Time (hours)	230
	Profit tax (%)	27.7
	Labor tax and contributions (%)	4.5
	Other taxes (%)	2.1
	Total tax rate (% profit)	34.3
Trading Across Borders	Documents for export (number)	8
	Time for export (days)	26
	Cost to export (US\$ per container)	1200
	Documents for import (number)	10
	Time for import (days)	32
	Cost to import (US\$ per container)	1475
Enforcing Contracts	Procedures (number)	30
	Duration (days)	730
	Cost (% of claim)	142.5
Closing a Business	Time (years)	5.0
	Cost (% of estate)	9
	Recovery rate (cents on the dollar)	15.2



Starting a Business

When entrepreneurs draw up a business plan and try to get under way, the first hurdles they face are the procedures required to incorporate and register the new firm before they can legally operate. Economies differ greatly in how they regulate the entry of new businesses. In some the process is straightforward and affordable. In others the procedures are so burdensome that entrepreneurs may have to bribe officials to speed the process or may decide to run their business informally.

The data on starting a business is based on a survey and research investigating the procedures that a standard small to medium-size company needs to complete to start operations legally. These include obtaining all necessary permits and licenses and completing all required inscriptions, verifications and notifications with authorities to enable the company to formally operate. The time and cost required to complete each procedure under normal circumstances are calculated, as well as the minimum capital that must be paid in. It is assumed that all information is readily available to the entrepreneur, that there has been no prior contact with officials and that all government and nongovernment entities involved in the process function without corruption.

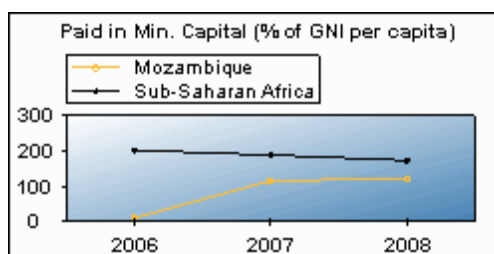
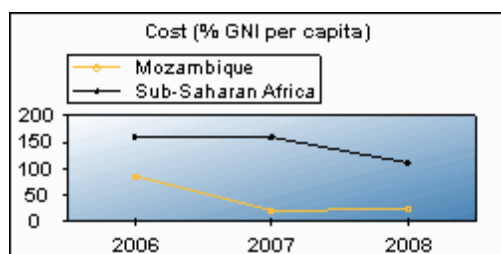
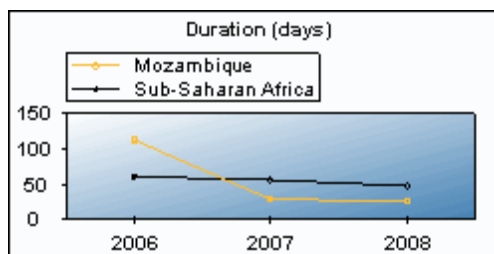
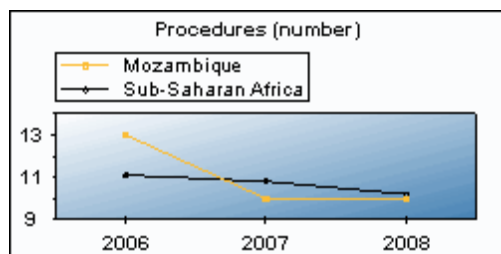
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with a start-up capital of 10 times income per capita, a turnover of at least 100 times income per capita and between 10 and 50 employees; and it does not qualify for any special benefits, nor does it own real estate. Procedures are recorded only where interaction is required with an external party. It is assumed that the founders complete all procedures themselves unless professional services (such as by a notary or lawyer) are required by law. Voluntary procedures are not counted, nor are industry-specific requirements and utility hook-ups. Lawful shortcuts are counted.

Cumbersome entry procedures are associated with more corruption, particularly in developing economies. Each procedure is a point of contact, a potential opportunity to extract a bribe. Analysis shows that burdensome entry regulations do not increase the quality of products, make work safer or reduce pollution. Instead, they constrain private investment; push more people into the informal economy; increase consumer prices and fuel corruption.

1. Historical data: Starting a Business in Mozambique

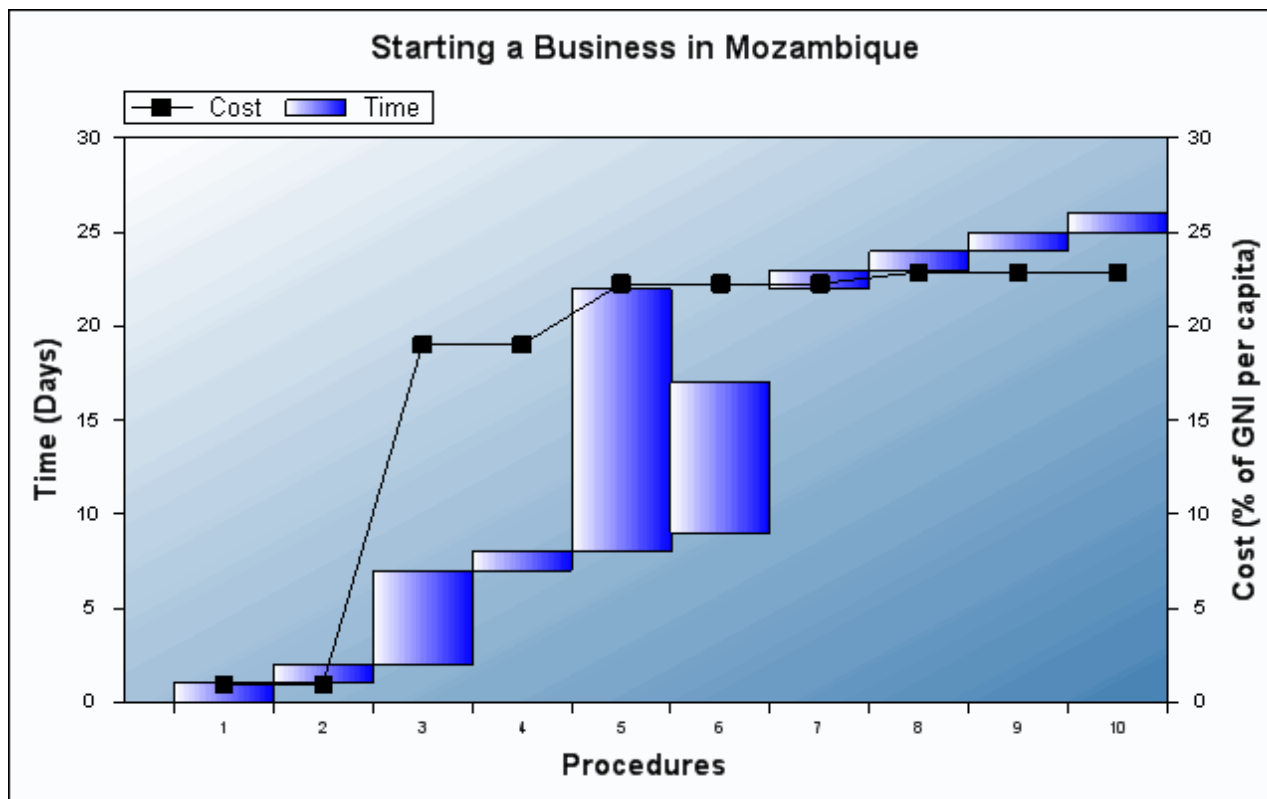
Starting a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		130	144
Procedures (number)	13	10	10
Duration (days)	113	29	26
Cost (% GNI per capita)	85.7	21.6	22.9
Paid in Min. Capital (% of GNI per capita)	10.4	115.8	122.5

2. The following graphs illustrates the Starting a Business indicators in Mozambique over the past 3 years:



3. Steps to Starting a Business in Mozambique

It requires 10 procedures, takes 26 days, and costs 22.88 % GNI per capita to start a business in Mozambique.



List of Procedures:

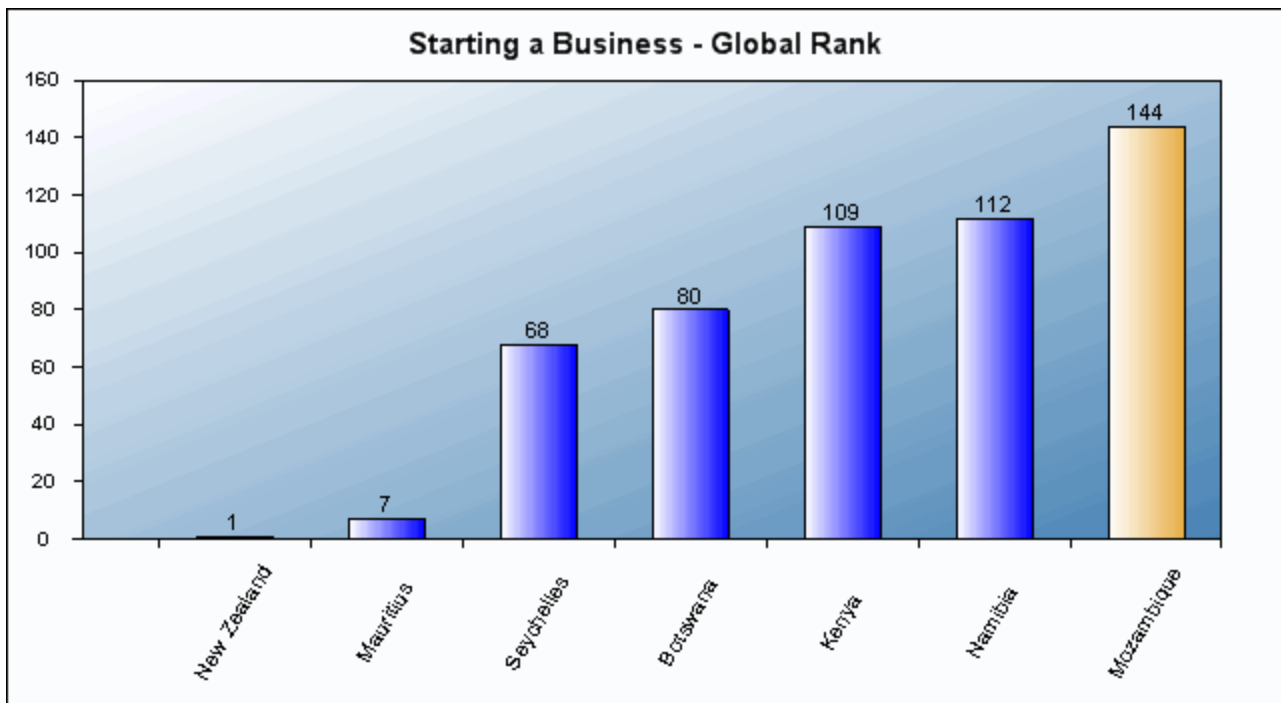
- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Obtain certification of unique name (certidão negativa) at the Commercial Registrar Office of Maputo (Conservatória do Registo Comercial) 2. Open a provisional bank account, deposit minimum capital, and obtain a verification of deposit with a local bank 3. Register with the Commercial Registrar Office of Maputo (Conservatória de Registo Comercial); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República) 4. Register for taxes and obtain NUIT from Repartição de Finanças 5. Apply for an operational license (alvará) from the Presidente of Conselho Municipality 6. Receive inspection from Ministry of Health and Fire Department and Ministry of Commerce and Industry 7. Declare the beginning of activity at the tax department (Repartição de Finanças) | <ol style="list-style-type: none"> 8. Declare the beginning of activity and register job candidates at the provincial employment center 9. Register workers with the social security system 10. Subscribe a workmen's compensation insurance coverage |
|---|--|

More detail is included in the appendix.

4. Benchmarking Starting a Business Regulations:

Mozambique is ranked 144 overall for Starting a Business.

Ranking of Mozambique in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per capita)
Denmark			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Mozambique	10	26	22.9	122.5

<i>Comparator Economies</i>				
Botswana	10	78	2.3	0.0
Kenya	12	30	39.7	0.0
Mauritius	5	6	5.0	0.0
Namibia	10	66	22.1	0.0
Seychelles	9	38	8.3	0.0

* The following economies are also good practice economies for :

Procedures (number): **Canada**

Dealing with Construction Permits

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure; from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation; the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable. Striking the right balance is a challenge when it comes to construction regulations. Good regulations ensure safety standards that protect the public while making the permitting process efficient, transparent and affordable for both building authorities and the private professionals who use it. If procedures are overly complicated or costly, builders build without a permit, leading to hazardous construction.

The indicators on dealing with construction permits record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included (bribes not included). Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law. To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 60 qualified employees. The warehouse to be built:

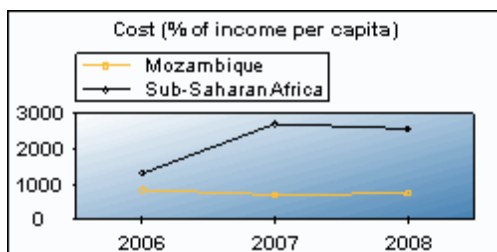
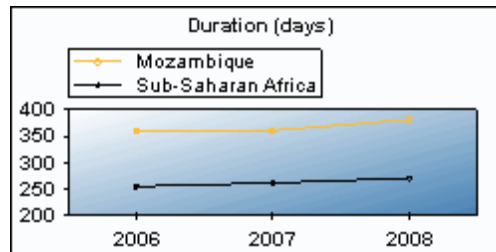
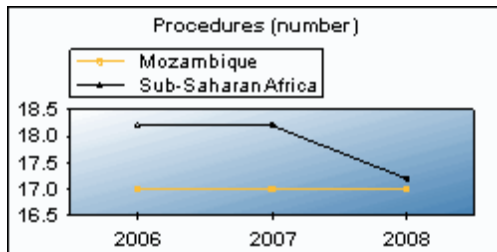
- Is a new construction (there was no previous construction on the land).
- Has 2 stories, both above ground, with a total surface of approximately 1,300.6 square meters (14,000 square feet). Each floor is 3 meters (9 feet, 10 inches) high
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will be used for general storage, such as of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Where the regulatory burden is large, entrepreneurs move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off.

1. Historical data: Dealing with Construction Permits in Mozambique

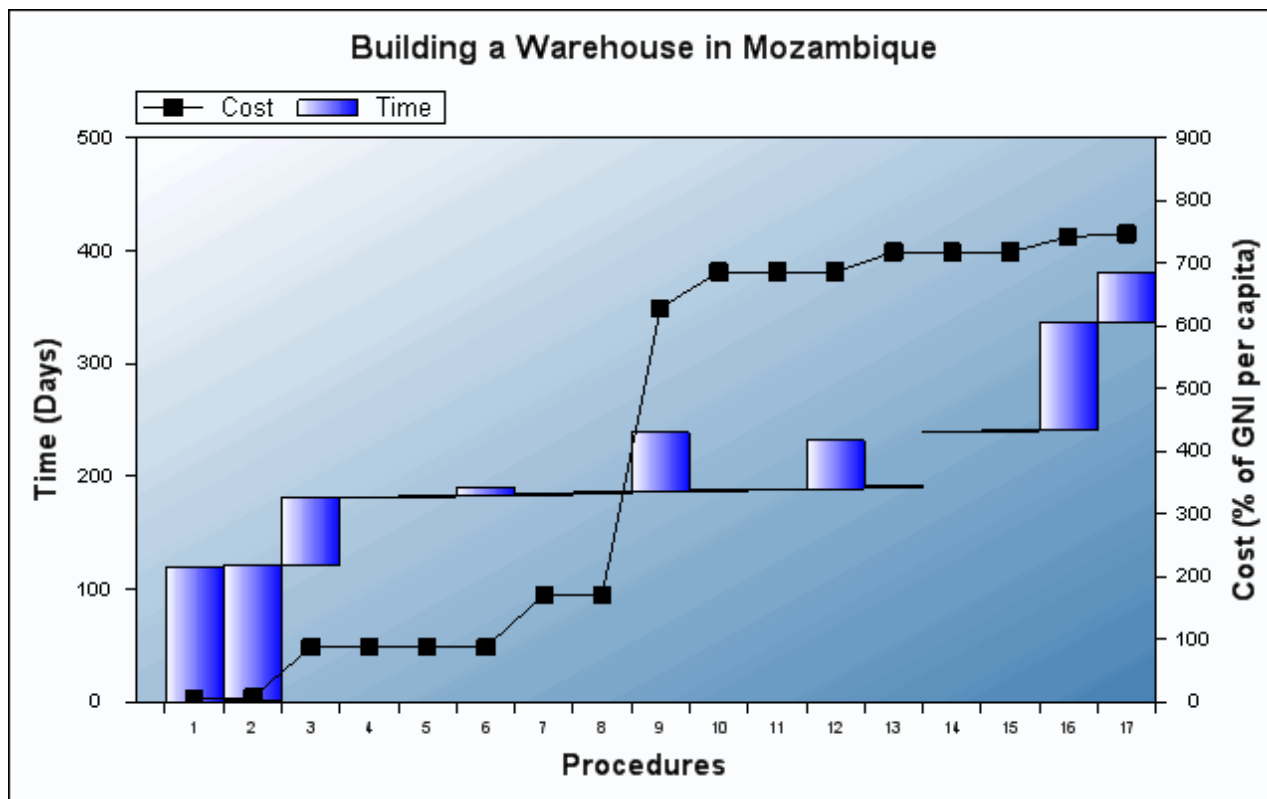
Dealing with Construction Permits data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		147	153
Procedures (number)	17	17	17
Duration (days)	361	361	381
Cost (% of income per capita)	844.8	705.0	747.8

2. The following graphs illustrates the Dealing with Construction Permits indicators in Mozambique over the past 3 years:



3. Steps to Building a Warehouse in Mozambique

It requires 17 procedures, takes 381 days, and costs 747.83 % GNI per capita to build a warehouse in Mozambique.



List of Procedures:

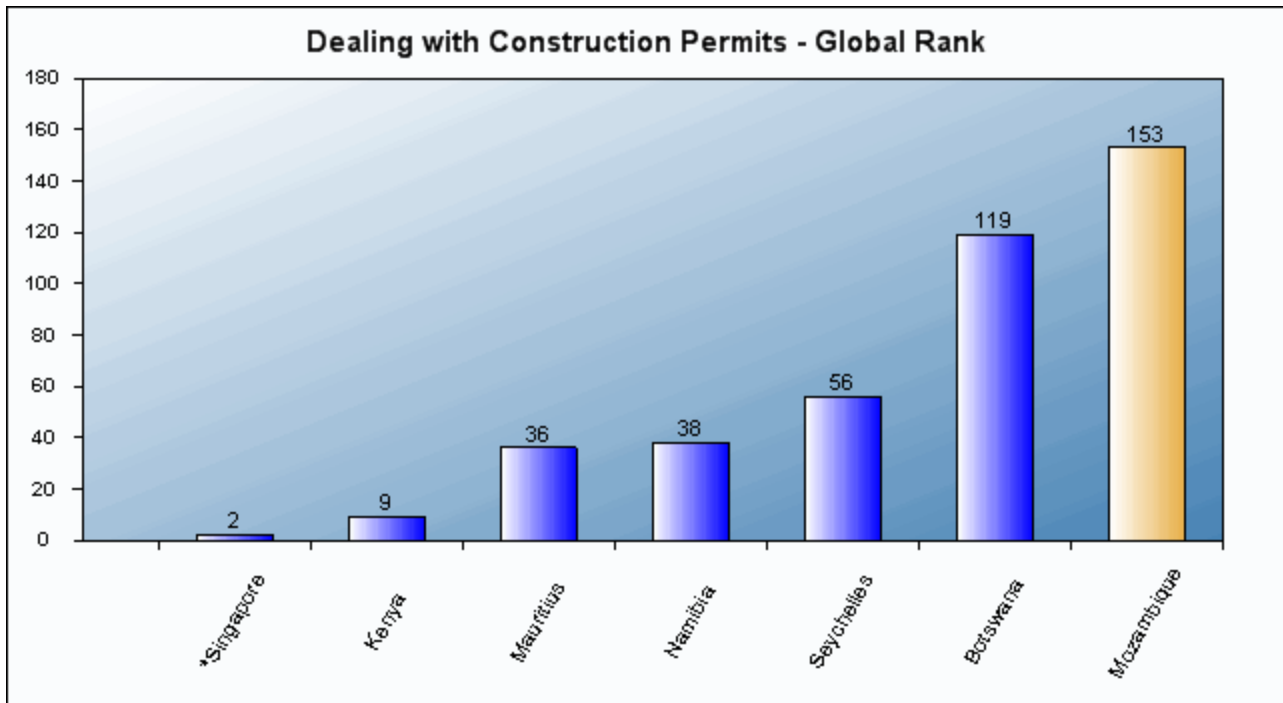
- | | |
|--|---|
| 1. Request and obtain the right to the use and enjoyment of the land | 10. Request water and sewage connection |
| 2. Request and obtain topographic plan | 11. Receive inspection and obtain approval of plumbing plan from water department |
| 3. Request and obtain building permit from Department of Construction and Urbanization | 12. Connect to water and sewage services |
| 4. Receive inspection from Municipality - I | 13. Request and obtain phone connection |
| 5. Receive inspection from Municipality - II | 14. Request final inspection |
| 6. Request electricity connection from National Directorate of Energy | 15. Receive final inspection |
| 7. Request power connection from Electricity of Mozambique | 16. Request and obtain occupancy permit |
| 8. Receive inspection and obtain approval of electrical plan from electricity department | 17. Register the new building at the property registration |
| 9. Connect to electricity services of Electricity of Mozambique | |

More detail is included in the appendix.

4. Benchmarking Dealing with Construction Permits Regulations:

Mozambique is ranked 153 overall for Dealing with Construction Permits.

Ranking of Mozambique in Dealing with Construction Permits - Compared to good practice and selected economies:



* The following economies are also good practice economies for Building a Warehouse: Belize, New Zealand, St. Vincent and the Grenadines

The following table shows Dealing with Construction Permits data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
Malaysia*			7.9

<i>Selected Economy</i>			
Mozambique	17	381	747.8

<i>Comparator Economies</i>			
Botswana	24	167	311.9
Kenya	10	100	46.3
Mauritius	18	107	41.0
Namibia	12	139	181.8
Seychelles	19	144	47.0

* The following economies are also good practice economies for :

Cost (% of income per capita): Brunei, Palau, Qatar, St. Kitts and Nevis, Trinidad and Tobago, United Arab Emirates



Employing Workers

Economies worldwide have established a system of laws and institutions intended to protect workers and guarantee a minimum standard of living for its population. This system generally encompasses four bodies of law: employment, industrial relations, social security and occupational health and safety laws. Doing Business examines government regulation in the area of employment.

Two measures are presented: a rigidity of employment index and a firing cost measure. The rigidity of employment index is the average of three subindices: difficulty of hiring, rigidity of hours and difficulty of firing. Each index takes values between 0 and 100, with higher values indicating more rigid regulation. The difficulty of hiring index measures the flexibility of contracts and the ratio of the minimum wage to the value added per worker. The rigidity of hours index covers restrictions on weekend and night work, requirements relating to working time and the workweek, and mandated days of annual leave with pay. The difficulty of firing index covers workers' legal protections against dismissal, including the grounds permitted for dismissal and procedures for dismissal (individual and collective): notification and approval requirements, retraining or reassignment obligations and priority rules for dismissals and reemployment.

The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

To make the data comparable across economies, a range of assumptions about the worker and the company are used. The company is assumed to be a limited liability manufacturing corporation that operates in the economy's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in economies where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

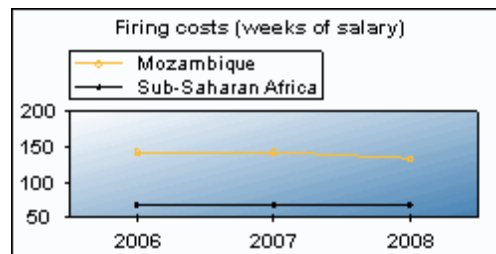
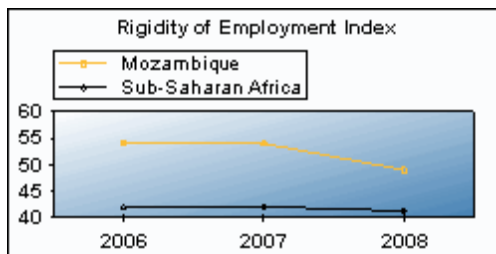
Employment regulations are needed to allow efficient contracting between employers and workers and to protect workers from discriminatory or unfair treatment by employers. In its indicators on employing workers, Doing Business measures flexibility in the regulation of hiring, working hours and dismissal in a manner consistent with the conventions of the International Labour Organization (ILO). An economy can have the most flexible labor regulations as measured by Doing Business while ratifying and complying with all conventions directly relevant to the factors measured by Doing Business and with the ILO core labor standards. No economy can achieve a better score by failing to comply with these conventions.

Governments all over the world face the challenge of finding the right balance between worker protection and labor market flexibility. But in developing countries especially, regulators often err to one extreme, pushing employers and workers into the informal sector. Analysis across economies shows that while employment regulation generally increases the tenure and wages of incumbent workers, overly rigid regulations may have undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills, all of which may reduce productivity growth. When economies err on the side of excessive rigidity, it is to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Mozambique

Employing Workers data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		166	161
Rigidity of Employment Index	54	54	49
Firing costs (weeks of salary)	143	143	134

2. The following graphs illustrates the Employing Workers indicators in Mozambique over the past 3 years:



3. Benchmarking Employing Workers Regulations:

Mozambique is ranked 161 overall for Employing Workers.

Ranking of Mozambique in Employing Workers - Compared to good practice and selected economies:



* The following economies are also good practice economies for Employing Workers: Marshall Islands, Singapore

The following table shows Employing Workers data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Rigidity of Employment Index	Firing costs (weeks of salary)
Hong Kong, China*	0	
New Zealand*		0

<i>Selected Economy</i>		
Mozambique	49	134

<i>Comparator Economies</i>		
Botswana	20	90
Kenya	17	47
Mauritius	23	35
Namibia	20	24
Seychelles	38	39

* The following economies are also good practice economies for :

Rigidity of Employment Index: Maldives, Marshall Islands, Singapore, United States

Firing costs (weeks of salary): Afghanistan, Denmark, Iraq, Marshall Islands, Micronesia, Palau, Puerto Rico, Tonga, United States



Registering Property

Formal property titles help promote the transfer of land, encourage investment and give entrepreneurs access to formal credit markets. But a large share of property in developing economies is not formally registered. Informal titles cannot be used as security in obtaining loans, which limits financing opportunities for businesses. Many governments have recognized this and started extensive property titling programs. But bringing assets into the formal sector is only part of the story. The more difficult and costly it is to formally transfer property, the greater the chances that formalized titles will quickly become informal again. Eliminating unnecessary obstacles to registering and transferring property is therefore important for economic development.

Doing Business records the full sequence of procedures necessary for a business (buyer) to purchase a property from another business (seller) and to transfer the property title to the buyer's name. The property of land and building will be transferred in its entirety. The transaction is considered complete when the buyer can use the property as collateral for a bank loan.

Local property lawyers and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most economies the data are based on responses from both. Based on the responses, three indicators are constructed.

- Number of procedures to register property.
- Time to register property (in calendar days).
- Official costs to register property (as a percentage of the property value).

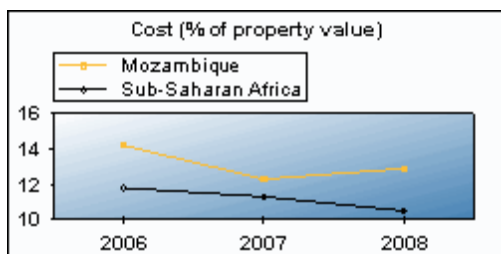
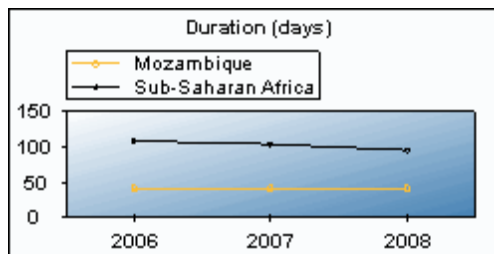
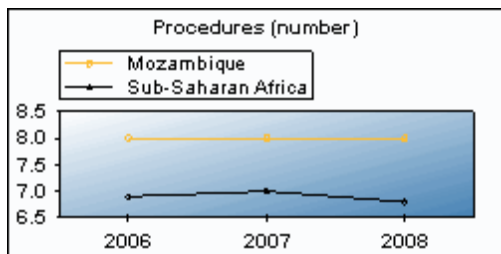
Many titling programs in Africa were futile because people bought and sold property informally, neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African economy cost 10% of the value of the property and takes on average 90 days. Worse, the property registries are so poorly organized that they provide little security of ownership.

Efficient property registration reduces transaction costs and helps to formalize property titles. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this. Twenty-four economies made it easier to register property in 2007/08. The most popular reform: lowering the cost of registration by reducing the property transfer tax, registration fees or stamp duty.

1. Historical data: Registering Property in Mozambique

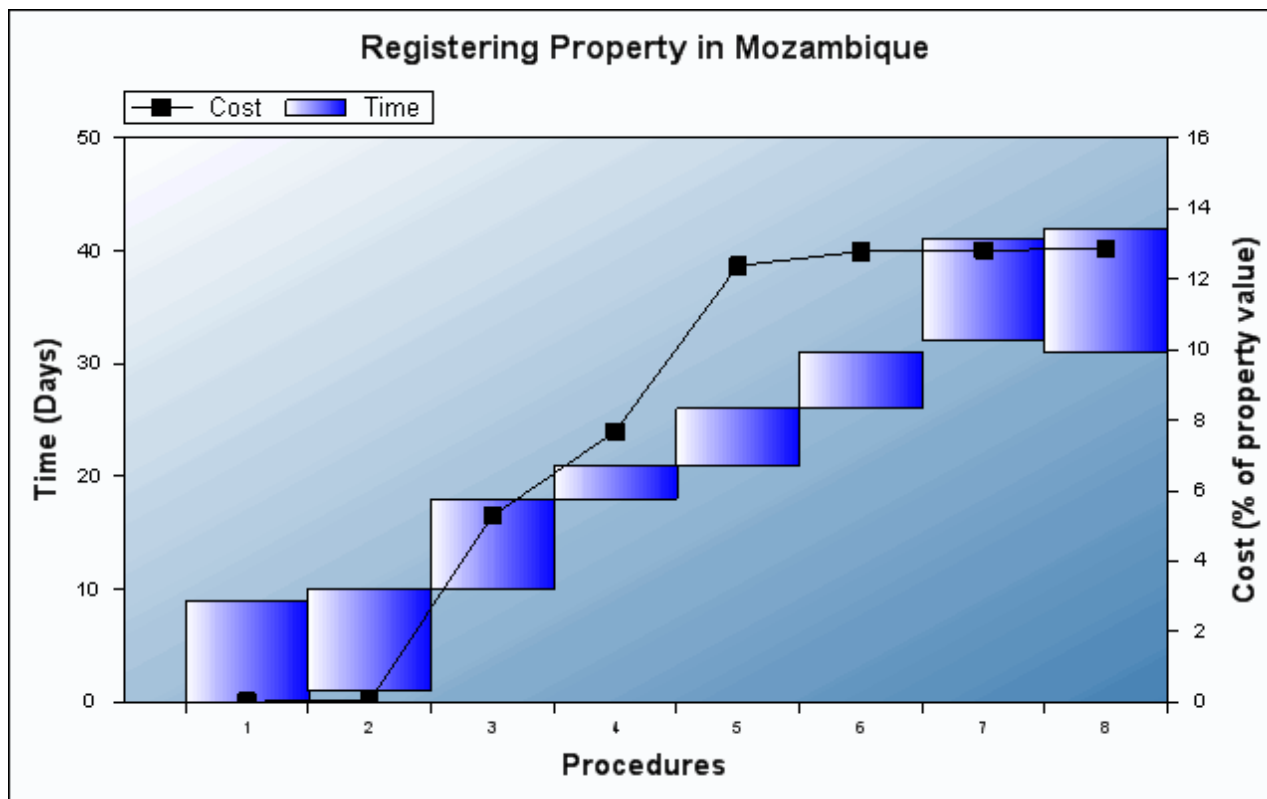
Registering Property data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		144	149
Procedures (number)	8	8	8
Duration (days)	42	42	42
Cost (% of property value)	14.2	12.3	12.9

2. The following graphs illustrates the Registering Property indicators in Mozambique over the past 3 years:



3. Steps to Registering Property in Mozambique

It requires 8 procedures, takes 42 days, and costs 12.86 % of property value to register the property in Mozambique.



List of Procedures:

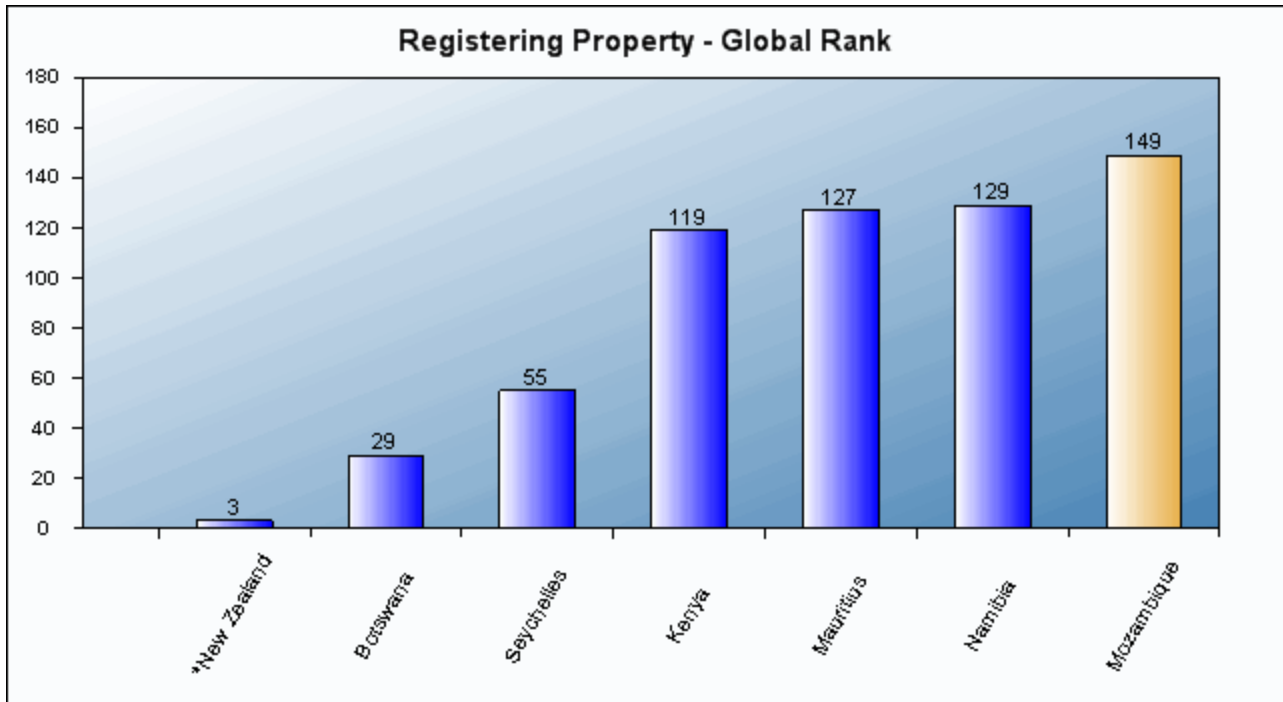
1. Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office
2. Obtain a certificate from the Tax Authority regarding the value of the property
3. Lawyer prepares the draft sale and purchase agreement
4. Payment of transfer tax (SISA) at the Municipal Tax Office
5. Submit the draft sale and purchase agreement to the public notary to verify and issue the notarial deed of purchase
6. Apply for registration of the building at the Real Estate Registry Office
7. Submit the notarial deed at the Municipal Tax Office
8. Submit the notary deed to the Cadastre Services Registry

More detail is included in the appendix.

4. Benchmarking Registering Property Regulations:

Mozambique is ranked 149 overall for Registering Property.

Ranking of Mozambique in Registering Property - Compared to good practice and selected economies:



* The following economies are also good practice economies for Registering Property: Georgia, Saudi Arabia

The following table shows Registering Property data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
Mozambique	8	42	12.9

<i>Comparator Economies</i>			
Botswana	4	11	5.0
Kenya	8	64	4.1
Mauritius	4	210	10.8
Namibia	9	23	9.9
Seychelles	4	33	7.0

* The following economies are also good practice economies for :

Procedures (number): Sweden

Duration (days): Saudi Arabia, Sweden, Thailand



Getting Credit

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function: one on credit registries and the other on legal rights of borrowers and lenders. Credit registries, institutions that collect and distribute credit information on borrowers, can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

- Depth of credit information index, which measures the extent to which the rules of a credit information system facilitate lending based on the scope of information distributed, the ease of access to information and the quality of information.
- Public registry coverage, which reports the number of individuals and firms covered by a public credit registry as a percentage of the adult population.
- Private bureau coverage, which reports the number of individuals and firms, covered by a private credit bureau as a percentage of the adult population.

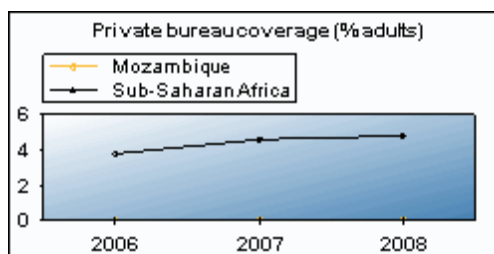
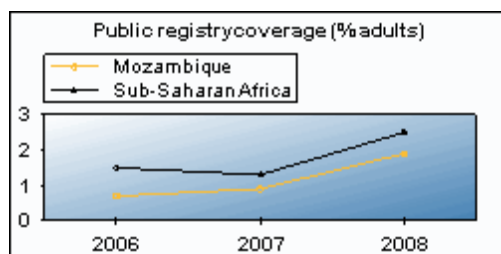
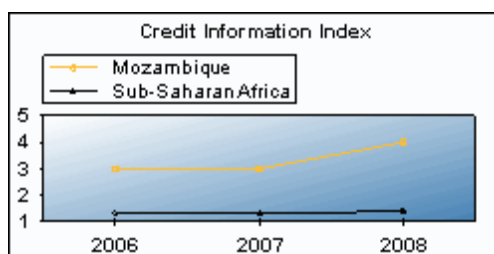
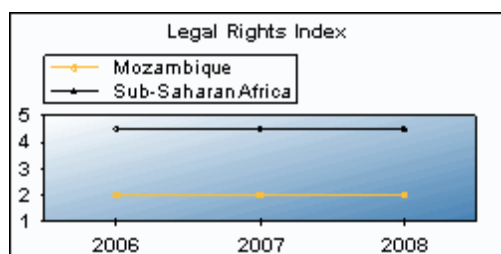
The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. This year, three main changes were made; first, a standardized case scenario with specific assumptions was introduced to bring this indicator into line with other Doing Business indicators. Second, the indicator now focuses not on tangible movable collateral, such as equipment, but on revolving movable collateral, such as accounts receivable and inventory. Third, the indicator no longer considers whether management remains in place during a reorganization procedure, better accommodating economies that adopt reorganization procedures. The strength of legal rights index includes 8 aspects related to legal rights in collateral law and 2 aspects in bankruptcy law:

- Any business may use movable assets as collateral while keeping possession of the assets, and any financial institution may accept such assets as collateral.
- The law allows a business to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets.
- The law allows a business to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets.
- A security right may extend to future or after-acquired assets and may extend automatically to the products, proceeds or replacements of the original assets.
- General description of debts and obligations is permitted in collateral agreements and in registration documents, so that all types of obligations and debts can be secured by stating a maximum rather than a specific amount between the parties.
- A collateral registry is in operation that is unified geographically and by asset type and that is indexed by the name of the grantor of a security right.
- Secured creditors are paid first when a debtor defaults outside an insolvency procedure or when a business is liquidated.
- Secured creditors are not subject to an automatic stay or moratorium on enforcement procedures when a debtor enters a court-supervised reorganization procedure.
- The law allows parties to agree in a collateral agreement that the lender may enforce its security right out of court.

1. Historical data: Getting Credit in Mozambique

Getting Credit data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		126	123
Legal Rights Index	2	2	2
Credit Information Index	3	3	4
Public registry coverage (% adults)	0.7	0.9	1.9
Private bureau coverage (% adults)	0.0	0.0	0.0

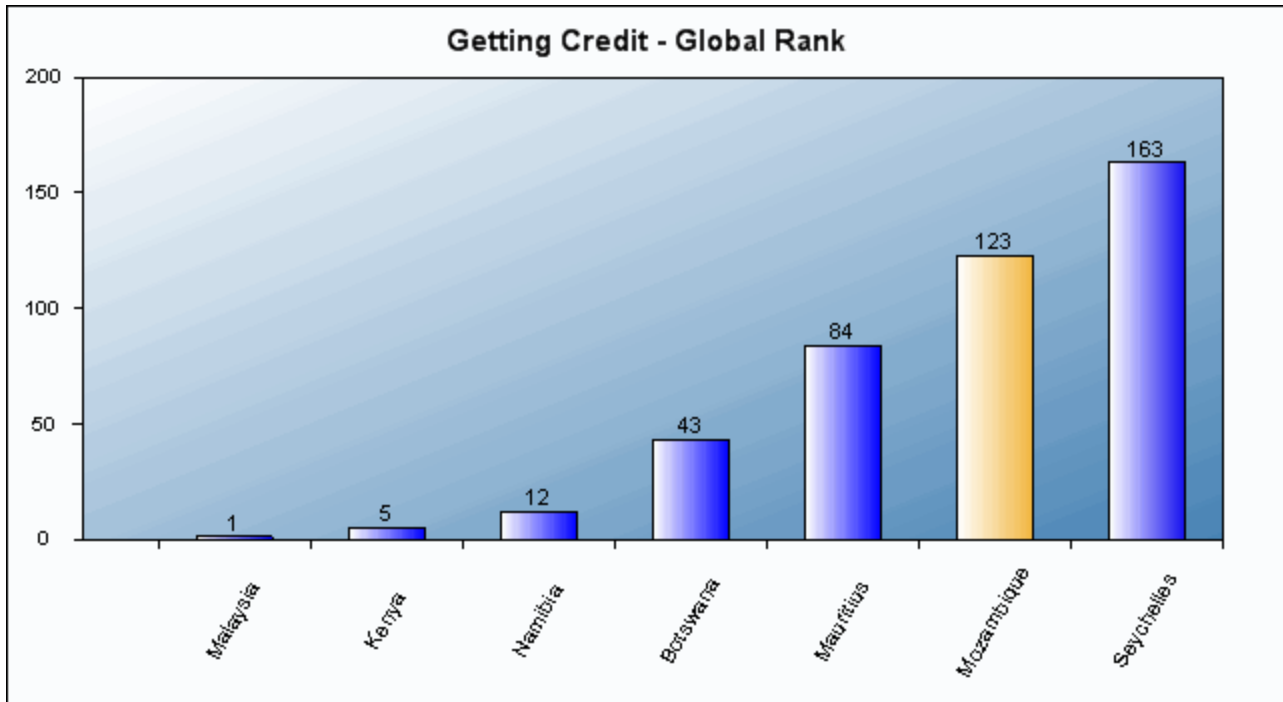
2. The following graphs illustrates the Getting Credit indicators in Mozambique over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Mozambique is ranked 123 overall for Getting Credit.

Ranking of Mozambique in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Legal Rights Index	Credit Information Index	Public registry coverage (% adults)	Private bureau coverage (% adults)
Malaysia*	10			
New Zealand*				100.0
Portugal			76.4	
United Kingdom		6		

<i>Selected Economy</i>				
Mozambique	2	4	1.9	0.0

<i>Comparator Economies</i>				
Botswana	7	4	0.0	52.9
Kenya	10	4	0.0	2.1
Mauritius	5	3	20.6	0.0
Namibia	8	5	0.0	59.6
Seychelles	3	0	0.0	0.0

* The following economies are also good practice economies for :

Legal Rights Index: Hong Kong, China, Kenya, Singapore

Private bureau coverage (% adults): Argentina, Australia, Canada, Iceland, Ireland, Nicaragua, Norway, Sweden, United Kingdom, United States

24 countries have the highest credit information index.



Protecting Investors

Companies grow by raising capital, either through a bank loan or by attracting equity investors. Selling shares allows companies to expand without the need to provide collateral and repay bank loans. But investors worry about their money, and look for laws that protect them. A study finds that the presence of legal and regulatory protections for investors explains up to 73% of the decision to invest. In contrast, company characteristics explain only between 4% and 22%*. Good protections for minority shareholders are associated with larger and more active stock markets. Thus both governments and businesses have an interest in reforms strengthening investor protections. To document some of the protections investors have, Doing Business measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gain.

The case facts are straightforward. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company. Shareholders sue the interested parties and the members of the board of directors. Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

- The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.
- The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.
- The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

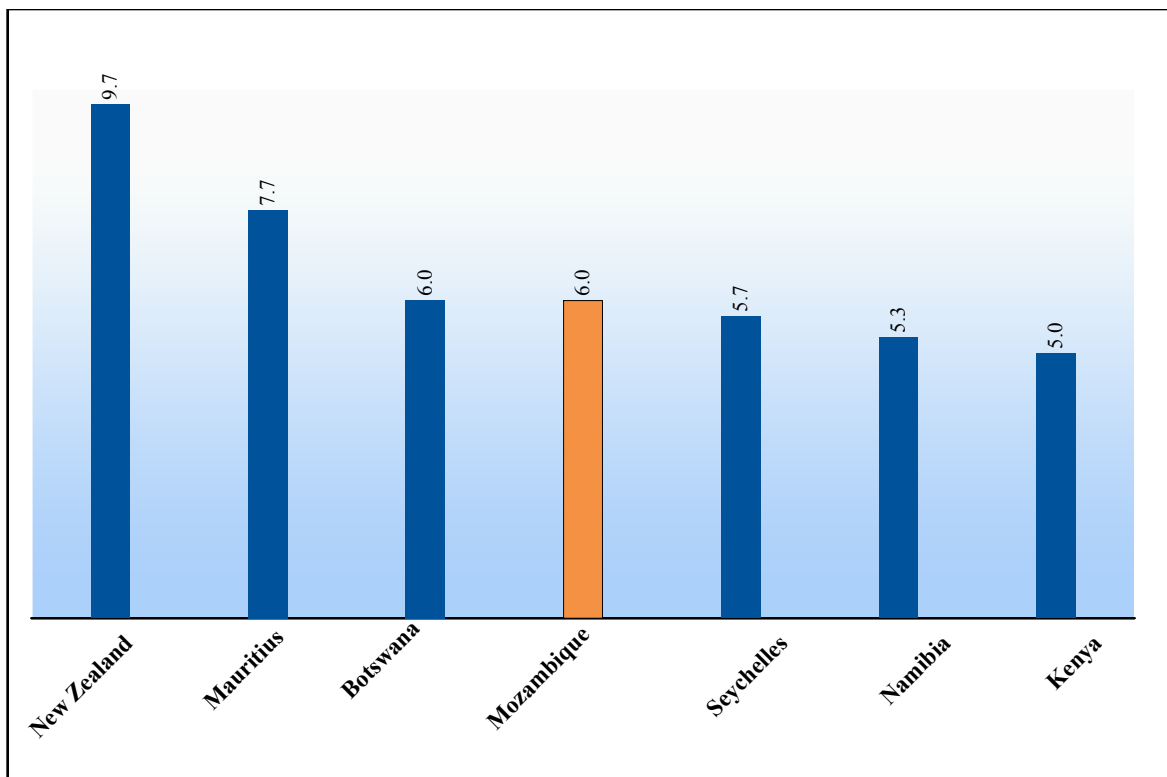
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

*Doidge, Karayi and Stulz (2007)

1. Historical data: Protecting Investors in Mozambique

Protecting Investors data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		33	38
Investor Protection Index	4.7	6.0	6.0

2. The following graph illustrates the Protecting Investors index in Mozambique compared to best practice and selected Economies:

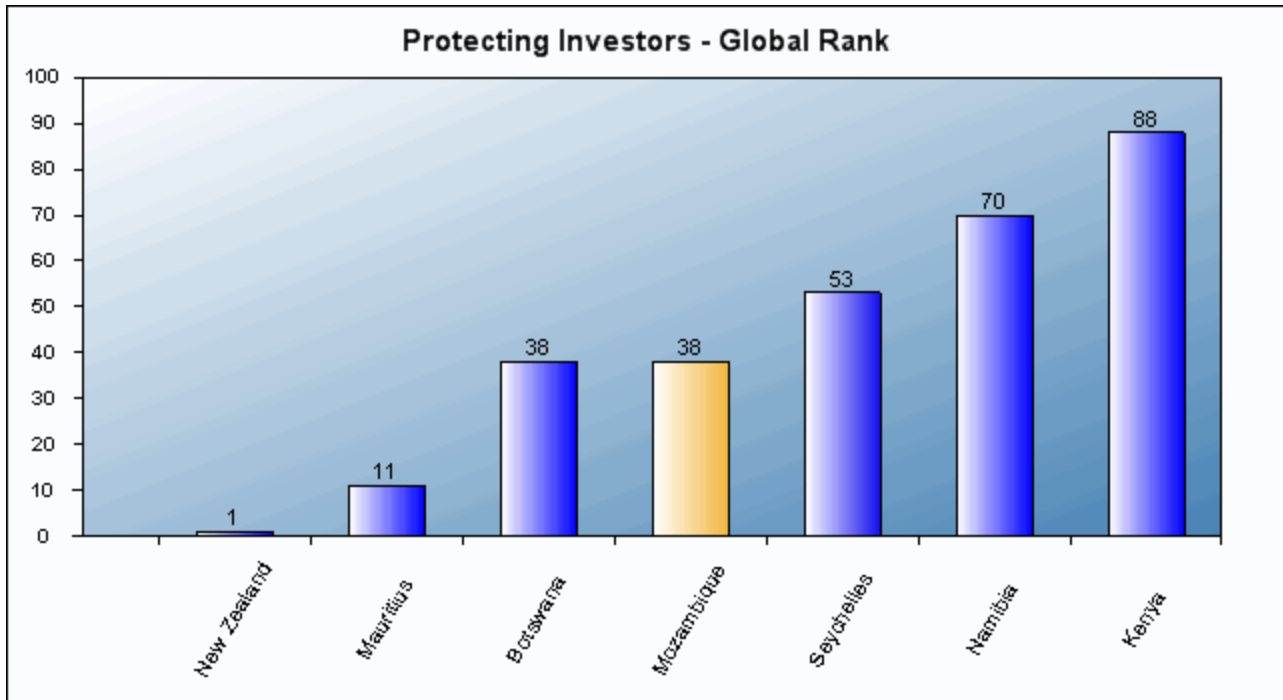


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Mozambique is ranked 38 overall for Protecting Investors.

Ranking of Mozambique in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Mozambique	6.0

<i>Comparator Economies</i>	
Botswana	6.0
Kenya	5.0
Mauritius	7.7
Namibia	5.3
Seychelles	5.7



Paying Taxes

Taxes are essential. Without them there would be no money to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. But particularly for small and medium size companies, they may opt out and choose to operate in the informal sector. One way to enhance tax compliance is to ease and simplify the process of paying taxes for such businesses.

The Doing Business tax survey records the effective tax that a small and medium company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asks tax practitioners in 181 economies to review TaxpayerCo's financial statements and a standard list of transactions that the company completed during the year. Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.

The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded. Taxes and mandatory contributions are measured at all levels of government and include corporate income tax, turnover tax, all labor taxes and contributions paid by the company (including mandatory contributions paid to private pension or insurance funds), property tax, property transfer tax, dividend tax, capital gains tax, financial transactions tax, vehicle tax, sales tax and other small taxes (such as fuel tax, stamp duty and local taxes). A range of standard deductions and exemptions are also recorded.

Three indicators are constructed:

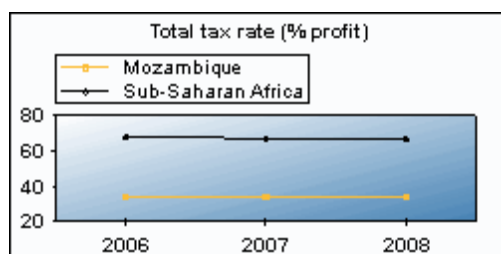
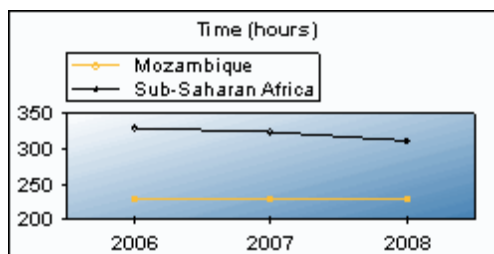
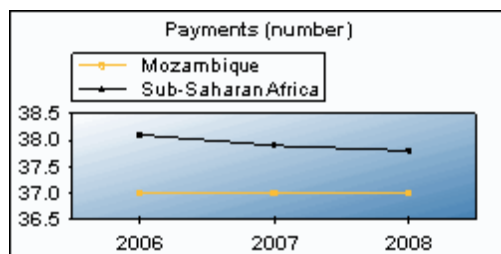
- Number of tax payments, which takes into account the method of payment, the frequency of payments and the number of agencies involved in our standardized case study.
- Time, which measures the number of hours per year necessary to prepare and file tax returns and to pay the corporate income tax, value added tax, sales tax or goods and service tax and labor taxes and mandatory contributions.
- Total tax rate, which measures the amount of taxes and mandatory contributions payable by the company during the second year of operation. This amount, expressed as a percentage of commercial profit, is the sum of all the different taxes payable after accounting for various deductions and exemptions.

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Efficient tax systems tend to have less complex tax arrangements, comprising of straightforward compliance procedures and clear laws. Taxpayers in such economies often get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses, and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Mozambique

Paying Taxes data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		77	88
Time (hours)	230	230	230
Total tax rate (% profit)	34.3	34.3	34.3
Payments (number)	37	37	37

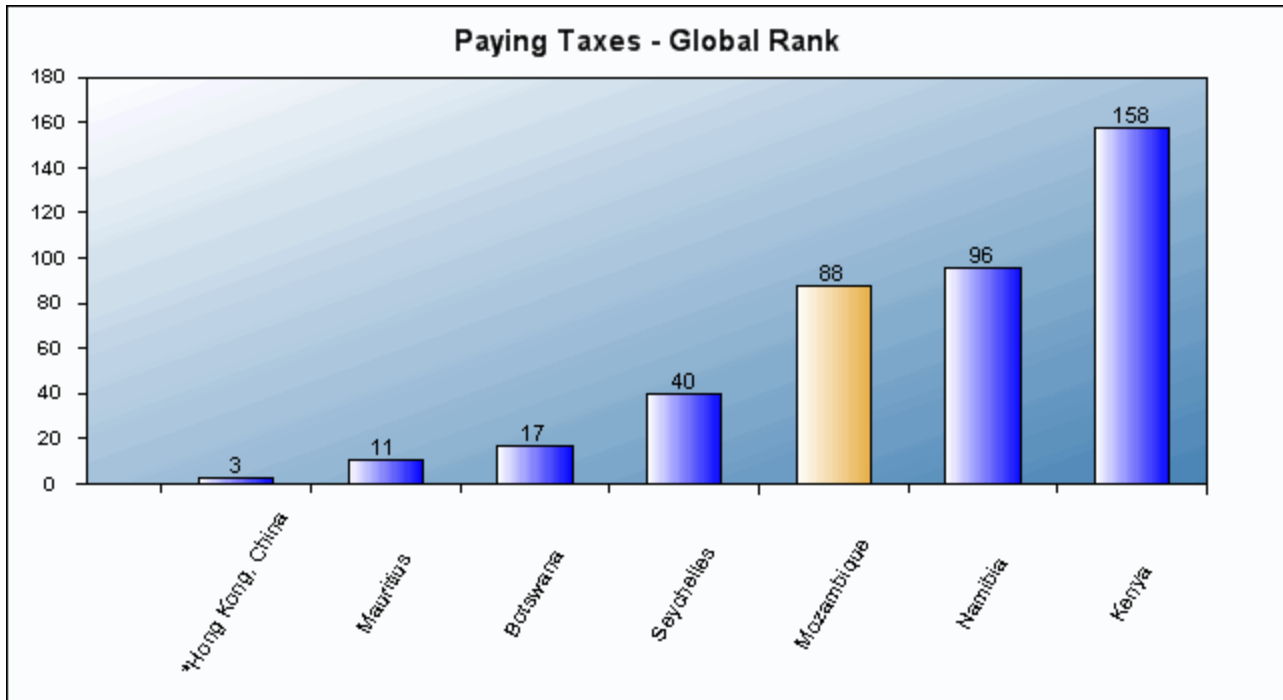
2. The following graphs illustrates the Paying Taxes indicators in Mozambique over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Mozambique is ranked 88 overall for Paying Taxes.

Ranking of Mozambique in Paying Taxes - Compared to good practice and selected economies:



* The following economies are also good practice economies for Paying Taxes: Maldives, Qatar

The following table shows Paying Taxes data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Payments (number)	Time (hours)	Total tax rate (% profit)
Luxembourg*		59	
Sweden*	2		
Vanuatu			8.4

<i>Selected Economy</i>			
Mozambique	37	230	34.3

<i>Comparator Economies</i>			
Botswana	19	140	17.1
Kenya	41	417	50.9
Mauritius	7	161	22.2
Namibia	37	375	25.3
Seychelles	16	76	46.6

* The following economies are also good practice economies for :

Payments (number): Maldives, Qatar

Time (hours): Bahamas, Bahrain, Maldives, Qatar, United Arab Emirates



Trading Across Borders

The benefits of trade are well documented; as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with bigger ships and faster planes, the world is shrinking. Global and regional trade agreements have reduced trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. Many entrepreneurs face numerous hurdles to exporting or importing goods, including delays at the border. They often give up. Others never try. In fact, the potential gains from trade facilitation may be greater than those arising from only tariff reductions.

Doing Business compiles procedural requirements for trading a standard shipment of goods by ocean transport. Every procedure and the associated documents, time and cost, for importing and exporting the goods is recorded, starting with the contractual agreement between the two parties and ending with delivery of the goods. For importing the goods, the procedures measured range from the vessel's arrival at the port of entry to the shipment's delivery at the importer's warehouse. For exporting the goods, the procedures measured range from the packing of the goods at the factory to their departure from the port of exit. Payment is by letter of credit and the time and cost for issuing or securing a letter of credit is taken into account.

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, employs 60 people, and is located in the periurban area of the economy's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the economy. The traded goods are ordinary, legally manufactured products transported in a dry-cargo, 20-foot FCL (full container load) container.

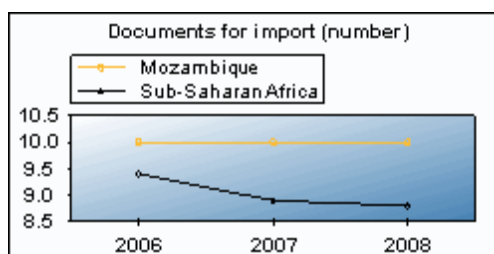
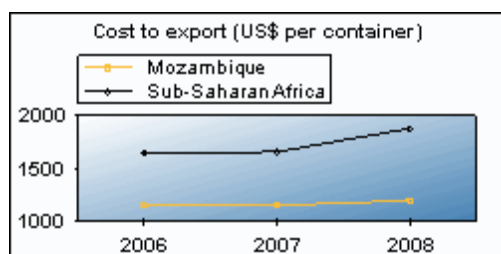
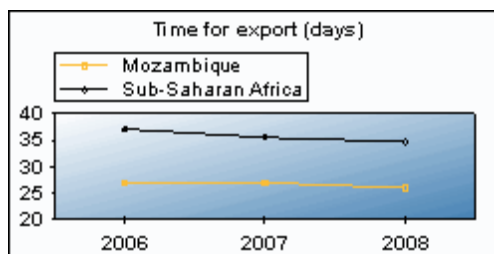
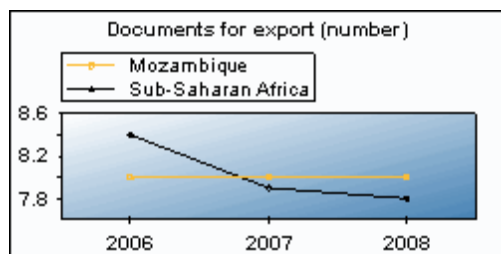
Documents recorded include port filing documents, customs declaration and clearance documents, as well as official documents exchanged between the parties to the transaction. Time is recorded in calendar days, from the beginning to the end of each procedure. Cost includes the fees levied on a 20-foot container in U.S. dollars. All the fees associated with completing the procedures to export or import the goods are included, such as costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or duties.

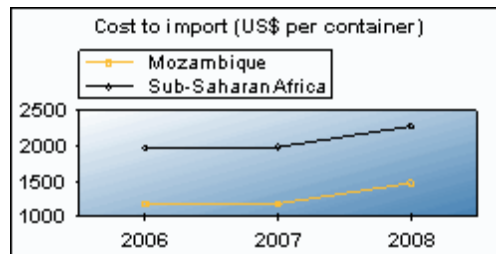
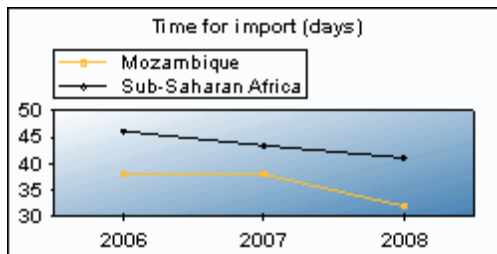
Economies that have efficient customs, good transport networks and fewer document requirements, making compliance with export and import procedures faster and cheaper, are more competitive globally. That can lead to more exports; and exports are associated with faster growth and more jobs. Conversely, a need to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders may avoid customs altogether. Instead, they smuggle goods across the border. This defeats the very purpose in having border control of trade to levy taxes and ensure high quality of goods.

1. Historical data: Trading Across Borders in Mozambique

Trading Across Borders data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		145	140
Documents for export (number)	8	8	8
Time for export (days)	27	27	26
Cost to export (US\$ per container)	1155	1155	1200
Documents for import (number)	10	10	10
Time for import (days)	38	38	32
Cost to import (US\$ per container)	1185	1185	1475

2. The following graphs illustrates the Trading Across Borders indicators in Mozambique over the past 3 years:

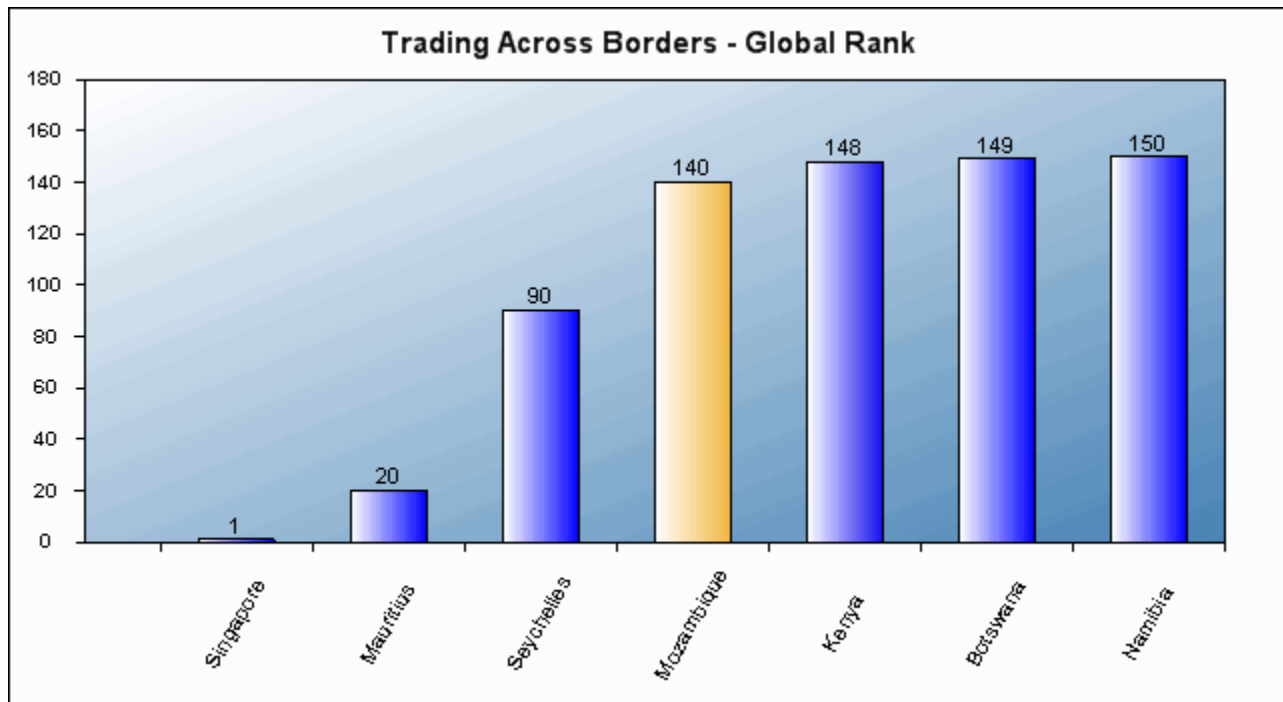




3. Benchmarking Trading Across Borders Regulations:

Mozambique is ranked 140 overall for Trading Across Borders.

Ranking of Mozambique in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					3	439

<i>Selected Economy</i>						
Mozambique	8	26	1200	10	32	1475

<i>Comparator Economies</i>						
Botswana	6	31	2508	9	42	3064
Kenya	9	29	2055	8	26	2190
Mauritius	5	17	725	6	16	677
Namibia	11	29	1686	9	24	1813
Seychelles	6	17	1839	5	19	1839

* The following economies are also good practice economies for :

Time for export (days): Estonia, Singapore



Enforcing Contracts

Where contract enforcement is efficient, businesses are more likely to engage with new borrowers or customers. Doing Business tracks the efficiency of the judicial system in resolving a commercial dispute, following the step-by-step evolution of a commercial sale dispute before local courts. The data is collected through study of the codes of civil procedure and other court regulations as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

The dispute concerns a contract for the sale of goods between two businesses (the Seller and the Buyer) both located in the economy's largest business city.

The Seller sells and delivers goods, worth 200% of the economy's income per capita, to the Buyer. The Buyer refuses to pay on the grounds that they were not of adequate quality.

The Seller sues the Buyer to recover the amount under the sales agreement (200% of the economy's income per capita). The claim is filed before a court in the economy's largest business city with jurisdiction over commercial cases worth 200% of the income per capita and is disputed on the merits. Judgment is 100% in favor of the Seller and is not appealed. Seller enforces the judgment and the money is successfully collected through a public sale of Buyer's assets.

Rankings on enforcing contracts are based on 3 sub-indicators:

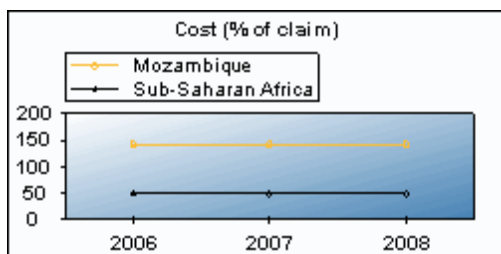
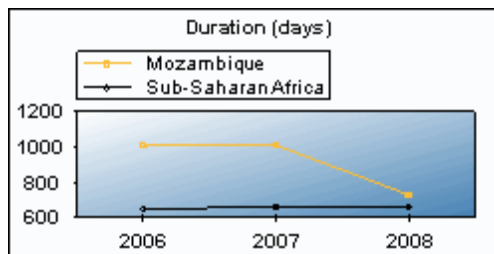
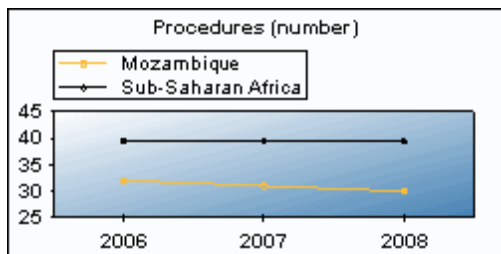
- Number of procedures, which are defined as any interaction between the parties or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment.
- Time, which counts the number of calendar days from the moment the Seller files the lawsuit in court until payment is received. This includes both the days on which actions take place and the waiting periods in between.
- Cost, which is recorded as a percentage of the claim (assumed to be equivalent to 200% of income per capita). Three types of costs are recorded: court costs (including expert fees), enforcement costs (including costs for a public sale of Buyer's assets) and attorney fees.

Justice delayed is often justice denied. And in many economies only the rich can afford to go to court. For the rest, justice is out of reach. In the absence of efficient courts, firms undertake fewer investments or business transactions. And they prefer to involve only a small group of people who know each other from previous dealings.

1. Historical data: Enforcing Contracts in Mozambique

Enforcing Contracts data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		142	124
Procedures (number)	32	31	30
Duration (days)	1010	1010	730
Cost (% of claim)	142.5	142.5	142.5

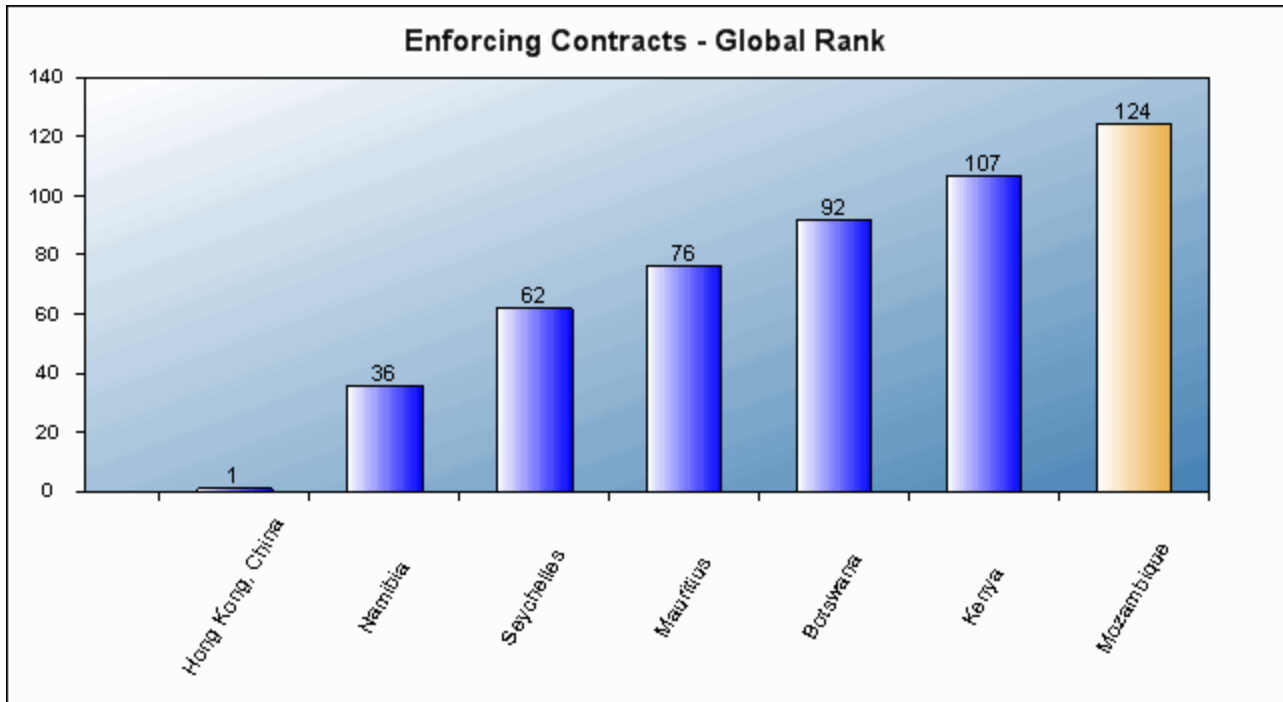
2. The following graphs illustrates the Enforcing Contracts indicators in Mozambique over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Mozambique is ranked 124 overall for Enforcing Contracts.

Ranking of Mozambique in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Iceland*			6.2
Ireland	20		
Singapore		150	

<i>Selected Economy</i>			
Mozambique	30	730	142.5

<i>Comparator Economies</i>			
Botswana	29	987	28.0
Kenya	44	465	26.7
Mauritius	37	750	17.4
Namibia	33	270	29.9
Seychelles	38	720	14.3

* The following economies are also good practice economies for :

Cost (% of claim): Bhutan



Closing Business

The economic crises of the 1990s in emerging markets—from East Asia to Latin America, from Russia to Mexico—raised concerns about the design of bankruptcy systems and the ability of such systems to help reorganize viable companies and close down unviable ones. In countries where bankruptcy is inefficient, unviable businesses linger for years, keeping assets and human capital from being reallocated to more productive uses.

The Doing Business indicators identify weaknesses in the bankruptcy law as well as the main procedural and administrative bottlenecks in the bankruptcy process. In many developing countries bankruptcy is so inefficient that the parties hardly ever use it. In countries such as these, reform would best focus on improving contract enforcement outside bankruptcy.

The data on closing a business are developed using a standard set of case assumptions to track a company going through the step-by-step procedures of the bankruptcy process. It is assumed that the company is a domestically owned, limited liability corporation operating a hotel in the country's most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Assumptions are also made about the debt structure and future cash flows. The case is designed so that the company has a higher value as a going concern—that is, the efficient outcome is either reorganization or sale as a going concern, not piecemeal liquidation. The data are derived from questionnaires answered by attorneys at private law firms.

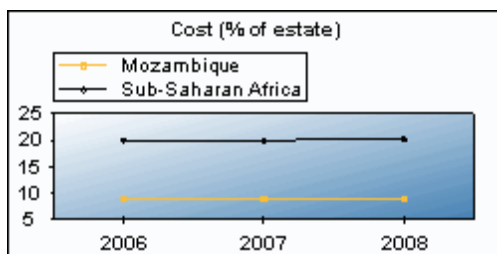
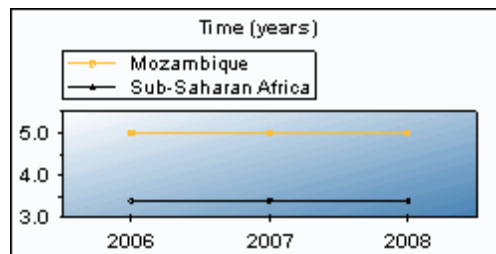
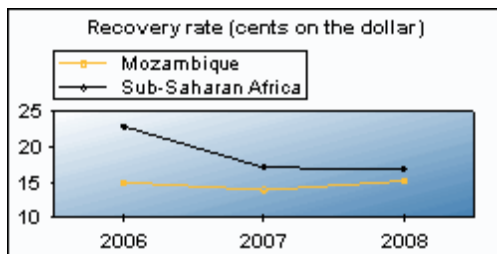
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

Bottlenecks in bankruptcy cut into the amount claimants can recover. In countries where bankruptcy laws are inefficient, this is a strong deterrent to investment. Access to credit shrinks, and nonperforming loans and financial risk grow because creditors cannot recover overdue loans. Conversely, efficient bankruptcy laws can encourage entrepreneurs. The freedom to fail, and to do so through an efficient process, puts people and capital to their most effective use. The result is more productive businesses and more jobs.

1. Historical data: Closing Business in Mozambique

Closing a Business data	Doing Business 2007	Doing Business 2008	Doing Business 2009
Rank		137	133
Time (years)	5.0	5.0	5.0
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	15.0	13.9	15.2

2. The following graphs illustrates the Closing Business indicators in Mozambique over the past 3 years:



3. Benchmarking Closing Business Regulations:

Mozambique is ranked 133 overall for Closing a Business.

Ranking of Mozambique in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Mozambique compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.5		
Singapore*			1

<i>Selected Economy</i>			
Mozambique	15.2	5.0	9

<i>Comparator Economies</i>			
Botswana	60.3	1.7	15
Kenya	31.6	4.5	22
Mauritius	33.6	1.7	15
Namibia	39.5	1.5	15
Seychelles	0.0	no practice	no practice

* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

DB2009 Reforms

Number of reforms in Doing Business 2009

Rank	Economy	Reform Topics									Total number of reforms
		Starting a Business	Dealing with Construction Permits	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	
1	Azerbaijan	✓		✓	✓	✓	✓	✓		✓	7
2	Albania	✓				✓	✓	✓			4
3	Kyrgyz Republic	✓	✓				✓				3
4	Belarus	✓	✓		✓	✓		✓	✓		6
5	Senegal	✓			✓				✓		3
6	Burkina Faso		✓	✓	✓			✓			4
7	Botswana	✓					✓	✗	✓		3
8	Colombia	✓	✓					✓	✓	✓	5
9	Dominican Republic	✓			✓			✓	✓		4
10	Egypt	✓	✓		✓	✓	✓		✓		6
	Mozambique			✓				✓	✓		3
	Seychelles										
	Namibia	✓									1
	Kenya	✓						✓			2
	Mauritius	✓			✓	✓					3

Note: Economies are ranked on the number and impact of reforms, Doing Business selects the economies that reformed in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank in Ease of Doing Business from the previous year. The larger the improvement, the higher the ranking as a reformer.

Albania

Albania, a top reformer globally and regionally, established a public credit registry allowing financial institutions to share credit information and covering 8.3 percent of the adult population. This reform allows banks to better evaluate the creditworthiness of potential borrowers, facilitating access to credit for firms and individuals. Albania also strengthened investor protections. A new company law requires that disinterested shareholders approve transactions between interested parties and obligates those parties to disclose all information on the transaction to the public. The law also reinforces directors' duties and requires directors, when found liable, to pay damages and return profits to the company. Starting a business became easier with online publication, reduction of the registration cost, and the consolidation of tax, health insurance, and labor registration into a single application. The corporate income tax rate was reduced from 20 percent to 10 percent effective January 1, 2008.

Azerbaijan

Azerbaijan, the top reformer globally and regionally, eliminated the minimum threshold for reporting loans to the public credit registry in September 2007. The public registry now records information on all loans made by the financial system, more than doubling the coverage of borrowers with a credit history. Substantial amendments to the labor code in May 2007 made hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, easing restrictions on night work, and reducing requirements for redundancy dismissals. Azerbaijan created a second commercial court in Baku, increasing the number of judges dealing with commercial cases from five to nine. The average time to enforce a contract through the courts fell from 267 days to 237. A new law strengthens investor protections by requiring that transactions between interested parties be approved by shareholders. Interested parties are allowed to vote on the matter. Other provisions protect investors because directors who are held liable must pay damages and disgorge profits. Azerbaijan introduced a new unified property registry, reducing the number of procedures required to register property from seven to four. In addition, the State Register Service introduced the option of expediting two of the four procedures, making it possible to register property in 11 days. Similarly, the country created a one-stop shop for company registration, cutting the number of procedures from 13 to six and reducing the time required by half. Azerbaijan reduced the tax burden by introducing an online filing and payment system with advanced accounting software for calculating taxes due. This saves more than 500 hours a year on average in dealing with paperwork.

Belarus

In Belarus, a top reformer globally and regionally, the public credit registry expanded credit information by eliminating the minimum threshold for loans recorded in its database. It also guaranteed the right of borrowers to review their data, improving accuracy. Starting a business became easier: a unified registry database was created, a time limit was introduced for registration, and the minimum capital requirement was cut by half. Belarus created a one-stop shop for property registration and introduced a broad administrative simplification program that set strict time limits at the registry and computerized its records. As a result, the time required to register property in Minsk fell from 231 days to 21. The time required for dealing with construction permits fell by 140 days, thanks to new statutory time limits for preapproval clearances and building permits. Belarus eased the tax burden by abolishing the "Chernobyl tax" (3 percent) and unemployment tax (1 percent) and amending the simplified tax system for small businesses. A new customs code and new banking regulations reduced the time to export

Botswana

Botswana improved its business environment by speeding the start-up process through computerization. A similar effort, which included training customs officers in using an electronic data interchange system, sped the processing of trade documents and reduced the time to export by two days and the time to import by a day. A new Company Act has come into force, requiring that shareholders approve related-party transactions and that directors repay damages and surrender profits if held liable. Finally, since January 2008, companies have been required to pay 0.2 percent of turnover for the training of workers.

Burkina Faso

Burkina Faso eliminated random inspections during construction. It also introduced a new one-stop shop for construction permits, which reduced approval fees and combined five separate payments into a single one. A new labor code, approved in May 2008, makes hiring workers easier by allowing employers to use fixed-term contracts for permanent tasks, removing the 48-month limit on the duration of such contracts, and easing restrictions on determining the weekly rest day. Requirements for redundancy dismissals were also eased: third-party notification and consent are no longer required for dismissal of a single worker, and priority rules for dismissals were abolished. Burkina Faso made it easier to transfer property by eliminating the requirement for authorization from the municipality, merging two taxes at the Land Registry (Conservation Foncière), and reducing the transfer tax. The changes reduced the time required by 46 days and the cost by 2 percent of the property value. Finally, Burkina Faso reduced the corporate income tax rate from 35 percent to 30 percent (effective January 1, 2008), and the tax on dividends from 15 percent to 12.5 percent.

Colombia	Colombia, a top global and regional reformer, improved in five of the 10 Doing Business indicators. It reduced the time and cost to start a business by simplifying registration formalities, including speeding up processes at the registry and eliminating the need to obtain a certificate of compliance with zoning regulations. A silence-is-consent principle for building permits is now applied, reducing the total time for dealing with construction permits by 32 days. A new unified application form was introduced. Colombia made electronic social security contributions mandatory for companies with more than 30 employees and created unified electronic forms for filing taxes. Trading across borders was expedited: better banking services and the implementation of e-payments, electronic data interchange, and coordinated inspections in customs reduced the time to export by 10 days and the time to import by five. Authorities also introduced two new insolvency proceedings: a reorganization procedure to restructure insolvent companies and a mandatory liquidation procedure. Its new insolvency law tightens time limits for negotiating reorganization agreements. Before, the term allowed was six months, with a possible extension of eight months. The new law limits the term to four months, and the extension to two.
Dominican Republic	The Dominican Republic, a top global and regional reformer, sped up formalities in several areas by making them electronic. An online system for filing and paying taxes, piloted in 2006, is now fully operational. And entrepreneurs can complete several start-up formalities online, including name verification, and commercial and tax registration. The Dominican Republic also reduced the corporate income tax rate from 29% to 25%, and abolished several taxes, including the stamp duty. The cost of property registration fell, thanks to a reduction in the transfer tax from 4.3% to 3%. Transferring property now costs 3.8% of the property value, down from 5.1%. In addition, authorities reduced the time to export by three days by improving the online portal for customs documentation and payment.
Egypt	Egypt was once again among the top 10 global reformers—the third time in 4 years—and top regional reformer this year. Egypt made starting a business easier by reducing the paid-in minimum capital requirement by more than 80%, abolishing bar association fees, and automating tax registration. A new building code introduced in 2008 is aimed at reducing the procedures and time required to deal with construction permits by establishing a single window for processing construction-related approvals. Simplified administrative procedures for registering property and new time limits have reduced the time to transfer property in Cairo from 193 days to 72. The port of Alexandria continued to upgrade its facilities and sped customs clearance, reducing the time to export by 1 day and the time to import by 3. New listing rules for the Cairo Stock Exchange strengthened protections for minority shareholders: now an independent body must assess transactions between interested parties before they are approved. And thanks to new regulations issued by the Central Bank of Egypt, borrowers have the right to inspect their data in the private credit bureau.
Kenya	Kenya implemented major trade reforms, reducing the overall time to import by 11 days. The opening hours of customs and port authorities were extended, and the number of inspection points between Nairobi and Mombasa port reduced. Kenya also introduced an electronic system allowing traders to submit their documents online. The time required to open a business was also reduced, thanks to improvements in communication between agencies and the upgrading of the registry.
Kyrgyz Republic	The Kyrgyz Republic, a top reformer globally and regionally, strengthened investor protections through legal amendments allowing minority investors to take legal actions as shareholders. The amendments also require an independent assessment of a related-party transaction before it is approved. Moreover, directors can be held liable for negligence if they harm minority shareholders and will be forced to pay damages and disgorge profits. A new one-stop shop made it easier to start a business by streamlining and simplifying business registration processes and eliminating certain requirements such as proof of residence. Obtaining a company seal became optional. Dealing with construction permits also became easier, thanks to a one-stop shop making it possible to obtain a designing permit, construction license, and occupancy permit at a single place. This reform eliminated nine steps, reduced the time required by almost 6 months, and lowered the cost from 759 percent of income per capita to 406 percent.
Mauritius	Mauritius further simplified the transfer of property by abolishing two procedures. It is no longer necessary to obtain a clearance certificate from the Waste Water Authority or a tax clearance certificate for municipal taxes. Start-up is also easier: name verification for a new company is now done online. Getting credit too may be easier: after eliminating the minimum threshold for loan amounts, the public credit registry of the Central Bank of Mauritius now captures information on all credits extended by the financial system.

Mozambique

Mozambique made hiring workers easier through a new labor law. The law increases the maximum duration of fixed-term contracts and reduces the notice period for redundancy dismissals. The introduction of an electronic tax form made social security taxes easier to pay. In addition, a new corporate income tax code expanded the simplified scheme to companies with revenues up to 2.5 million new Mozambique metical. With more judges receiving continual formal training, stricter performance management measures, and greater administrative support, Mozambique expects to see improvements in the judicial system leading to speedier contract enforcement.

Namibia

Namibia reduced the time required for business start-up by a month by reengineering the company registry and introducing a new information technology system.

Senegal

Senegal's one-stop shop for business start-up became fully operational, merging more than half the procedures and speeding the process as a result. Similarly, the introduction of time limits at the Land Registry and the Directorate of Taxes and Property sped property registration. The top reformer globally in easing trade, Senegal introduced a single window for customs clearance, cutting document requirements in half. It also set up an electronic data interchange system, implemented risk-based inspections, extended the operating hours of customs, and improved port and road infrastructure.

Seychelles

In the Seychelles no major reforms were recorded.

APPENDICES

Starting a Business in Mozambique

This table summarizes the procedures and costs associated with setting up a business in Mozambique.

STANDARDIZED COMPANY

Legal Form: Sociedade por Quotas (LDA) - Closely-Held

Limited Liability Company

Minimum Capital Requirement:

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain certification of unique name (certidão negativa) at the Commercial Registrar Office of Maputo (Conservatória do Registo Comercial)	1 day	MZM 77
2	Open a provisional bank account, deposit minimum capital, and obtain a verification of deposit with a local bank	1 day	no charge or bank commission
3	Register with the Commercial Registrar Office of Maputo (Conservatória de Registo Comercial); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República)	3 days to 1 week	see comments
4	Register for taxes and obtain NUIT from Repartição de Finanças	1 day	no charge
5	Apply for an operational license (alvará) from the Presidente of Conselho Municipality	14 days	MZM 266
6 *	Receive inspection from Ministry of Health and Fire Department and Ministry of Commerce and Industry	8 days, simultaneous with previous procedure	no charge
7	Declare the beginning of activity at the tax department (Repartição de Finanças)	1 day	nominal
8 *	Declare the beginning of activity and register job candidates at the provincial employment center	1 day, simultaneous with previous procedure	Each copy of the chart costs 5 Mtc, assuming 10 workers
9 *	Register workers with the social security system	1 day, simultaneous with previous procedure	no charge
10 *	Subscribe a workmen's compensation insurance coverage	1 day, simultaneous with previous procedure	no charge

* Takes place simultaneously with another procedure.

Procedure 1 Obtain certification of unique name (certidão negativa) at the Commercial Registrar Office of Maputo (Conservatória do Registo Comercial)

Time to complete: 1 day

Cost to complete: MZM 77

Comment: The Registrar Office of Maputo was computerized and name verification can be done in a day.

Procedure 2 Open a provisional bank account, deposit minimum capital, and obtain a verification of deposit with a local bank

Time to complete: 1 day

Cost to complete: no charge or bank commission

Comment: Before having the articles of association notarized, limited liability companies (sociedades por quotas) must open a bank account to prove that at least 50% of the required minimum capital has been paid. The bank account must be opened in the company name that was approved by the Registrar Office of Maputo, which issued the certification of the unique name.

Procedure 3 Register with the Commercial Registrar Office of Maputo (Conservatória de Registo Comercial); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República)

Time to complete: 3 days to 1 week

Cost to complete: see comments

Comment: To register a company with the Commercial Registrar Office of Maputo, the following costs apply:

- A nominal fixed fee is charged for company matriculation.
- The registration fees vary according to share capital: amounts up to MZN 5 million are taxable at a 2% rate, and amounts over MZN 5 million are taxable at a 1% rate.
- A variable fee is payable for administrative costs up to a maximum of MZN 1,000.

This registration is final because the Commercial Registrar coordinates the publication of the company statutes in the Official Gazette. The fixed fee for online publication is MZN 475 per year for a 25-line page. Publication can take 3 days to 1 week.

Procedure 4 Register for taxes and obtain NUIT from Repartição de Finanças

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 5 Apply for an operational license (alvará) from the Presidente of Conselho Municipality

Time to complete: 14 days

Cost to complete: MZM 266

Comment: To apply for an operating license, the company promoters must file the following documents:

- Letter of application with an authenticated signature, containing the company name and its head office, the proposed commercial activity, including the classes of merchandise

offered or services provided, and the address of the company's registered offices.

- Certificate of incorporation issued by the Commercial Registrar or copy of the articles of association (the provisional registration is adequate).
- Personal identity documents (notarized copies).
- Lease (notarized copy). If the company owns the premises, it must evidence ownership by submitting the Real Estate Registrar Office certificate when applying for the operating license.

If the operational permit is required, the Ministry of Industry and Commerce coordinates the necessary inspections by the health, fire, public health, and other relevant agencies.

Fee schedule for operating license application:

- Import-export company: MZN 2,500 plus MZN 500 for each class of goods imported or exported.
- Wholesaler or retailer: MZN 250 for each shop.
- Fire and public health inspections: MZN 160, payable to the Center for Environmental Hygiene.

Upon inspection, the company can obtain a provisional license (alvará), which is a statement confirming that the company has passed the inspection. The final license takes longer because it is printed in a special format and signed. Owing to a recent reform, the licensing process can be completed at a one-stop shop, which offers a limited number of types of licenses. The one-stop shop forwards the documentation to the relevant agencies.

Procedure 6 Receive inspection from Ministry of Health and Fire Department and Ministry of Commerce and Industry

Time to complete: 8 days, simultaneous with previous procedure

Cost to complete: no charge

Comment: Although this inspection takes no more than an hour to complete, it can take more than a week to schedule an appointment with the Ministry of Health. The inspection is coordinated, so there is one joint inspection involving the different ministries.

Procedure 7 Declare the beginning of activity at the tax department (Repartição de Finanças)

Time to complete: 1 day

Cost to complete: nominal

Comment: After the tax reform, a unique income tax system has replaced the old. Form (Modelo 7) must be filed to register, under a different taxpayer number, for income tax withholding (imposto sobre o rendimento do trabalho), secção A, and Form 44 is used to register for complementary tax.

For VAT and corporate income tax, the notification of the beginning of business activity must be submitted 15 days before commencement. This notification must be submitted to the tax department of the appropriate fiscal district the form Modelo 6. In addition, this process requires the filing of Modelo 5 (in triplicate) and an authenticated copy of the operating license. The company is assigned unique taxpayer number (numero unico de identificação tributária) in 15 days, and an individual file for all taxes is opened.

Procedure 8 Declare the beginning of activity and register job candidates at the provincial employment center

Time to complete: 1 day, simultaneous with previous procedure

Cost to complete: Each copy of the chart costs 5 Mtc, assuming 10 workers

Comment: To register employees at the provincial employment center, the employer must request work cards within 30 days of the start of employment agreements, submit a schedule of work hours, and declare the employment of national workers in 30 days of the start of their respective employment agreement.

An employer with more than 10 employees must open a file (processo individual) and prepare four copies of a specific form (known as the relação nominal) for each worker, listing the name, position, skills, sex, date of birth, identity card number, date of entry, date of last promotion, wage or salary, and number of hours worked each month. These four copies are presented to the Employment Center, which after stamping them keeps three copies and returns one to the employer for public posting. This chart must be updated and approved annually by the Ministry of Labor. Together with this form, the employer must submit the company's annual holiday's plan (plano de férias) and each employee's work card (MZN 5,000 each), which includes identity information and the employee's signature. Upon stamping, the Employment Center returns them to the company, which distributes them to each worker as an employee identification card.

Procedure 9 Register workers with the social security system

Time to complete: 1 day, simultaneous with previous procedure

Cost to complete: no charge

Comment: The employer must register the company within 15 days of the start of business activity and register employees within 15 days of the start of their employment agreements. A special form (boletim de identificação de beneficiaries) must be filled out for each employee and submitted to the Instituto Nacional de Seguranca Social within 15 days of signing the labor contract, accompanied by an authenticated copy of that employee's identity card, an authenticated copy of the operational license, and the company's numero unique de identificação tributária (nuit). A special form (ficha da empresa) must be filed for each company.

Procedure 10 Subscribe a workmen's compensation insurance coverage

Time to complete: 1 day, simultaneous with previous procedure

Cost to complete: no charge

Comment:

Dealing with Construction Permits in Mozambique

The table below summarizes the procedures, time, and costs to build a warehouse in Mozambique.

BUILDING A WAREHOUSE

Date as of: January 2, 2008

Estimated Warehouse Value:

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the right to the use and enjoyment of the land	120 days	MZN 300
2 *	Request and obtain the topographic plan	120 days	MZN 325
3	Request and obtain a building permit from Department of Construction and Urbanization	60 days	MZN 6,503
4	Receive inspection by the municipality - I	1 day	no charge
5	Receive inspection by the municipality - II	1 day	no charge
6	Request electricity connection approval from the National Directorate of Energy	7 days	no charge
7 *	Request power connection from Electricity of Mozambique	1 day	MZN 6,837
8 *	Receive inspection and obtain approval of electrical plan from the electricity department	1 day	no charge
9 *	Connect to electricity services of Electricity of Mozambique	53 days	MZN 37,416
10 *	Request water and sewage connection	1 day	MZN 4,700
11 *	Receive inspection and obtain approval of plumbing plan from the water department	1 day	no charge
12 *	Connect to water and sewage services	43 days	no charge
13 *	Request and obtain telephone connection	2 days	MZN 2,580
14	Request final inspection	1 day	no charge

15	Receive final inspection	1 day	no charge
16	Request and obtain an occupancy permit	95 days	MZN 2,000
17	Register the new building at the property registration agency	45 days	MZN 410

* Takes place simultaneously with another procedure.

Procedure 1 Request and obtain the right to the use and enjoyment of the land

Time to complete: 120 days

Cost to complete: MZN 300

Comment: The company must obtain the right to the use and enjoyment of the land from the Municipal Council of Maputo City, Department of Construction and Urbanization (DCU), because all land is state owned. The price to obtain the approval may vary depending on the location of the plot. BuildCo's land plot is obtained properly and does not require preliminary consultation with District's administrator. It also does not need the location sketch assuming that was obtained before.

Procedures 1 and 2 are done simultaneously. It takes at least 120 days to obtain a preliminary document that allows the builder to request the building permit. The right to use of the land must be requested before beginning construction. Even if the company had this title in the past, it would still need to make sure that the stated use of the land in the title is compatible with the new use.

Procedure 2 Request and obtain the topographic plan

Time to complete: 120 days

Cost to complete: MZN 325

Comment: The company should obtain the topographic plan from the Municipal Council of Maputo City, Department of Construction and Urbanization (DCU). Additional documents to be submitted to the DCU: a) Plan; b) Architectural project of the building and c) Term of Responsibility of the author of the architectural project.

Fee is MZN 225: MZN 150 is paid to the DCU and MZN 75 is paid to the Water Sanitation Department. However, in practice companies end up paying MZN 325.

Procedure 3 Request and obtain a building permit from Department of Construction and Urbanization

Time to complete: 60 days

Cost to complete: MZN 6,503

Comment: The company should submit an application to the municipal council with the full detailed plan attached. The cost is MZN 5 to MZN 10 per square meter. In the present case, the total cost would be $MZN 5 \times 1,300.6 = MZN 6,503$. There is a time limit of a month, and silence is construed to mean consent. In practice, investors do not make use of the "silence-is-consent" rule because they are afraid their investment would be demolished if they start construction without a license. In 2008 the Municipality of Maputo started an internal reorganization process which caused a backlog and increased the time from 45 to 90 days.

The Building Permit may be used to apply for water, light, sewage, and telephone connections.

Procedure 4 Receive inspection by the municipality - I

Time to complete: 1 day

Cost to complete: no charge

Comment: Inspections may occur during construction. According to law, two to three inspections should be carried out by the municipality and by the labor inspectorate. However, in practice, these inspections rarely occur. When they are undertaken, these inspections are announced by

the inspector, who informs BuildCo of the inspection date. Normally, an inspection is carried out when the concrete is poured. BuildCo must keep a construction book, where all the important information about the construction is entered. The inspectors use this book to check the actual state of the construction, as well as its conformity with the submitted project.

Procedure 5 Receive inspection by the municipality - II

Time to complete: 1 day

Cost to complete: no charge

Comment:

Procedure 6 Request electricity connection approval from the National Directorate of Energy

Time to complete: 7 days

Cost to complete: no charge

Comment: The company must obtain approval from the National Directorate of Energy for medium- and high-voltage connections before contacting Electricity of Mozambique.

Procedure 7 Request power connection from Electricity of Mozambique

Time to complete: 1 day

Cost to complete: MZN 6,837

Comment: The connection is completed through Electricity of Mozambique, which first conducts an inspection to check the availability of resources and then makes the actual connection. The company is charged for the cable, which can cost around USD 40 per meter.

Procedure 8 Receive inspection and obtain approval of electrical plan from the electricity department

Time to complete: 1 day

Cost to complete: no charge

Comment: The company must provide the site plan. The typical waiting time for the inspection is about 4 weeks.

Procedure 9 Connect to electricity services of Electricity of Mozambique

Time to complete: 53 days

Cost to complete: MZN 37,416

Comment:

Procedure 10 Request water and sewage connection

Time to complete: 1 day

Cost to complete: MZN 4,700

Comment: Obtaining the connection is immediate because the utility provider is already informed and has approved the project.

Procedure 11 Receive inspection and obtain approval of plumbing plan from the water department

Time to complete: 1 day

Cost to complete: no charge

Comment: The company must supply the (layout) drawings. The typical waiting time is about 4 weeks.

Procedure 12 Connect to water and sewage services

Time to complete: 43 days

Cost to complete: no charge

Comment:

Procedure 13 Request and obtain telephone connection

Time to complete: 2 days

Cost to complete: MZN 2,580

Comment: Obtaining the connection is immediate because the utility provider is already informed and has approved the project. The cost is 10 per meter of cable.

Procedure 14 Request final inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The applicant can request a final inspection only when the construction is fully terminated. The final inspection must take place within 30 days. Under the new initiative of streamlining the process of building control and fighting corruption the Municipality of Maputo requires the request for final inspection be made at the its main office of Department of Construction and Urbanization. Rationale behind this step is that before companies would request from their respective district office of Department of Construction and Urbanization and could possible have established personal ties. That might have been used to wield their favorable decision. The new rule of visiting the Municipality led to increase of time for the inspection by 5 days.

Procedure 15 Receive final inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The final inspection is carried out by the fire department, the health department, the water department, and other appropriate agencies. This inspection is coordinated by the municipal authority.

Procedure 16 Request and obtain an occupancy permit

Time to complete: 95 days

Cost to complete: MZN 2,000

Comment: In order to obtain the occupancy permit, it is necessary to request a certificate of improvements, pay all relevant taxes, and attach the building permit.

Procedure 17 Register the new building at the property registration agency

Time to complete: 45 days

Cost to complete: MZN 410

Comment: It is necessary to register the building for real property tax purposes. For this the certificate of occupancy must be obtained and presented for registration at Conservatoria do Registro.

Employing Workers in Mozambique

Employing workers indices are based on responses to survey questions. The table below shows these responses in Mozambique.

Employing Workers Indicators (2008)	Answer	Score
Rigidity of Employment Index		48.9
Difficulty of Hiring Index		66.7
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	72	0.0
What is the ratio of mandated minimum wage to the average value added per worker?	1.27	1.00
Rigidity of Hours Index		60.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	22	1
Difficulty of Firing Index		20.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0

Firing costs (weeks of salary)**134.3**

What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)

4.3

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)

130.0

What is the legally mandated penalty for redundancy dismissal? (weeks of salary)

0.0

Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Mozambique

This topic examines the steps, time, and cost involved in registering property in Mozambique.

STANDARDIZED PROPERTY

Property Value: 408,262.77

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office	3-14 days (simultaneous with procedure 2)	MZN 75
2 *	Obtain a certificate from the Tax Authority regarding the value of the property	3-14 days (simultaneous with procedure 1)	MZN 100
3	Lawyer prepares the draft sale and purchase agreement, to be executed in the form of a public deed	1-14 days	MZN 12,000 – MZN 30,800
4	Payment of transfer tax (SISA) at the Municipal Tax Office	3 days	2% of property value (SISA-transfer tax) + 20 of the transfer tax (municipal charge-‘adicional autarquico’)
5	The lawyer/parties submit the draft sale and purchase agreement to the public notary to verify and issue the notarial deed of purchase	1-8 days	0.2% of property value (stamp duty) + Notarial fee according to the following schedule: 0.4% of property value up to the first MZN million + 0.01% of property value for the excess of MZN 5 million.
6	Apply for registration of the building at the Real Estate Registry Office	2-7 days	Registration fees according to the following schedule: 0.4% of property value up to the first MZN 5 million + 0.01% of property value for the excess of MZN 5 million.
7 *	Submit the notarial deed at the Municipal Tax Office	3-14 days (simultaneous with procedure 8)	MZN 150

8 * Submit the notary deed at the Cadastre Services Registry

7-14 days
(simultaneous with
procedure 7)

MZN 150

* Takes place simultaneously with another procedure.

Procedure 1 Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office

Time to complete: 3-14 days (simultaneous with procedure 2)

Cost to complete: MZN 75

Comment: A Real Estate Registry certificate is obtained at the Conservatória do Registo Predial. The certificate shows all the owners of the property/ beneficiaries of the use and benefit right, and is valid for 90 days. If the owner does not have a copy of the current real property registration, then the DCU reference number must be obtained in order for the Registrar to locate the book and page on which the property is registered.

Procedure 2 Obtain a certificate from the Tax Authority regarding the value of the property

Time to complete: 3-14 days (simultaneous with procedure 1)

Cost to complete: MZN 100

Comment: A certificate (registro matricial) with the value of the property is obtained from the tax authority or Repartição das Finanças.

Procedure 3 Lawyer prepares the draft sale and purchase agreement, to be executed in the form of a public deed

Time to complete: 1-14 days

Cost to complete: MZN 12,000 – MZN 30,800

Comment: A lawyer prepares the sale and purchase agreement. It is necessary to have the underlying land and property title deed and real property registration in order to have all the necessary property description and land plot demarcation details. The form of the description varies from rural areas to municipalities. The actual sales instrument is relatively simple but the additional administrative/registry detail complicates the preparation.

Procedure 4 Payment of transfer tax (SISA) at the Municipal Tax Office

Time to complete: 3 days

Cost to complete: 2% of property value (SISA-transfer tax) + 20% of the transfer tax (municipal charge-‘adicional autarquico’)

Comment: The property must have been registered for real property taxes (municipal or national), all of the real property tax must have been paid (for which a tax clearance must be obtained), and the owner and the purchaser must be registered for tax purposes (NUIT). A SISA tax receipt is obtained to be submitted with the sale and purchase agreement to the notary and the name of the buyer is registered with the Tax Office. The SISA tax has been reformed by Decree 46/2004 of October 27, cutting it from previous levels around 10%. In the past, the 10% tax that applied to Maputo was not fully paid since the market value of the property was never quoted. This change unifies the level of the transfer tax with the rest of the country that already had taxes around 2%.

Procedure 5 The lawyer/parties submit the draft sale and purchase agreement to the public notary to verify and issue the notarial deed of purchase

Time to complete:	1-8 days
Cost to complete:	0.2% of property value (stamp duty) + Notarial fees according to the following schedule: 0.4% of property value up to the first MZN 5 million + 0.01% of property value for the excess of MZN 5 million.
Comment:	The lawyer/parties submit the draft sale and purchase agreement to the public notary, who verifies the documentation and prepares the notarial deed of sale and purchase for signature. The Real Estate Registry certificate and the SISA payment certificate must be submitted, together with Companies' Registry certificates of the parties and copies of the ID's of their representatives who will execute the notarial deed on their behalf. Copies of quota-holders/directors resolutions and/or powers of attorney may also be required pursuant to the relevant companies' articles of association. In some cases it may be possible to notarize the deed faster if the parties, instead of the notary, prepare the deed themselves and give it to the notary on a disk to notarize.

Procedure 6 Apply for registration of the building at the Real Estate Registry Office

Time to complete:	2-7 days
Cost to complete:	Registration fees according to the following schedule: 0.4% of property value up to the first MZN 5 million + 0.01% of property value for the excess of MZN 5 million.
Comment:	The notary deed of sale and purchase is submitted to the Real Estate Registry Office, together with an application requesting the registration of ownership over the property, on the buildings and of the right of use and fruition over the land, in the name of the buyer. Simultaneously with the request for registration (or sequentially depending on the practice), a certificate of the registration is requested, usually an integral certificate which provides the owner with copies of the pages on which the title is recorded. This is a cautionary measure in the event that the registry books are damaged or destroyed (as happened in the 2000 floods) or disappear somehow.

Procedure 7 Submit the notaria deed at the Municipal Tax Office

Time to complete:	3-14 days (simultaneous with procedure 8)
Cost to complete:	MZN 150
Comment:	The notary deed is submitted to the Municipal Tax Office by the parties, together with an application requesting the registration of the buyer as the owner of the property for purposes of Municipal Property Tax Registration.

Procedure 8 Submit the notary deed at the Cadastre Services Registry

Time to complete:	7-14 days (simultaneous with procedure 7)
Cost to complete:	MZN 150
Comment:	This procedure is to register the land (use) in the name of the buyer. The notarial deed is submitted to the Cadastre Services Registry by the parties, together with an application for registration of the property in favor of the buyer, to update the Cadastre. If there is a land use and benefit title, the amendment of the title is requested. The new owner's name is registered inside the title document as is the cross-reference to the Real Property Registry recordings.

Getting Credit in Mozambique

The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Mozambique.

Getting Credit Indicators (2008)			Indicator
	Private credit bureau	Public credit registry	score
Private bureau coverage (% adults)			4
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage		0.0	1.9
Number of individuals		0	220,469
Number of firms		0	7,701

Legal Rights Index	2
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of revolving movable assets, without requiring a specific description of the secured assets ?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of the secured assets ?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Yes

Does the law authorize parties to agree on out of court enforcement?

No

Protecting Investors in Mozambique

The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Mozambique.

Protecting Investors Data (2008)	Indicator
Disclosure Index	5
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	1
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	4
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	9
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1

Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	1

Investor Protection Index

6.0

Notes:

Extent of Disclosure Index

What corporate body provides legally sufficient approval for the transaction?

0=CEO or managing director alone; 1=shareholders or board of directors vote and Mr. James can vote; 2=board of directors votes and Mr. James cannot vote; 3 = shareholders vote and Mr. James cannot vote

Immediate disclosure to the public and/or shareholders

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures in published periodic filings

0=none; 1=disclosure on the transaction only; 2=disclosure on the transaction and Mr. James' conflict of interest

Disclosures by Mr. James to board of directors

0=none; 1=existence of a conflict without any specifics; 2= full disclosure of all material facts

Director Liability Index

Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company

0= Mr. James is not liable or liable only if he acted fraudulently or in bad faith; 1= Mr. James is liable if he influenced the approval or was negligent; 2= Mr. James is liable if the transaction was unfair, oppressive or prejudicial to minority shareholders

Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company

0=members of the approving body are either not liable or liable only if they acted fraudulently or in bad faith; 1=liable for negligence in the approval of the transaction; 2=liable if the transaction is unfair, oppressive, or prejudicial to minority shareholders

Whether a court can void the transaction upon a successful claim by a shareholder plaintiff

0=rescission is unavailable or available only in case of Seller's fraud or bad faith; 1=available when the transaction is oppressive or prejudicial to minority shareholders; 2=available when the transaction is unfair or entails a conflict of interest

Shareholder plaintiffs' ability to sue directly or derivatively for damage the transaction causes to the company

0=not available; 1=direct or derivative suit available for shareholders holding 10% of share capital or less

Shareholder Suits Index

Documents available to the plaintiff from the defendant and witnesses during trial

Score 1 each for (1) information that the defendant has indicated he intends to rely on for his defense; (2) information that directly proves specific facts in the plaintiff's claim; (3) any information that is relevant to the subject matter of the claim; and (4) any information that may lead to the discovery of relevant information.

Ability of plaintiffs to directly question the defendant and witnesses during trial

0=no; 1=yes, with prior approval by the court of the questions posed; 2=yes, without prior approval

Paying Taxes in Mozambique

The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Mozambique, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Value added tax (VAT)	12		120	17.0%	value added		
Stamp duty	1						
Fuel tax	1						
Vehicle tax	1				fixed fee	0.50	
Tax on interest	0	withheld		20.0%	interest income	0.51	
Municipal property tax	2			01.% to 1%	building value	0.54	
Municipal tax on economical activity	1			2000 *1.5*1.5		1.05	
Social security contributions	12		60	4.0%	gross salaries	4.51	
Corporate income tax	7		50	32.0%	taxable profit	27.68	
Totals	37		230			34.3	

Notes:

- a) data not collected
- b) VAT is not included in the total tax rate because it is a tax levied on consumers
- c) very small amount
- d) included in other taxes
- e) Withheld tax
- f) electronic filling available
- g) paid jointly with another tax

Name of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

When there is more than one statutory tax rate, the one applicable to TaxpayerCo is reported.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

Trading Across Borders in Mozambique

These tables list the procedures necessary to import and exports a standardized cargo of goods in Mozambique. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	16	285
Customs clearance and technical control	2	250
Ports and terminal handling	4	365
Inland transportation and handling	4	300
Totals	26	1200

Nature of Import Procedures (2008)	Duration (days)	US\$ Cost
Documents preparation	22	495
Customs clearance and technical control	3	280
Ports and terminal handling	5	400
Inland transportation and handling	2	300
Totals	32	1475

Export

Bill of lading

Cargo release order

Commercial invoice

Customs export declaration

Inspection report from scanner

Packing list

Pre-shipment inspection clean report of findings

Terminal handling receipts

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice
Customs import declaration
Delivery order
Inspection report from scanner
Packing list
Pre-shipment inspection clean report of findings
Terminal handling receipts

Enforcing Contracts in Mozambique

This topic looks at the efficiency of contract enforcement in Mozambique.

Nature of Procedure (2008)	Indicator
Procedures (number)	30
Duration (days)	730
Filing and service	90.0
Trial and judgment	460.0
Enforcement of judgment	180.0
Cost (% of claim)*	142.50
Attorney cost (% of claim)	98.5
Court cost (% of claim)	24.0
Enforcement Cost (% of claim)	20.0

Court information: Maputo City Court ("Tribunal Judicial da Cidade de Maputo")

* Claim assumed to be equivalent to 200% of income per capita.



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