

# Doing Business in Mozambique 2019



Comparing Business regulation for Domestic Firms  
in **10 Provinces** with 189 Other Economies

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# Doing Business in Mozambique 2019

STARTING A  
BUSINESS



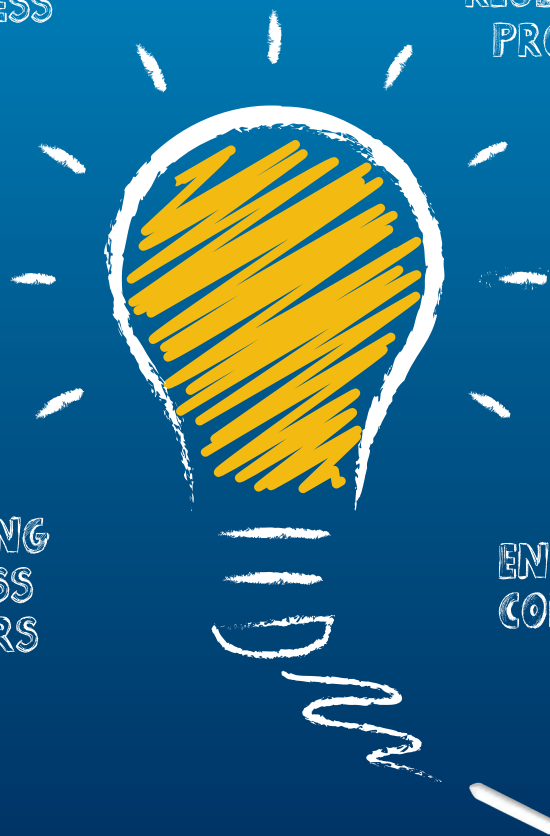
REGISTERING  
PROPERTY



TRADING  
ACROSS  
BORDERS



ENFORCING  
CONTRACTS



Comparing Business regulation for Domestic Firms  
in **10 Provinces** with 189 Other Economies

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# Doing Business in Mozambique 2019

AT A GLANCE

The first subnational report of the *Doing Business in Mozambique* series

Full report: [www.doingbusiness.org/mozambique](http://www.doingbusiness.org/mozambique)

**D**oing Business in Mozambique 2019 focuses on business regulations and their enforcement across four *Doing Business* areas. It goes beyond Maputo City to benchmark nine other Mozambican provinces across four regulatory areas.

It also measures the process of trading across borders through three Mozambican ports and one border crossing.

This report contains data current as of September 30, 2018 and includes comparisons with other economies based on data from *Doing Business 2019: Training for Reform*.

*Doing Business* measures aspects of regulation that enable or hinder entrepreneurs in starting, operating or expanding a business—and provides recommendations and good practices for improving the business environment.

## Four *Doing Business* indicator sets covering areas of local jurisdiction or practice



### Starting a business

Records the procedures, time, cost and paid-in minimum capital required for a small or medium-size domestic limited liability company to formally operate; includes a gender dimension to account for any gender discriminatory practices.



### Enforcing contracts

Records the time and cost for resolving a commercial dispute through a local first-instance court, which hears arguments on the merits of the case and appoints an expert to provide an opinion on the quality of the goods in dispute; assesses the existence of good practices in the court system.



### Registering property

Records the procedures, time and cost required to transfer a property title from one domestic firm to another so that the buyer can use the property to expand its business, use it as collateral or, if necessary, sell it; assesses the quality of the land administration system; includes a gender dimension to account for any gender discriminatory practices.



### Trading across borders

Records the time and cost (excluding tariffs) to import and export goods. Three sets of procedures are assessed—documentary compliance, border compliance and domestic transport—within the overall process of exporting and importing a shipment of goods.

10 provinces: **Cabo Delgado, Gaza, Inhambane, Manica, Maputo City, Nampula, Niassa, Sofala, Tete and Zambezia**

4 trade locations: 3 ports: **Beira, Nacala and Maputo**  
1 border crossing: **Ressano Garcia**

## Advantages and limitations of the *Doing Business* methodology

### Focus on the law and practice

Makes the indicators “actionable” because the law is what policy makers can change.

### Reliance on expert respondents

Reflects knowledge of those with most experience.

### Use of standardized case scenarios

Enables comparability across locations, but reduces the scope of the data.

### Focus on domestic and formal sector

Keeps attention on the formal sector, where firms are most productive, but does not reflect the informal sector or foreign firms.

## *Doing Business* does not cover:

- ✗ Security
- ✗ Market size
- ✗ Macroeconomic stability
- ✗ State of the financial system
- ✗ Prevalence of bribery and corruption
- ✗ Level of training and skills of the labor force

A collaboration of the World Bank Group (WBG) and the Ministry of Industry and Commerce of Mozambique. *Doing Business in Mozambique 2019* was funded by the United Kingdom, the Swiss State Secretariat for Economic Affairs, SECO and the World Bank Group.



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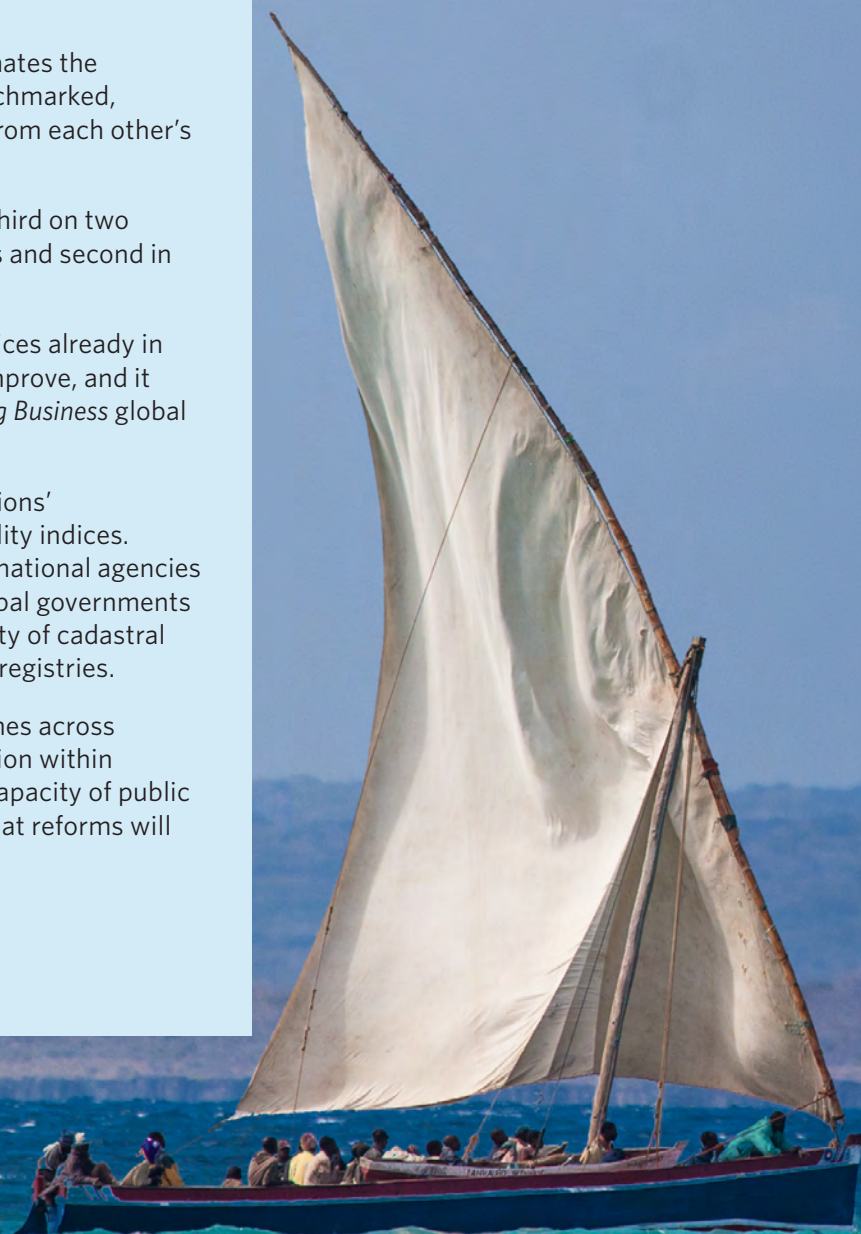
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# Executive summary

## MAIN FINDINGS

- *Doing Business in Mozambique 2019*, the first subnational *Doing Business* report on the country, measures four regulatory areas impacting business the environment: starting a business, registering property and enforcing contracts in ten provinces and trading across borders in three ports and one border crossing.
- No single Mozambican province dominates the indicator rankings across all areas benchmarked, leaving room for all locations to learn from each other's good practices.
- Gaza stands out by ranking in the top third on two indicators — third in starting a business and second in registering property.
- If Maputo City adopted the good practices already in place, its overall performance would improve, and it would jump from 135 to 113 in the *Doing Business* global ranking.
- Compared globally, Mozambican locations' performance underperform on the quality indices. Regulatory quality depends greatly on national agencies and policies, but provincial and municipal governments also play a role especially in accessibility of cadastral records and of information in property registries.
- Action areas addressing common themes across indicators — such as internal coordination within different agencies and increasing the capacity of public officials — will improve the prospect that reforms will bear fruit.



Over the past decade Mozambique has introduced a broad range of reforms aimed at improving the business environment for the private sector. Very recently it made connecting to the electricity grid faster by imposing new deadlines and streamlining procedures; made paying taxes easier by reducing the time taxpayers had to wait to request a cash refund for value added tax (VAT); and implemented an electronic single window for international trade. Still, companies continue to face barriers to start up, operate and grow—a result, in part, of excessive government bureaucracy.<sup>1</sup> While Mozambique performs above average both regionally and globally on obtaining construction permits or going through insolvency proceedings, it ranks near the bottom among the 190 economies measured by *Doing Business* when it comes to starting a business or resolving commercial disputes through the courts.<sup>2</sup> Lack of coordination across government agencies, outdated laws, burdensome regulations and inefficient implementation practices are largely to blame.

After the establishment of a democratic system in 1994, Mozambique sustained macroeconomic stability for over two decades, supported by a growth process based on foreign aid, the extractive sector and capital-intensive megaprojects such as aluminum smelter and gas, coal and heavy sands exploration projects.<sup>3</sup> Between 2002 and 2015, formal employment and the total number of firms in Mozambique doubled; much of this expansion happened in the non-extractive private sector.<sup>4</sup> However, recent challenges—such as the debt crisis that came to light in 2017—have stood in the way of sustained growth. The debt revelation occurred as the country was already navigating an economic downturn brought by low commodity prices and a regional drought that impacted crops across the country. As Mozambique emerges from this period of economic volatility, it faces important development constraints. With an average fertility rate

of 5.5 children per woman, the country's population is expanding quickly,<sup>5</sup> putting pressures on the labor market. Every year for the next decade, almost half a million young people will enter a labor market<sup>6</sup> that already has an unemployment rate of around 25%, by some estimates.<sup>7</sup> To accommodate the influx of workers while providing them with more and better opportunities, it is vital that the government identify new sources of growth.

Against this backdrop, the private sector stands to play a critical role in helping the economy diversify, reducing

exposure to foreign markets and fluctuating commodity prices. Small and medium-size enterprises (SMEs), which are responsible for two-thirds of employment in developing economies, can be instrumental in alleviating poverty by providing opportunities to secure a good and sustainable standard of living.<sup>8</sup> As entrepreneurs continue to face numerous bureaucratic hurdles and weak legal protections, focusing on regulatory reform and its effective implementation will reinforce the private sector's ability to create jobs and lift people out of poverty. Excessive or poorly designed and

**FIGURE 1.1** Ten provinces, three ports and one border crossing are measured by *Doing Business in Mozambique 2019*



implemented regulations distract businesses from their core mission, limiting their formal creation and expansion.

Promoting a well-functioning private sector and supporting the growth of SMEs is a major undertaking for any government. It requires long-term policies of removing administrative barriers and strengthening laws that promote entrepreneurship. To ensure effective implementation, reforms that provide an appropriate incentive framework based on clear, transparent and predictable rules are normally backed up by strong and high-level political leadership. By highlighting existing bottlenecks and good practices already in place, this report provides a road map for policy makers on areas of focus beyond the main business city, Maputo. This is crucial for Mozambique at this juncture on its path to economic prosperity.

## WHAT IS DOING BUSINESS IN MOZAMBIQUE 2019 AND WHAT DOES IT MEASURE?

*Doing Business* tracks business regulations that affect small and medium-size domestic companies across 190 economies. In the annual *Doing Business* assessment, each economy is represented by its largest business city—which in the case of Mozambique is Maputo. However, Maputo does not tell the full story. While the capital city and its associated province (Maputo City) represent a major economic center, with about one-third of all businesses in the country,<sup>9</sup> it contains only about 4% of Mozambique's population.<sup>10</sup> Mozambique is divided into 10 provinces and one capital city with provincial status (Maputo City), and entrepreneurs can face different challenges depending on where they operate.

Subnational *Doing Business* reports yield a more nuanced picture of each economy than the global report, because many regulations and administrative measures

are implemented or issued by local authorities. *Doing Business in Mozambique 2019*—the first subnational *Doing Business* study for the country—looks at the business environment in 10 of the country's 11 provinces as represented by their capitals. The provinces measured are: Cabo Delgado, Gaza, Inhambane, Manica, Maputo City, Nampula, Niassa, Sofala, Tete and Zambezia. This study presents the findings for these locations across three regulatory areas: starting a business, registering property and enforcing contracts. A fourth indicator measures trading across borders through three major seaports—Beira, Maputo and Nacala—and one land border crossing, Ressano Garcia (figure 1.1).<sup>11</sup> It evaluates trade performance by tracking the time and costs associated with certain import and export procedures.

These four indicators relate to regulatory areas that are typically governed locally or that depend on local implementation of national regulations. Most of the regulations that govern starting a business and enforcing contracts apply nationally but are administered at the provincial level. For registering property, both provincial and municipal authorities apply the national laws that govern property transfer. The tax authority and property registries are regulated at the national level and operate at the provincial level, whereas the municipal tax office and municipal urban planning department function at the city level. Yet even in areas governed by national regulation, actions taken locally by a court or port operator, for example, can change the degree of complexity and the efficiency of the regulatory process. Moreover, Mozambique's ongoing decentralization process has progressively given more powers to the provinces and municipalities, which shifts the focus of the reform agenda of improving service delivery to include the local level.

## WHAT ARE THE MAIN FINDINGS?

### No single province performs equally well across all the benchmarked areas

It is easiest to start a business in Maputo City (table 1.1), where entrepreneurs can go to a single location—the company registry—to both register a company and publish its articles of association in the official gazette. Starting a business is three weeks faster in Maputo City than in the other nine provinces.<sup>12</sup> Zambezia is the best performer in registering property, due to a streamlined transfer approval process at the municipality, advanced digitization of the cadastral plans and the implementation of a geographic information system. Resolving a commercial dispute is easiest in Manica, thanks to relatively speedy courts and low attorney fees.

All provinces but Sofala and Tete rank in the top third on at least one indicator out of the three measured. Gaza stands out by ranking in the top third on two indicators. In starting a business, it is among the three provinces that publishes a simplified abstract of the articles of association; thus, publishing costs are half what they are elsewhere. In registering property, Gaza is among the fastest provinces in updating the municipality's cadastre, and the total cost and total time to transfer property are lower than average. Gaza also stands out in transparency of information because it publishes its commitment to deliver a legally binding document proving ownership within a specific deadline.

In trading across borders, the border crossing of Ressano Garcia outperforms the three seaports measured (table 1.2). Ressano Garcia has shorter times and lower costs associated with terminal handling and fewer documentary requirements. Its strong performance is also a testament to the gradual implementation of the one-stop border post project,



TABLE 1.1 *Doing Business in Mozambique 2019—where is it easier?*

Province (City)	Starting a business		Registering property		Enforcing contracts	
	Score (1–100)	Rank (1–10)	Score (1–100)	Rank (1–10)	Score (1–100)	Rank (1–10)
Cabo Delgado (Pemba)	67.32	2	52.13	8	51.53	8
Gaza (Xai-Xai)	66.65	3	54.78	2	50.34	9
Inhambane (Inhambane)	61.07	6	54.77	3	57.05	4
Manica (Chimoio)	60.38	7	53.61	5	64.40	1
Maputo City (Maputo)	67.56	1	52.94	6	39.78	10
Nampula (Nampula)	59.01	10	50.92	9	58.45	2
Niassa (Lichinga)	61.33	5	54.18	4	57.37	3
Sofala (Beira)	59.04	9	49.94	10	56.52	5
Tete (Tete)	66.16	4	52.61	7	53.38	6
Zambezia (Quelimane)	59.77	8	56.72	1	52.74	7

Source: *Doing Business* database.

Note: Rankings are based on the *Doing Business* score which shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The score is normalized to range from 0 to 100, with 100 representing the frontier of best practices (the higher the score, the better). For more information, see the chapter “About *Doing Business* and *Doing Business in Mozambique 2019*” and the “Data notes”.

under the framework of the 2007 agreement reached by Mozambique and South Africa to improve customs clearance procedures for commercial cargo at the border and reduce waiting times.

Among the three maritime ports, it is easiest to export coal from Beira due to a faster clearance process that does not require phytosanitary certificates, supervision of packing or scanning inspections. Nacala, the deep-water port located in Nampula Province, ranks last out of the four locations measured

due to the burdensome and expensive procedures to export pigeon peas to India—especially considering that the supervision of packing usually takes place at Nacala’s Special Export Terminal (*Terminal Especial de Exportação de Nacala*, or TEEN), where there are long lines and high fees. It is easier to export aluminum than sugar from Maputo port because the major exporter, Mozal, operates its own dedicated aluminum port terminal; also, aluminum exports do not require phytosanitary certification.<sup>13</sup> The import of auto parts is easiest through Nacala

because of considerably lower customs broker fees. Yet the process still takes longer in Nacala than in Maputo. Time to comply with documentary requirements is an area where all the border crossings perform well due to the implementation of the electronic single window, a portal connecting the main stakeholders. However, there is room for improvement in customs clearance and terminal handling procedures.

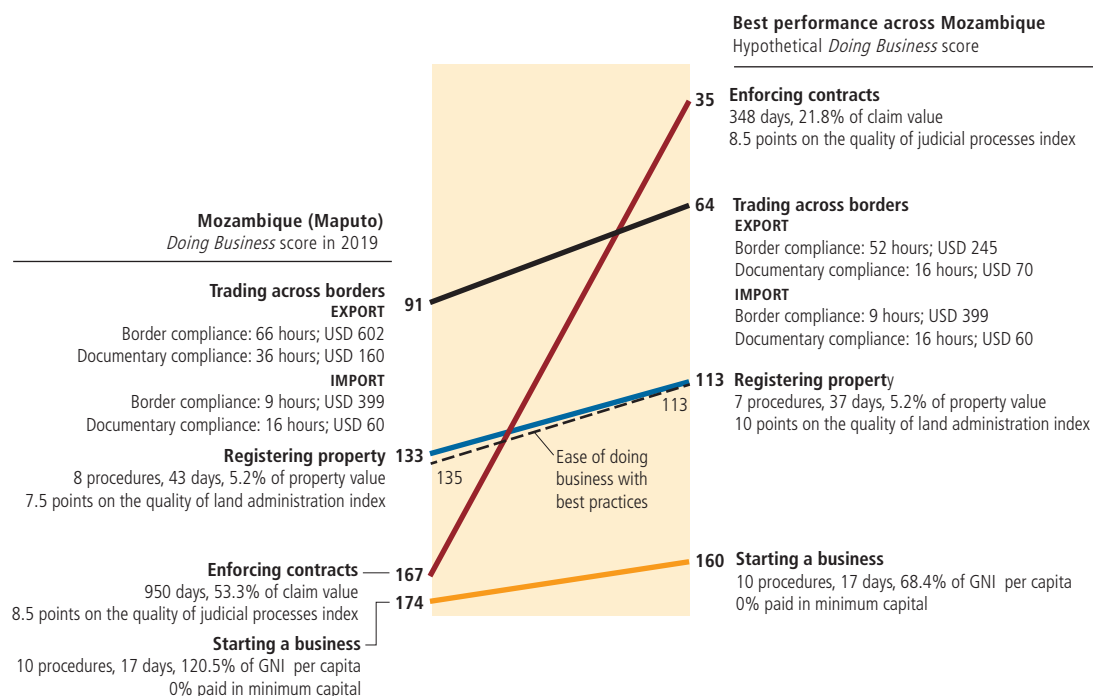
TABLE 1.2 *Trading across borders in Mozambique—where it is easier?*

Location		Trading across borders score (0–100)	Product	
			Export	Import
Trade by sea	Beira port	68.40	HS 38 – Miscellaneous chemical products (coal)	HS 8708 – Parts and accessories of motor vehicles (auto parts)
	Maputo port	62.92	HS 17 – Sugars and sugar confectionery (sugar)	
	Nacala port	60.85	HS 07 – Edible vegetables and certain roots and tubers (pigeon peas)	
	Average by sea	64.05	–	
	Maputo Port ( <i>Doing Business 2019</i> )	73.84	HS 76 – Aluminum and articles thereof (aluminum)	
Trade by land	Fronteira Ressano Garcia	81.31	HS 17 – Sugars and sugar confectionery (sugar molasses)	

Source: *Doing Business* database.

Note: The trading across borders score shows how far a location is from the best performance achieved by any economy on this *Doing Business* indicator. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more information, see the chapter “About *Doing Business* and *Doing Business in Mozambique 2019*” and the data notes. The data for the Ressano Garcia border and the Maputo port for imports are the same. For more details, see table 6.1 in the trading across borders chapters.



**FIGURE 1.2** If all local good practices were adopted, Mozambique's global performance would improve by 22 places

Source: *Doing Business* database.

Note: The ease of doing business score shows how far on average a location is at any given point in time from the best performance achieved by any economy on each *Doing Business* indicator since 2005. The measure is normalized between 0 and 100, with 100 representing the best regulatory performance (the higher the score, the better).

### If Maputo City were to adopt all the good practices found across the 10 provinces, the country's overall ranking in the global *Doing Business* study would jump 22 places

Provinces across Mozambique have much to learn from their peers in all indicator areas. Take the example of enforcing contracts (figure 1.2). A hypothetical location where a commercial dispute is solved in 348 days (as in Tete), costs 21.8% of the claim value (as in Manica) and scores 8.5 on the quality of judicial processes index (as in Maputo City, Nampula, Sofala and Tete) would stand at 35 in the global ranking on this indicator —132 places higher than Mozambique's current ranking among 190 economies, according to *Doing Business 2019*. For registering property, a location where the process takes 37 days (as in Inhambane), costs 5.2% of the warehouse value (as in Maputo City and Zambezia), requires seven procedures

(as in six provinces<sup>14</sup>) and has a score of 10 on the quality of land administration index (as in Tete) would rank 113—a jump of 20 places in the global ranking, surpassing Kenya. Altogether, by adopting all the good practices found at the subnational level across the four indicator areas, Mozambique would jump 22 places in the global ranking of 190 economies on the overall ease of doing business, from 135 to 113.

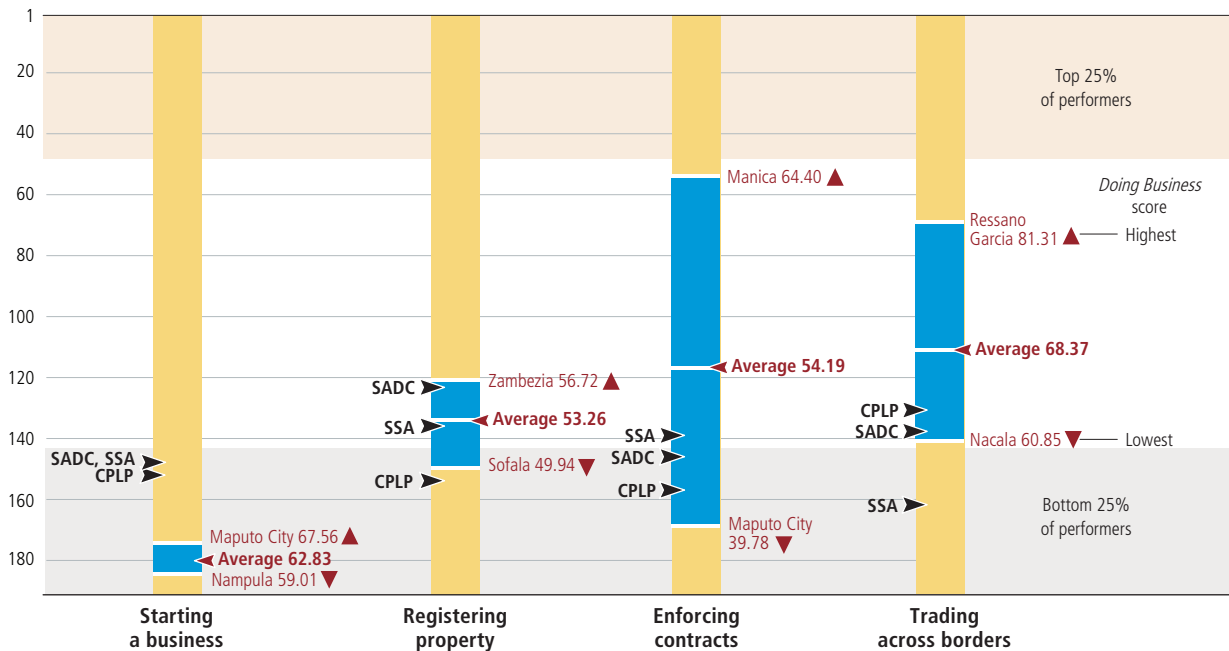
### There are significant gaps between the best- and worst-performing provinces for each indicator but differences in performance on contract enforcement and cross-border trade stand out

The performance gap among locations is best illustrated by using the ease of doing business score, which shows how close a location is to recorded global best practices (figure 1.3). These gaps suggest there are important lessons that provinces

can learn from one another to help them improve their business environment. Differences in contract enforcement and cross-border trade stand out. Manica has the highest performance on enforcing contracts—a result of low attorney fees (10% of the claim value) and relatively fast courts (380 days in total). Manica would rank close to the top 50 of the 190 economies measured globally by *Doing Business* in this area. Gaza and Inhambane would also rank well, in the top half of all economies. By contrast, Maputo City ranks in the last quartile globally. There, contract enforcement takes the longest, at 950 days (more than two times longer than in Manica) and is most expensive, costing entrepreneurs more than half the total claim value—twice the average of the 10 provinces. Lengthy delays in scheduling hearings drive trial times, causing a backlog of cases—a structural and widespread problem in Mozambican lower courts but one that is exacerbated

**FIGURE 1.3** The performance gap between provinces in Mozambique is larger for contract enforcement and trading across borders**Ease of doing business rank**

(1–190 economies)



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: Rankings are based on the ease of doing business score, which shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more details, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*." The average for Mozambique is the average of the locations measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies. (Timor-Leste is excluded from the CPLP average as it remains a "no practice" economy in the area of registering property.)

in Maputo City. Maputo City also has the second-highest attorney fees—more than 50% above the average for the 10 provinces measured—and the most expensive court and enforcement costs.

On the trade front, the Ressano Garcia border is the easiest trading location in Mozambique and would be near the top third of the global ranking on trading across borders.<sup>15</sup> Nacala, on the other hand, would be in the bottom third, especially because of the time it takes for export-related border compliance (customs clearance, inspections and port handling). Looking at trade by sea, Mozambique's measured ports on average outperform neighboring ports in Tanzania and South Africa, except for Port Elizabeth and Ngqura in South Africa.

Within Mozambique the differences in performance are not as large for starting a business and registering property. Nevertheless, relatively small differences across provinces on each indicator's score may hide the larger differences that entrepreneurs face in practice. For example, Maputo City outperforms Nampula by just 14% on the starting a business score; however, the process takes more than twice as long in Nampula—40 days, compared with 17 in Maputo City—and requires an extra step. Starting a business and registering property are also the indicators for which locations in Mozambique are collectively furthest from global best practices. Performance on property registration is encumbered by a large number of procedures—due to the lack

of coordination among agencies involved in land administration—and lower scores on the quality index, which focuses on reliability of land and cadastral record keeping, transparency of land information, extent of geographic coverage and ease of resolving land disputes. Zambezia, the best performer on this indicator, would place only in the third quartile globally, the same as seven other provinces. Two provinces—Nampula and Sofala—would rank in the last quartile. On business start-up, all provinces would place among the bottom 20 economies globally. Low performance throughout Mozambique is a concern, especially considering that making it efficient to start a business is key to promote the creation and formalization of firms.

### **Contract enforcement and cross-border trade are also the indicators where Mozambique outperforms its neighbors**

The indicators on enforcing contracts and trading across borders are the ones where on average Mozambique outperforms its neighbors. The country's average score on contract enforcement is 54.16 points, more than 5 points higher than the average for Sub-Saharan Africa.<sup>16</sup> Mozambican courts resolve commercial cases in just over 20 months on average—over a month faster than in Sub-Saharan Africa. The average location in Mozambique also performs particularly well against countries that have a similar legal tradition, as represented by the Community of Portuguese Language Countries (CPLP).<sup>17</sup> Resolving a commercial dispute in the average Mozambican location takes a year less than the CPLP average and is considerably less expensive—35.1% of the claim value, compared with the CPLP average of 45.9%. On trading across borders, the average performance in Mozambique (68.37 points) surpasses that of its neighbors, as represented by the Southern Africa Development Community (SADC), by nearly 7 points.<sup>18</sup> With an average 41 hours of border compliance times for imports, Mozambican ports perform nearly three times faster on average than SADC economies trading by sea (151 hours), and customs procedures at the port take on average 18 hours—considerably faster than SADC economies importing by sea (51 hours). Border compliance when importing through Ressano Garcia (9 hours) is also six times faster than in comparable SADC economies importing by land (54 hours). Conversely, in registering property, the Mozambique average is 3 points lower than the regional SADC average (56.22). Despite being faster and less expensive than its neighbors, Mozambique has a more cumbersome process and lags on the quality of land administration index. Mozambique also lags in starting a business. Even Maputo City—the top-performing province, where the process

### ***Relatively small differences across provinces on each indicator's score may hide the larger differences that entrepreneurs face in practice.***

requires 10 procedures, takes 17 days and costs 120.5% of income per capita—does not come close to the regional SADC average of 7.9 procedures, 27.4 days and 35.3% of income per capita.

#### **The quality components on the registering property and enforcing contracts indicators have room for improvement when compared globally**

When compared globally, the quality of property registration and contract enforcement—the only two measured indicators with a quality component—has room for improvement. For contract enforcement, the quality of judicial processes index captures good practices in the court systems across four areas: court structure and proceedings, case management, court automation and alternative dispute resolution. Despite being slightly ahead of the SADC average, Mozambique has ample room to converge with international good practices—especially those related to better case management and court automation. There is no electronic filing, payment of court fees or service of process (this must be done in person within the city by the court officer). The law imposes no limits on the number of adjournments that a judge can grant in each case, which contributes to delays in resolving the dispute. On the quality of land administration index, Mozambique lags behind its regional peers (figure 1.4). Although the government has made strides in improving the digitization of cadastral plans and ownership records by launching platforms that allow for digital bookkeeping, more can be done to increase transparency and communication between registries and municipalities. On this index, the average performance for provinces across Mozambique would score in the bottom

third globally and rank 27 places below the SADC average.

While national regulations determine a significant part of the score for the quality components, areas of provincial and municipal competence also play a key role. A case in point can be observed in the quality of land administration index, which measures management of cadastral records at the municipality and accessibility of information in the provincial property registry. Measures implemented at the local level can improve the quality of land services provided to entrepreneurs. Locations score between 7 and 10 out of the 30 possible points. Tete (10 points) and Sofala and Zambezia (9 points each) are among the top performers in the index, due to the progress they have made in digitizing the municipal cadastre and implementing a geographic information system. Cabo Delgado, Gaza, Maputo City and Nampula (7.5 points) stand out on transparency because their property registry commits to deliver a legally binding document proving ownership within a specific deadline. Meanwhile, Inhambane, Manica and Niassa have the lowest score (7 points). These provinces keep a paper-based records system and lack transparency.

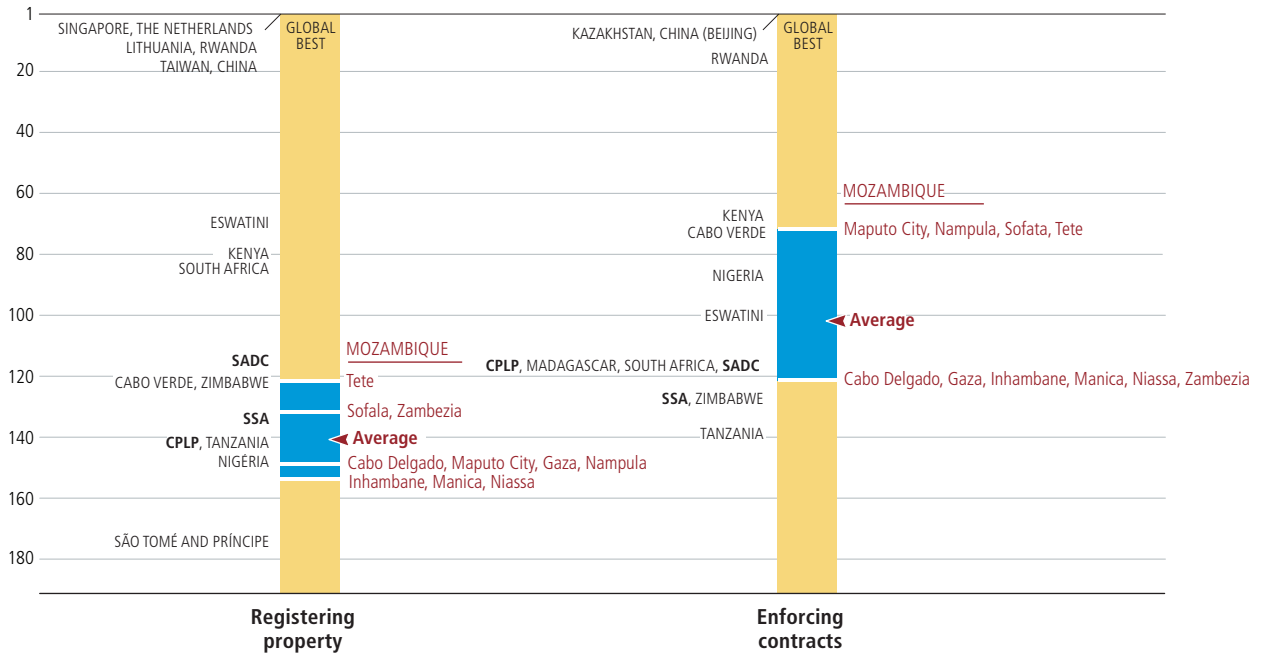
#### **Entrepreneurs in Mozambique must go through many steps to start a business and register property**

Lastly, a closer look at business start-up and property registration reveals that entrepreneurs in Mozambique must go through many steps to complete each process. When considering the average for the 10 provinces, Mozambique is among the 12 economies globally where starting a business is most complex, trailing its regional peers (figure 1.5). The complexity of registering a company—together with the steep fees

**FIGURE 1.4** Quality of regulation: Mozambican locations perform slightly better than their regional peers in enforcing contracts but not in registering property

### Ranking on quality indices

(1–190 economies)



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: Rankings are based on the ease of doing business score, which shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more details, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*." The average for Mozambique is the average of the locations measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies. (Timor-Leste is excluded from the CPLP average as it remains a "no practice" economy in the area of registering property.)

for publishing its articles of association—are the main obstacles. The large number of steps required to register property (on average 7.4) also weigh on Mozambique's performance for registering property. Complex procedures are especially seen during the due diligence phase (property tax certificate, ownership certificate) and the postregistration phase (update of fiscal and urban cadastres). Only one quarter of the 190 *Doing Business* economies have more procedures.

### Local top performers also have room to improve and learn from global good practices

Rwanda could serve as a role model in registering property and enforcing contracts, especially as Mozambique steers toward digitization and higher

automation. Ten years ago, transferring property in Rwanda took more than a year; today, thanks to the web-based Land Administration Information System implemented in Kigali, the process takes only a week. Rwanda also made contract enforcement easier by implementing an electronic filing system for initial complaints and introduced an electronic case management system for judges and lawyers, making judgments in commercial cases available to the public through publication on the judiciary's website. In starting a business, several economies in the region (Burkina Faso, Cabo Verde, Cameroon, Côte d'Ivoire, Djibouti, Gabon, Madagascar and Togo) have simplified the registration process by enabling notices of incorporation to be published on the one-stop shop website.

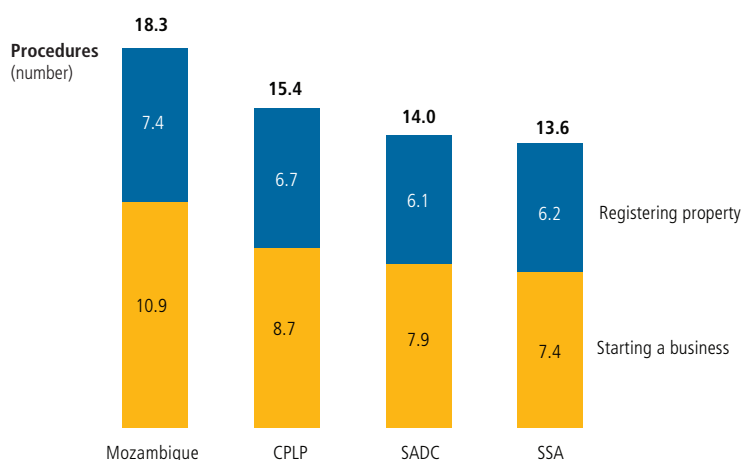
In trading across borders, Mauritius has streamlined the clearance process for both exports and imports by enhancing its risk-based management system, improving the portal that connects Port Louis with all relevant stakeholders and enabling advanced electronic document submission.

## COMPARING REGULATIONS ACROSS THE COUNTRY<sup>19</sup>

### Starting a business

Much of the private sector in Mozambique remains informal. Approximately 40% of the country's GDP is currently produced in the informal economy—about average for Sub-Saharan Africa, where levels of informality are among the highest in the

**FIGURE 1.5** The large number of procedures required to start a business and transfer property puts Mozambique behind its peers



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies. (Timor-Leste is excluded from the CPLP average as it remains a “no practice” economy in the area of registering property.)

world.<sup>20</sup> People who work in the informal sector lack access to legal protection, social security and pension benefits. Informal businesses have no access to formal finance and may find it difficult to recruit skilled labor. The starting a business indicator measures the number of procedures, time, cost and paid-in minimum capital required for domestic small and medium-size limited liability companies to formally operate. Reforms making it easier to start a business (such as lowering the cost and complexity of registration) as well as better enforcement of the regulations are associated with lower levels of informality.<sup>21</sup>

### Starting a business in Mozambique takes a week longer, requires three more steps and costs more than three times the average among the SADC economies

The process in Mozambique takes an average of 10.9 procedures and 35.2 days at a cost of 111.2% of income per capita, with no paid-in minimum capital requirement (figure 1.6). Starting a business is easiest in Maputo City, requiring 10 procedures, 17 days at a cost of 120.5% of

income per capita. In Nampula the same process requires 11 procedures over 40 days at a cost of 130.9% of income per capita; this is among the seven slowest places in Sub-Saharan Africa. Only in Maputo City can entrepreneurs complete the process in 10 procedures. Because the company registry has a representative of the national printing press on its premises, it takes only one step to register the company and publish its articles of association in the official gazette.

### Starting a business is the area that has had the most reforms across the country but room for improvement remains

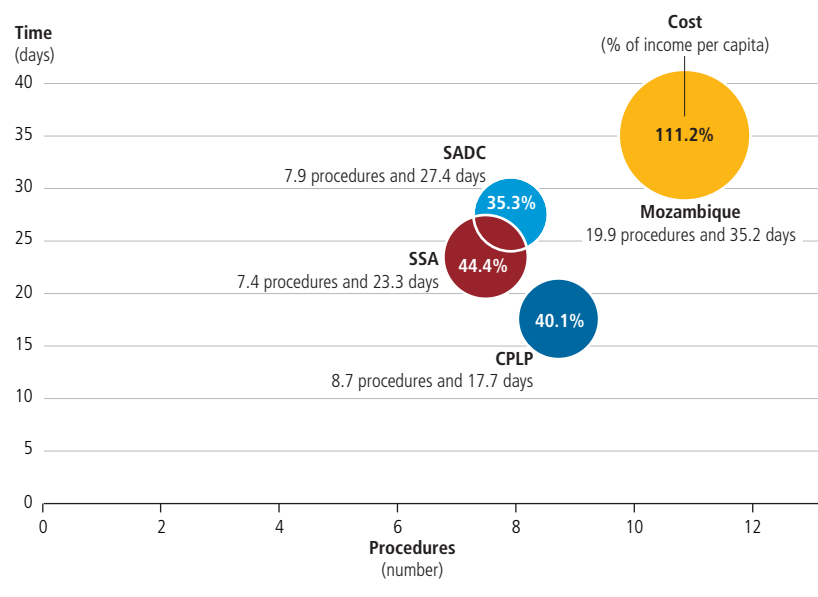
All provinces have implemented “one-stop shops” (*Balcão de Atendimento Único*, BAÚ), but despite the promising name, none of these locations house all the agencies that an entrepreneur needs to visit to open a company. The one-stop shops in Maputo City and Tete are the most complete, grouping officials from five out of six public agencies involved in the business startup process<sup>22</sup> as measured by *Doing Business*; still, they lack the presence of the national printing

press. Manica’s meanwhile, does not have representatives from most of the agencies involved in the process of opening and operating a company like the one in the *Doing Business* case study (such as the company registry, the tax authority, the National Social Security Institute and the Provincial Directorate of Labor, Employment and Social Security). In terms of time, entrepreneurs outside of Maputo City take at least twice as long to start a business as those in Maputo City, mainly because of the delay to publish the company’s articles of association in the official gazette. Because the national printing press is located only in Maputo City, entrepreneurs across the country must send a hard copy of the publication abstract via post as well as provide a digital copy, adding two weeks to the process. Starting a business in Mozambique is expensive, ranging from 68.4% of income per capita in Cabo Delgado to 132.8% in Zambezia. On average, fees for registering a company and publishing its articles of association in the official gazette account for 95% of the cost of starting a business. The cost of publishing the company’s articles of association is the main driver of cost variation. In provinces where entrepreneurs publish a “simplified abstract” of the articles of association, such as Cabo Delgado, Gaza and Tete, publication costs are half that of the provinces that publish the complete text.

### Registering property

The registering property indicator measures the strength of institutions that ensure property rights. It records the full sequence of procedures necessary for a business to purchase a property with a registered title from another business and to transfer the property title to the buyer’s name. The indicator also includes an index measuring the overall quality of land administration systems. Providing an efficient, transparent and affordable system to register new titles and transfer existing ones is an important first step toward guaranteeing secure access to land and improving access to

**FIGURE 1.6** It is more time-consuming, more expensive and more burdensome to start a business in provinces in Mozambique than in comparable countries



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

credit. This is particularly relevant for Mozambique, which since the end of the civil war continues to grapple with issues of land allocation and first registration of a title. While not focusing on first allocation of rights, the registering property indicator examines aspects that are key to continued land tenure security. The land registry loses its value if the system does not reflect all transfers of title. Inefficient procedures for ownership transfers can discourage registration, undermining institutions that ensure secure land rights.

### Transferring property is a lengthy and cumbersome process involving several visits to the municipality, notary, property registry and, in some locations, the local branch of the tax authority

An entrepreneur must go through seven or eight procedures, wait on average 47 days and pay 5.7% of the property value to complete the transfer. Registering property is easiest in Zambezia, where it takes seven steps and 39 days at a

cost of 5.2% of the property value. In Sofala the same process takes more than twice as long and costs 6.2% of the property value. Zambezia benefits from a speedy approval process for paying the transfer tax and a faster cadastral update because both steps can be authorized by municipal planning officials instead of by the mayor (figure 1.7). Mozambique's average performance on time and cost is better than the average for the SADC economies. The longest delays in Mozambique—and the main source of variance in time—are found in steps done at the municipality, particularly obtaining the property tax certificate (*certidão matricial*), paying the transfer tax (SISA) and updating the urban and fiscal cadastres. With the transfer tax and registration fees regulated by national legislation, differences in cost are mainly driven by postregistration procedures done at the municipality, such as the update of the urban cadastre. On the quality of land administration index, Mozambique's scores range from 7

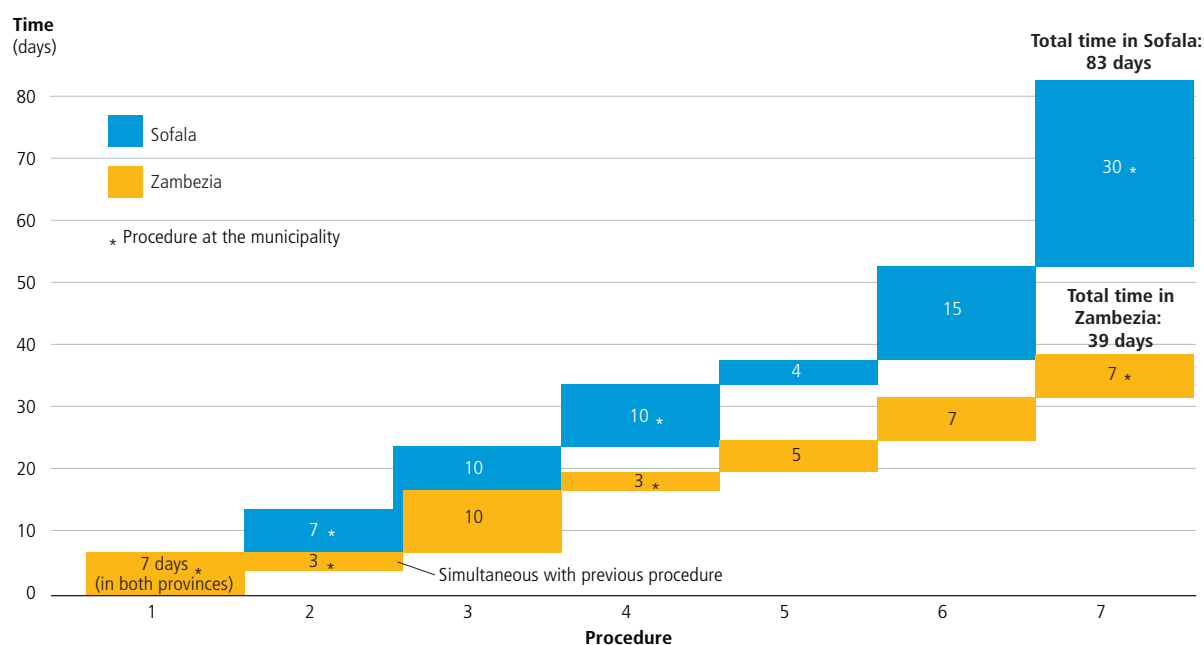
points in Inhambane, Manica and Niassa to 10 points in Tete, out of a maximum of 30. The municipality of Tete stands out because it has digitized most of its cadastral plans and uses an electronic database for recording boundaries and checking plans and cadastral information.

### Enforcing contracts

This indicator focuses on the time and cost to resolve a commercial lawsuit between two domestic businesses through the filing, trial and enforcement stages before the competent court.<sup>23</sup> Economies with more judicial good practices in place have higher levels of domestic credit provided to the private sector.<sup>24</sup> In Mozambique emerging evidence indicates that large industries are showing some resilience to the ongoing economic downturn, but the rest of the private sector faces reduced growth and more difficult access to credit.<sup>25</sup> Weak contract enforcement keeps firms from formalizing<sup>26</sup> and causes credit to be rationed, as banks fear that they cannot enforce collateral.<sup>27</sup> The indicator also includes an index assessing the overall judicial infrastructure.

### Court efficiency varies throughout Mozambique due to differences in adjournment practices at the trial and judgment phase, delays to set hearing dates and variations in attorney fees

It takes an average of 612.5 days and costs 35.1 % of the claim value to resolve a commercial dispute across Mozambique provinces. The process is easiest in Manica, which has the second shortest total time (380 days) and the lowest attorney fees (10% of the claim value). Manica also has relatively efficient internal procedures. Scheduling conflicts are rare compared with other provinces, and scheduling a hearing takes only two weeks—a month faster than in the average of the other provinces. Being a province with lower economic activity may be one reason behind speedy trials; outside the main business cities there are fewer commercial cases, or these tend to be less complex. Resolving a commercial

**FIGURE 1.7** It takes double the time to transfer property in Sofala than in Zambezia

Source: *Doing Business* database.

Note: The procedures and the agencies responsible for their execution are the same in both provinces from procedures 3 to 7.

dispute is more difficult in Maputo City, where enforcing contracts takes the longest time (950 days)—placing the province among the bottom 30 economies globally in length of time—and is expensive (costing 53.3% of the claim value), with high attorney fees (35%). Poorly functioning courts in Maputo City have a disproportionate impact given the concentration of businesses within that province’s jurisdiction: almost two-thirds of firm growth in the past decade happened in the Maputo area.<sup>28</sup> Providing local businesses with the ability to enforce contracts swiftly and effectively is especially critical there and in other major economic centers.

The trial and judgment phase is where performance varies the most—from about four months in Tete to five times longer in Maputo City. The Provincial Court of Tete has had success in implementing specialized divisions. These divisions—also set up in Inhambane and Sofala—have allowed for a more equitable and specialized distribution of case dockets. The disparity in the cost of

resolving a commercial dispute—from 21.8% of the claim value in Manica to 60.9% in Tete—is largely driven by attorney fees, which range from 10% of the claim value in Manica to 49% in Tete. Lastly, provinces in Mozambique score on average only 7.6 of 18 possible points on the quality of judicial processes index, due to weak case management and limited court automation. Maputo City, Nampula, Sofala and Tete score higher due to the existence of specialized commercial court divisions.

Although resolving a commercial dispute is two and a half months faster in Mozambique than in the SADC, there is still room for improvement toward best practices. In Rwanda, where Kigali is equipped with four commercial courts to deal with a wide range of cases, an electronic filing system for initial complaints and an electronic case management system for judges and lawyers, the process takes less than one year. That is just over nearly a third of the average time in Mozambique and about a fourth of the time in Maputo City (figure 1.8).

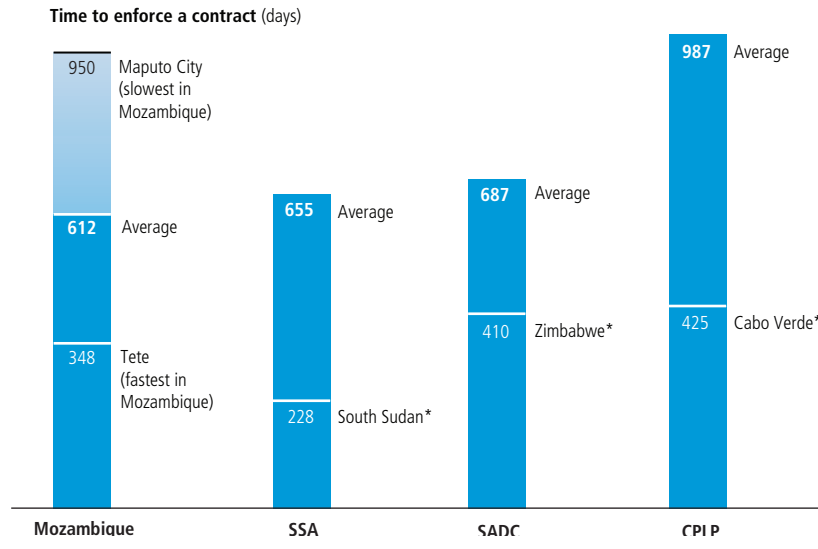
When it comes to court and enforcement fees, Mozambique is the fourth most expensive of the nine CPLP economies—after Angola, Guinea-Bissau and São Tomé and Príncipe (figure 1.9). This means that an entrepreneur wishing to enforce a judgment in the Mozambican courts will pay 12.6% of the value of the case for the payment of these costs (5.1% for court costs and 7.6% for enforcement costs)—nearly twice as much as in Portugal. This is without counting the attorney fees, which in Mozambique amount to 22.4% of the claim amount.

### Trading across borders

Facilitating trade fosters the participation of small and medium-size companies in international commerce, generating economies of scale and enabling their integration in regional and global value chains. Trade has always been a fundamental part of life in Mozambique, given the country’s strategic location along Africa’s southeastern coastline. Almost a third of Mozambique’s trade is with its closest neighbors. In 2017 exports to SADC economies accounted for 30.7% of



**FIGURE 1.8** Mozambique tends to enforce contracts faster than its regional peers, but some economies in the region are six months to one year faster



\* Fastest economy within the respective group.

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

Mozambican total exports, while imports from SADC represented 32.2% of total imports to Mozambique. The country's trade performance is also important to its neighbors, since Mozambique serves as a port of entry and transit corridor for products flowing in and out of nearby landlocked. The trading across borders indicator measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of importing and exporting.

### It is easiest to trade through the Ressano Garcia land border crossing due to streamlined terminal handling

The port of Nacala, on the other hand, scores the lowest because of longer times to complete customs procedures and longer container dwelling times. High costs for border compliance—which includes dealing with customs regulations, inspections and terminal handling—are the main obstacles for

traders in Mozambique when importing by sea (figure 1.10). In fact, all four locations measured in Mozambique would rank in the last quartile of all economies on border compliance costs for imports.<sup>29</sup> Fees related to the electronic single window system for international trade (*Janela Única Eletrónica, JÚE*) and the cargo scanner impose a heavy burden on traders; on average they make up nearly 30% of the border compliance cost for imports. Time to comply with border requirements for exports vary from 52 hours in Beira to 140 hours in Nacala. The variation is driven mostly by differences in efficiency in customs procedures and dwelling times at the port.<sup>30</sup> Exporters face long delays to complete border compliance procedures—especially in Nacala, as customs clearance takes place mostly the Special Export Terminal, located 14 kilometers from the port. In the other ports, border compliance procedures are handled at the exporter's warehouse or other legally recognized terminals. With an average doing business score of 37.58

points, Mozambique as a whole would rank in the bottom 30 on this indicator component.

### The implementation of the electronic single window has been instrumental in reducing the time and cost to comply with all documentary requirements for exporters and importers in Mozambique

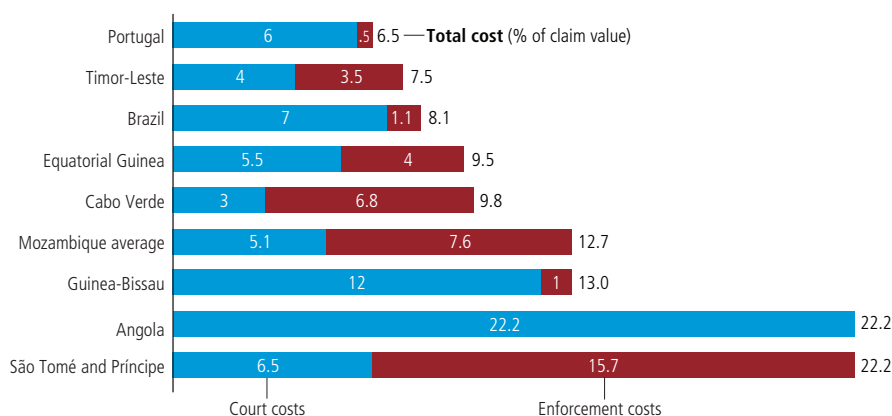
Traders spend an average of 35 hours to complete all documentary requirements for exports and 27 hours for imports, compared with 52 hours for exports and 60 hours for imports in the SADC economies. Even Nacala (48 hours) and Beira (36 hours)—Mozambique's worst performers in export and import documentary compliance, respectively—perform above the regional SADC average (64 hours for exports and 57 for imports). Enhancing the electronic single window and deepening regional integration may further facilitate trading across borders.

## THE WAY FORWARD

Good rules create an environment where new entrants with drive and good ideas can get started in business and where good firms can invest, expand and create new jobs. The objective is to encourage regulation that is designed to be efficient, accessible to all and simple to implement. Onerous regulation diverts the energy of entrepreneurs away from developing their businesses. But regulation that is efficient, transparent and straightforward facilitates business entry, expansion and innovation and makes it easier for aspiring entrepreneurs to compete on an equal footing.

Benchmarking exercises like *Doing Business in Mozambique 2019* can motivate governments to reform. They reveal areas where obstacles exist and highlight opportunities for improving the quality and efficiency of regulations. Policy makers in Mozambique could start by taking advantage of the findings of this



**FIGURE 1.9** Court and enforcement fees in Mozambique are higher than in several countries with a similar legal tradition

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured.

subnational study to understand the sources of local variations and replicate the good practices identified locally, regionally and globally. Comparisons between locations in the same country can be strong drivers of reform, because it is more difficult for local governments and policy makers to justify why doing business in their city or province is more burdensome than in neighboring locations. Even small administrative improvements that do not require major regulatory changes can make a big difference in the life of a small or medium-size firm.

Promoting peer-to-peer learning would provide opportunities for national, provincial and municipal policy makers to share their good practices in some areas while learning from others about what has worked better elsewhere. The results would benefit all. Designing and implementing a reform plan to improve the business climate in a country can be a challenging task, one that requires the participation of multiple government agencies as well as coordination efforts and technical capacity. The government of Mozambique has started to make important strides in this direction with the implementation of reforms. As the global *Doing Business* study has documented, these reforms were responsible for reducing the time to start a business

from 174 to 17 days, cutting the cost of transferring property from 12% to 5%, introducing commercial courts and streamlining documentary compliance for imports and exports in Maputo. These successful experiences could be replicated nationwide.

### Common themes

**A gap between the introduction of reforms and implementation on the ground is evident across the country. Several regulatory improvements have been introduced but have yet to be fully implemented**

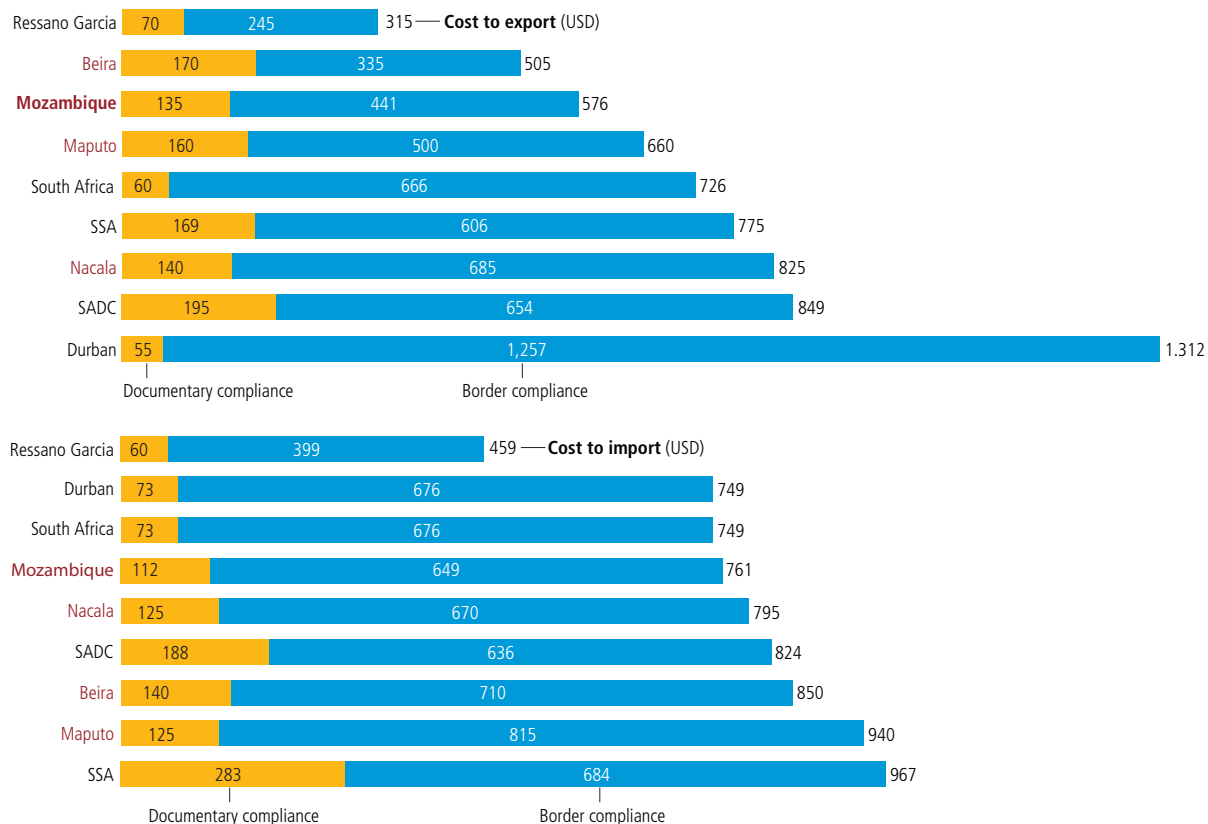
A recent example is the business licensing reform that introduced the license by simple notice (*mera comunicação prévia*), removing the cost and reducing the time for obtaining a business license.<sup>31</sup> In theory, one-stop shops in all provinces can issue the license by simple notice. However, only in Cabo Delgado, Inhambane, Manica, Maputo City and Niassa do entrepreneurs prefer using this procedure. In Sofala, Tete or Zambezia few such licenses have been issued since the law went into effect. In Gaza and Nampula the one-stop shop does not have experience in processing a simple notice, and entrepreneurs are unaware that they can apply for this new simplified license. As for enforcing contracts, time limits for some legal proceedings go mostly unenforced. In practice, across

the benchmarked provinces it takes more than three months for judges to render judgment—six times the legal time limit. Enforcing time limits would save the court and its users time, resources and increase accountability. Automation of procedures, staff training and an effective communication strategy for the public could help ensure that deadlines are adhered to both by the judiciary and the lawyers, and that reforms are publicized, rolled out and implemented, instead of remaining on the books unnoticed.

**Information on regulatory processes is diffuse and hard to access, making it difficult to implement reforms beyond Maputo City**

Along with implementing an outreach campaign, Mozambique must improve public access to laws and regulations must be improved at the subnational level. To consult laws in Mozambique, lawyers, entrepreneurs and even judges need to go in person to the national printing press archives (*Imprensa Nacional de Mozambique*), located in Maputo, or request a copy of a law in writing—both for a fee. Moreover, property registries and municipalities do not make information on fee schedules or documentary requirements for property transactions publicly available. Providing accessible, user-friendly information on regulations and procedures is important

**FIGURE 1.10** Except for Ressano Garcia, the highest costs are found in the process to comply with customs and port procedures when importing



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 4 trade locations measured while the SADC and SSA averages are based on economy-level data for those economies.

in all areas of business regulation—and it does not necessarily require substantial resources. Where applicants lack such information, they have greater difficulty holding government bodies accountable, a situation that fosters informality and corruption.

**While most laws governing business regulations have been updated in the last 20 years, some fail to capture longstanding good practices and instead maintain antiquated regulations**

To incorporate a company, publication of the articles of incorporation is still required by law and stands as a major bottleneck in the process.<sup>32</sup> This

requirement—a relic of the days when newspaper announcements were the only way to ensure that the public had notice of new companies setting up shop—is no longer observed in most countries. Similarly, fee schedules for notary services and company registration have been updated twice in the last 20 years, but they continue to follow the same complicated structure found in mid-20<sup>th</sup> century Portuguese law. Fees for business and property registration are covered in several scattered articles compiled in extensive laws, leaving ample room for interpretation. Difficulties in interpreting the law lead to different fees being charged across Mozambique for the same service. A case in point is the

Code of Judicial Costs of Mozambique. With more than 200 articles,<sup>33</sup> it is more than six times lengthier than similar national legislation in Portugal and state-level legislation in Brazil, with a combined average of 37 articles.

Despite the various reforms to improve it, Mozambique's licensing regime still falls short when compared with best global practices. Business licenses are still required for all companies to operate in Mozambique, even those performing low-risk activities. Global best practice is to take a risk-based approach and require licenses only for activities that pose risk to public health, safety or the environment. In terms of international trade, a customs

broker is legally required in Mozambique and is the only clearing agent who can submit a customs declaration in the single window.<sup>34</sup> Global best practices compiled by the World Trade Organization's Trade Facilitation Agreement (WTO-TFA), which Mozambique ratified in 2017, dictate that there should be no such requirement. And as for contract enforcement, judges still perform unnecessary administrative tasks such as organizing and presiding over the public sale of the debtor's assets—steps that could be exclusively undertaken by administrative staff or specialized auctioneers. Reducing the number of nonjudicial functions that judges are required to perform would help them redirect their efforts toward improving the efficiency of resolving disputes.

#### **Promoting greater coordination between municipal, provincial and national governments can result in efficiency gains in business start-up and property registration**

Agencies in these areas tend to work in silos, making processes more burdensome for entrepreneurs. For property registration, municipalities and registries do not share information on ownership; property owners must visit the two agencies to complete all requirements for registration. Improving communication between the agencies would help reduce interactions with the public, cutting steps and costs. Most importantly, it would enhance the quality of the land administration system by helping both databases stay up to date. In starting a business, lack of coordination still stands in the way of efficiency. In the provinces where starting a business is easiest—Maputo City and Tete—one-stop shops house five of the agencies<sup>35</sup> entrepreneurs must engage with to start a company. These agencies, however, have not fully integrated their front- and back-office operations. Ideally, the one-stop shop should receive the application and circulate it internally to each agency. As evidenced in other countries, while implementing a one-stop shop may be a first step in simplifying the

process of company incorporation, efficiency gains will be a result of increased coordination and information sharing, either automated or manual, among agencies.

#### **Reducing the regulatory burden for companies will also require building subnational capacity to deliver business regulation services**

This would facilitate the implementation of reforms beyond Maputo City. Lack of capacity presents itself in two areas: infrastructure and human capital. In enforcing contracts, there are not enough trained clerks to support judges in administrative tasks and no regular program for judge and clerk training. Additionally, insufficient or misallocated funding for the transfer and placement of judges results in positions being unfilled for months at a time. Between 2017 and 2018, the time to resolve cases in the civil division of the Provincial Court of Zambezia increased, largely because there was no judge to hear civil and commercial disputes for eight months.<sup>36</sup>

#### **In terms of infrastructure, most procedures are done manually across indicators, and in most agencies employees share the use of computers**

At the ports, despite the presence of an electronic single window, authorities continue to require paper documents. Courts are not automated, and the database of property ownership is kept in books, and courts are not automated. In the ports, despite the presence of an electronic single window, authorities continue to require paper documents. On land management, a geographic information system for urban and rural land developed in 2012 by the Ministry of Land, Environment and Rural Development (MITADER) is fully operational in only three provincial capitals. As they build capacity, local governments will also have more autonomy to implement reforms. The municipality of Lichinga, for example, still does not have a system set up to collect real estate taxes,

which would provide direct revenue for municipal coffers. The government of Mozambique is trying to improve its infrastructure by revising legislation and introducing pilot tests for new systems. Building capacity at a local level will be key to the success of ambitious reforms in the pipeline—especially the introduction of the electronic land registration system property registration system (SIRP, *Sistema Integrado de Registo*); the initiative to install an electronic court case management system for judges and lawyers; and the development of an electronic one-stop shop to integrate the systems of the different agencies involved in the process of opening a business.

#### **What can be improved in each area?**

To complement the reforms addressing cross-cutting issues, the government of Mozambique would also benefit from improvements that are specific to each topic measured by *Doing Business*. Each topic chapter under the “What can be improved?” section identifies opportunities for improvement and global good practices that can guide the way forward (table 1.3). Some of these reforms include administrative changes that can be implemented in a short period of time. Others may be more complex and require more financial and human resources, in addition to more technical capacity. Cross-cutting issues emerge that require leadership from national and local policy makers; these include a lack of coordination among agencies and limited capacity at the subnational level to implement more reforms locally.

#### **Starting a business**

Starting a business could be made more efficient by streamlining the back-office workflow of the one-stop shop is streamlined and integrating institution's procedures. In 2014 the government of Mozambique launched the e-BAÚ system, an integrated platform for service delivery that aims to connect the one-stop shops and other institutions relevant for business startup. Nonetheless, the

platform is currently being used for business licensing only. Further implementation of the e-BAÚ platform will improve communication between the various government agencies; allow for a single access point for all the procedures needed to register a company; provide information on requirements for starting a business, such as what fees apply; and could even introduce the possibility of making electronic payments, or publishing a company's articles of association or the basic information on each company registered, at no cost. In the long run, greater time efficiency could be achieved by having a company registration process that is completely online.

### Registering property

In registering property, transparency in the urban land management system should be reinforced. Municipalities and land registries have fee schedules, but these are mostly incomplete and not publicly accessible. To make information accessible, municipalities could publish fee schedules and distribute brochures. Until 2016 Maputo City distributed a brochure with guidance on the process, which specified the documents that needed to be delivered, the fees and the expected time frame. When notary and registry fees were updated in 2016, the brochure became obsolete and fell into disuse. Provinces should also consider consolidating property transaction information on property transaction from provincial and municipal agencies and making it available. To improve efficiency, municipalities can streamline the transfer tax payment, which currently is a major bottleneck to transfer property. The transfer tax is an important source of revenue, and the process of paying it should not discourage businesses from participating in the formal economy. Under Mozambique's Municipal Tax Code, the mayor is entrusted with the review and approval of the assessment of the property value, which in turn determines the tax to be paid. To streamline the process, this requirement should fall to an expert in property valuation, rather

than the mayor. Municipalities should consider leveraging the SiGIT (*Sistema de Gestão de Informação sobre Terras em Moçambique*) to create a database of property values and automate property assessments. Linking it to the future registrars' database (SIRP) would establish quick and reliable access to cadastral plans, ownership data and tax records, and ensure automated updates and streamlined communication between the agencies. To benefit from the electronic system, registries also need to digitize all their ownership records.

### ***Some of the recommended reforms include administrative changes that can be implemented in a short period of time.***

#### Enforcing contracts

In enforcing contracts, access to court decisions is central to a well-functioning judiciary and key to a strong investment climate. Mozambique has no systematic way of making judgments in commercial cases at all levels available to the public. Making judgments available does not necessarily require substantial resources, but it does require internal organization, such as deploying a centralized government gazette database made available online to the public. Laws could also be published and freely accessible at the national level on the websites of the government portal (Portal do Governo) or the national press' website. To improve court efficiency, reduce trial and judgment time, and make legal services more affordable, improvements to the case management system would be key. Case tracking, would allow the court to screen and categorize cases to manage them strategically.<sup>37</sup> While it is too early to have had any pronounced impact on time, a pilot program that integrated judicial process management systems (SIGAJUS) is being rolled out and was implemented in the second commercial division of the Maputo City Court, enabling court officers and judges to search all commercial cases in the database and deal more efficiently with

their caseloads. Lawyers are still not connected to the system. This initiative could be replicated across the country and expanded to the Civil Court divisions.

To better understand bottlenecks, carrying out a process-mapping exercise to analyze the dynamics of how cases are handled internally will help to diagnose inefficient procedures, from filing to enforcement. Process mapping should be followed by the relevant reforms to the Code of Civil Procedure, given that the existing unnecessary procedures

stem from statutory requirements. Reducing the number of nonjudicial functions that judges are required to perform would help judges redirect their efforts toward improving the quality of judgments by concentrating on adjudication. Additionally, an institutionalized country-wide program to continuously train support staff would help bridge the current deficits found in internal case processing throughout the trial and enforcement phases. To achieve an efficient judiciary, it is critical to have judges that deliver. For this to happen, judges not only require adequate resources, but they also need to be held accountable for timeliness and quality of service. One way to increase judges' accountability is by implementing periodic judicial inspections and compiling and disseminating performance statistics.

#### Trading across borders

In trading across borders, an efficient risk-based management system can help streamline customs procedures. Currently, almost all consignments are subjected to physical inspection. While compliance issues with traders, customs brokers and forwarding agents exist in Mozambique,<sup>38</sup> it is essential to devise a balance between enforcement and trade facilitation. To do so, the tax authority

could improve its automated risk-management system by more precisely defining the criteria used to assess risk within the electronic single window. Despite having a working electronic single window, Mozambique falls short of reaping its full benefits. Moving toward a paperless trade environment would cut time, avoiding delays in clearing consignments that occur while waiting for the relevant paper documentation. To take full advantage of the electronic single window, Mozambique could electronically link more stakeholders to the platform. Mozambique could also remove the mandatory use of customs brokers. According to WTO-TFA principles, the use of customs brokers should not be mandatory. Mozambique could enable traders to be registered as users of the electronic single window and provide training so that they can input the relevant data for their transactions directly into the system. Costs associated with complying with border requirements are likely to be reduced; overall, traders in Mozambique must pay heavy administrative fees, specifically those charged by the electronic single window and scanner.

Border compliance procedures could be enhanced by strengthening regional integration. Despite its strategic location,<sup>39</sup> Mozambique has yet to achieve a high level of regional cooperation and regional trade.<sup>40</sup> Among all Mozambique's land border crossings with its neighbors, Ressano Garcia is the only one with a one-stop border post. Sharing information, avoiding duplicate procedures and conducting joint inspections are among the benefits of border cooperation. Mozambique may strengthen regional integration by participating in customs union agreements. Lastly, focus should also be placed on upgrading trade logistics infrastructure to reduce delays and transaction costs as well as increase traffic volumes, enhancing competitiveness. Deficient infrastructure is a common concern for all the ports analyzed; for example, in November 2017 Beira port had to do an emergency

dredging to allow the port to remain in operation. The long times recorded for domestic transport are also related to truck congestion due to poorly maintained access roads and entrances.

TABLE 1.3 Summary of reform recommendations to improve the ease of doing business across Mozambique

Suggested reform	Locations that have partially or fully implemented the reform	Key players to champion the reform	Implementation timeframe
<b>Starting a business</b>			
Improve the implementation of the license by simple notice at the one-stop shop	Cabo Delgado, Inhambane, Manica, Maputo City, Niassa.	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	Partially implemented by Cabo Delgado, Gaza and Tete as the publication of the simplified abstract is common practice	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term
<b>Registering property</b>			
Reinforce transparency in the land administration system	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	Partially implemented in Quelimane, Inhambane and Xai-Xai by delegating the review of the property assessment to officials in the urban planning department.	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Municipalities</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	Partially implemented in Beira, Quelimane and Tete that digitalized most of their cadastral plans while Maputo City has scanned most of their cadastral plans. Maputo City is the only province that scanned most of their ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term
<b>Enforcing Contracts</b>			
Publish laws and judgments	Not present in any of the provinces although some judgments from the higher courts are made publicly available, either through publication in the official gazette or on the website of the Supreme Court, these are very few and cover only certain civil and criminal cases.	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	Not present in any of the provinces	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term

**TABLE 1.3 Summary of reform recommendations to improve the ease of doing business across Mozambique**

Suggested reform	Locations that have partially or fully implemented the reform	Key players to champion the reform	Implementation timeframe
Increase judge's accountability through periodic judicial inspections and performance statistics	Not present in any of the provinces	<ul style="list-style-type: none"> <li>• Superior Council of the Judiciary</li> <li>• Provincial courts</li> </ul>	Short-term
Use process mapping to identify bottlenecks in the court system	Not present in any of the provinces	<ul style="list-style-type: none"> <li>• Ministry of Justice, Constitutional and Religious Affairs</li> <li>• Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	Partially implemented. All 10 provinces make pretrial conferences available to narrow down issues and have established legal time limits for at least three key court events. Each court produces its quarterly and annual performance reports. Nonetheless, with the exception of a pilot project in Maputo City, there is no integrated judicial process management system in the provinces.	<ul style="list-style-type: none"> <li>• Ministry of Industry and Commerce</li> <li>• Supreme Court</li> <li>• Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.
<b>Trading across Borders</b>			
Remove the mandatory use of customs brokers and increasing competition in the brokerage profession	Not present in any of the border crossings	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> </ul>	Short term
Streamline customs procedures and apply efficient risk-based management	Partially implemented in Beira when exporting coal	<ul style="list-style-type: none"> <li>• Customs office (tax authority)</li> </ul>	Short to medium/long term
Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform	Not present in any of the border crossings	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> </ul>	Creating a paperless environment in the short term; connecting more stakeholders in the short to medium/long term.
Strengthen regional integration through the effective implementation of border cooperation and customs union agreements	Ressano Garcia with the one-stop border post project	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs</li> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Gestão de Terminais S.A. (GT)</li> </ul>	Medium to long term
Upgrade trade logistics infrastructure with a special focus on access roads to the ports	Maputo and Ressano Garcia	<ul style="list-style-type: none"> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Cornelder de Moçambique (CdM)</li> <li>• Maputo Port Development Company (MPDC)</li> <li>• Corredor de Desenvolvimento do Norte (CDN)</li> </ul>	Medium to long term
Consider reducing administrative fees	Not present in any of the border crossings	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Kudumba Investments</li> </ul>	Medium to long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter.



## NOTES

1. World Economic Forum. 2017. *The Global Competitiveness Report 2017-2018*. Available at <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>.
2. Among the 48 economies of Sub-Saharan Africa, Mozambique ranks number 7 in dealing with construction permits and 8 in resolving insolvency. But it has low rankings in starting a business (174 among the 190 economies measured by *Doing Business*) and in resolving commercial disputes through the courts (167).
3. Megaprojects are large-scale, complex ventures that typically cost millions or even billions of dollars, take many years to develop and involve multiple public and private stakeholders. While they are often not major job creators, given their capital-intensive nature, megaprojects do generate employment indirectly, either through infrastructure construction or through local firms supplying goods or services.
4. World Bank. 2017. *Mozambique Economic Update: A Two Speed Economy*. Washington, DC: World Bank.
5. Mozambique's annual population growth averaged 2.9% from 2000 to 2017. Fertility rates averaged 5.5 children per woman between 2007 and 2016. Source: World Bank, World Development Indicators database.
6. Lachler, Ulrich, and Ian Walker. 2018. *Jobs Diagnostic Mozambique*. Washington, DC: World Bank.
7. International Labour Organization (ILO), ILOSTAT database. Data retrieved in September 2018. Available at <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=LB-MZ>.
8. Deijl, Claudia, Jan de Kok and Christi Veldhuis-Van Essen. 2013. *Is Small Still Beautiful? Literature Review of Recent Empirical Evidence on the Contribution of SMEs to Employment Creation*. Eschborn and Geneva: GIZ and ILO.
9. Number of firms per province: Maputo City (14,904), Maputo (5,427), Sofala (4,839), Zambezia (3,372), Gaza (3,230), Nampula (2,605), Inhambane (2,247), Cabo Delgado (1,840), Tete (1,762), Manica (1,510) and Niassa (1,273). Based on data from the recently completed business census: 2014/2015 Censo de Empresas (CEMPRE). The census covers formally registered businesses only.
10. National Institute of Statistics (*Instituto Nacional de Estatística*). Available at [http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projeccoes-da-populacao/populacao-projectada-por-districtos-maputo-cidade-2007\\_2040.xls/view](http://www.ine.gov.mz/estatisticas/estatisticas-demograficas-e-indicadores-sociais/projeccoes-da-populacao/populacao-projectada-por-districtos-maputo-cidade-2007_2040.xls/view).
11. For more information about the parameters of this study, the indicators selected and changes to *Doing Business* indicators, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*."
12. The data in this report are valid as of September 2018.
13. In evaluating the export process, the *Doing Business* methodology assumes that each port is shipping its top product in export value. In the case of Mozambique's largest port, Maputo, this study also assesses the country's number two export product (sugars and sugar confectionery—HS 17 under the Harmonized System classification code) to complement the data used in the global *Doing Business* study, which assumes exports from Maputo of Mozambique's top export (HS 76—aluminum and articles thereof). For more details, please see Table 6.1. Case study assumptions, in the chapter on trading across borders.
14. Gaza, Inhambane, Manica, Niassa, Sofala and Zambezia.
15. Ressano Garcia would stand at 67 globally on trading across borders.
16. The averages for Sub-Saharan Africa (SSA) are based on economy-level data for the 48 SSA economies. See <http://www.doingbusiness.org/en/rankings?region=sub-saharan-africa>.
17. The Community of Portuguese Language Countries (CPLP) has 9 members: Angola, Brazil, Cabo Verde, Guinea-Bissau, Equatorial Guinea, Mozambique, Portugal, São Tomé and Príncipe, and Timor-Leste.
18. The Southern Africa Development Community (SADC) has 16 members: Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.
19. Please refer to the corresponding indicator chapter and the data note for more information about the methodology.
20. IMF Regional Economic Outlook 2017.
21. Bruhn, Miriam, and David McKenzie. 2013. *Entry Regulation and Formalization of Microenterprises in Developing Countries*. Policy Research Working Paper No. 6507. Washington, DC: World Bank.
22. Banks and insurance companies are also involved in the process.
23. According to the *Doing Business* case study, the competent court is the civil division of the specific provincial court.
24. Gramckow, Heike, Omniah Ebeid, Erica Bosio and Jorge Luis Silva Mendez. 2016. *Good Practices for Courts: Helpful Elements for Good Court Performance and the World Bank's Quality of Judicial Process Indicators*. Washington, DC: World Bank.
25. World Bank. 2017. *Mozambique Economic Update: A Two Speed Economy*.
26. Dabla-Norris and Inchauste (2007).
27. Economies with a more efficient judiciary, in which courts can effectively enforce contractual obligations, have been found to have more developed credit markets and a higher level of development overall. See, for example, Mehnaz Safavian and Siddharth Sharma (2007).
28. World Bank. 2017. *Mozambique Economic Update: A Two Speed Economy*.
29. On a global scale, Mozambique scores 45.96 points on this indicator component.
30. Coal exports from Beira benefit from an expedited process as there are no supervision of packing, scanning inspections or phytosanitary certification requirements to be completed. While the assumptions for the comparator ports consider plant products that require phytosanitary certification, these also require supervision of packing and scanning inspections, which are not specifically related to plant products.
31. The provinces that would benefit from time reduction in implementing the *mera comunicação prévia* are those where the time to obtain a simplified operating license is greater than one day, such as Gaza, Nampula, Tete and Zambezia; and as opposed to Sofala where obtaining such license is one day.
32. This requirement is established in Commercial Code Decree 2/2005 of December 27.
33. A recent revision of the law currently being drafted proposes to reduce the number to 187 articles.
34. Decree No. 18/2011 and Article 82 of the Chamber of Customs Brokers Statute establish the requirement that licensed customs brokers conduct all import, export and transit operations.
35. The seven entities common to all provinces are the company registry, the banks, the tax authority, the one-stop shop, the Provincial Directorate of Labor, the National Social Security Institute and the insurance company. In all provinces except Maputo City, entrepreneurs must also interact with the national printing press, and in Manica and Gaza they must visit the public notary.
36. According to court statistics provided by the Statistics and Judicial Information Unit of the Provincial Court of Zambezia, 15 cases and 4 enforcement proceedings were closed in 2017, down from 64 and 21, respectively, in 2015.
37. Source: *Doing Business in Kenya 2016*.
38. These include tariff misdeclarations, under-invoicing, undervaluation of goods, misclassification and smuggling as discussed in Baker, Raymond, Christine Clough, Dev Kar, Brian LeBlanc and Joshua Simmons. *Hiding in Plain Sight: Trade Misinvoicing and the Impact of Revenue Loss in Ghana, Kenya, Mozambique, Tanzania, and Uganda: 2002-2011*. Washington D.C.: Global Financial Integrity.
39. Mozambique's trade corridors connect its landlocked neighbors and the Gauteng region in South Africa to the Indian Ocean.
40. In 2015, exports from Mozambique to other SSA economies amounted to 24.8% (South Africa alone representing 18.3%), while imports from SSA economies amounted to 33.6% ((South Africa alone representing 30.10%). World Bank Group World Integrated Trade Solution. Available at <https://wits.worldbank.org/countryprofile/en/country/MOZ/startyear/2012/endpoint/2016/indicator/NE-TRD-GNFS-ZS>.





# About *Doing Business* and *Doing Business in Mozambique 2019*

## MAIN FINDINGS

- *Doing Business* measures aspects of business regulation affecting small and medium-size domestic firms defined based on standardized case scenarios and located in the largest business city of 190 economies. In addition, for 11 economies a second city is covered.
- *Doing Business* covers 11 areas of business regulation. Ten of these areas—starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors paying taxes, trading across borders, enforcing contracts and resolving insolvency—are included in the ease of *Doing Business* score and ease of *Doing Business* ranking. *Doing Business* also measures features of labor market regulation, which is not included in these two measures.
- *Doing Business in Mozambique 2019* covers four of these areas: starting a business, registering property, enforcing contracts and trading across borders.
- *Doing Business* and *Doing Business in Mozambique 2019* relies on four main sources of information: relevant laws and regulations, expert respondents, government authorities (national and local) and World Bank Group specialists.
- *Doing Business* data are widely used by governments, researchers, international organizations and think tanks to guide policies, conduct research and develop new indexes.
- There are no methodological changes in *Doing Business 2019* data.

**D**oing Business is founded on the principle that economic activity benefits from clear and coherent rules: rules that set out strong property rights, facilitate the resolution of disputes and provide contractual partners with protections against arbitrariness and abuse. Such rules are much more effective in promoting growth and development when they are efficient, transparent and accessible to those for whom they are intended. The strength and inclusivity of the rules also have a crucial bearing on how societies distribute the benefits and finance the costs of development strategies and policies.

Good rules create an environment where new entrants with drive and innovative ideas can get started in business and where productive firms can invest, expand and create new jobs. The role of government policy in the daily operations of small and medium-size domestic firms is a central focus of the *Doing Business* data. The objective is to encourage regulation that is efficient, transparent and easy to implement so that businesses can thrive and promote economic and social progress. *Doing Business* data focus on the 11 areas of regulation affecting small and medium-size domestic firms in the largest business city of an economy. The project uses standardized case studies to provide objective, quantitative measures that can be compared across 190 economies.

## FACTORS MEASURED BY DOING BUSINESS AND SUBNATIONAL DOING BUSINESS STUDIES

*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

*Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate score or ranking on the ease of doing business, it does present the data for these indicators. Subnational *Doing Business* studies cover a subset of the 11 areas of business regulation that *Doing Business* covers across 190 economies (table 2.1). These studies focus on indicators that are most likely to vary from city to city, such as those on dealing with construction permits or registering property. Indicators that use a legal scoring methodology, such as those on getting credit or protecting minority investors, are typically excluded because they mostly look at national laws with general applicability.

The subnational *Doing Business* studies expand the *Doing Business* analysis beyond the largest business city of an economy. They measure variation in regulations or

in the implementation of national laws across locations within an economy (as in Mozambique) or a region (as in the European Union). Projects are undertaken at the request of governments.

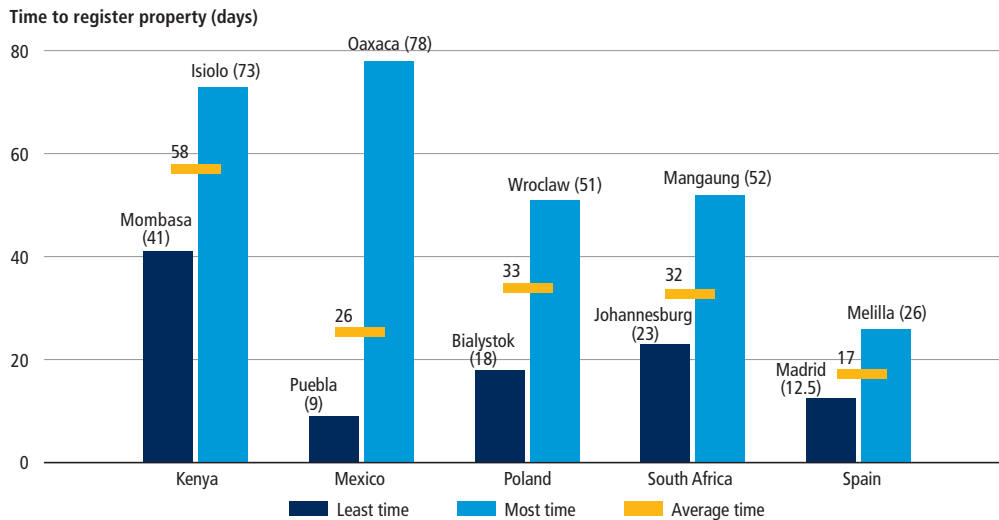
Data collected by subnational studies show that there can be substantial variation within an economy (figure 2.1). In Mexico in 2016, for example, registering a property transfer took as few as 9 days in the state of Puebla and as many as 78 in Oaxaca. Indeed, within the same economy one can find locations that perform as well as economies ranking in the top 20 on the ease of registering property and locations that perform as poorly as economies ranking in the bottom 40 on that indicator.

The subnational *Doing Business* studies produce disaggregated data on business regulation. But they go beyond a data collection exercise. They have proved to be strong motivators for regulatory reform at the local level:

**TABLE 2.1** What *Doing Business* and subnational *Doing Business* studies measure—11 areas of business regulation

Indicator set	What is measured
<b>Typically included in subnational <i>Doing Business</i> reports</b>	
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Not typically included in subnational <i>Doing Business</i> reports</b>	
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as postfiling processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

**FIGURE 2.1** Different locations, different regulatory processes, same economy



Source: Subnational *Doing Business* database.

Note: The average time shown for each economy is based on all locations covered by the data: 11 cities in Kenya in 2016, 32 states in Mexico in 2016, 18 cities in Poland in 2015, 9 cities in South Africa in 2015 and 19 cities in Spain in 2015.

- The data produced are comparable across locations within the economy and internationally, enabling locations to benchmark their results both locally and globally. Comparisons of locations within the same economy that share the same legal and regulatory framework can be revealing: local officials find it hard to explain why *Doing Business* is more difficult in their jurisdiction than in a neighboring one.
- Pointing out good practices that exist in some locations but not others within an economy helps policy makers recognize the potential for replicating these good practices. This can prompt discussions of regulatory reform across different levels of government, providing opportunities for local governments and agencies to learn from one another and resulting in local ownership and capacity building.

Since 2005 subnational reports have covered 510 locations in 75 economies, including Colombia, the Arab Republic of Egypt, Italy, the Philippines and Serbia (figure 2.2). Seventeen economies—including Colombia, Indonesia, Kenya, Mexico, Nigeria, the Philippines, the Russian Federation, and South

Africa—have undertaken two or more rounds of subnational data collection to measure progress over time. Recently subnational studies were completed in Afghanistan, Colombia, the European Union (Bulgaria, Hungary and Romania in one report and Croatia, the Czech Republic, Portugal and Slovakia in another), Kazakhstan and the United Arab Emirates. Ongoing studies include those in the European Union (Greece, Ireland and Italy) and Kazakhstan.

*Doing Business in Mozambique 2019* is the first subnational *Doing Business* study for Mozambique. It benchmarks business regulations and their enforcement in ten provinces across three regulatory areas (starting a business, registering property and enforcing contracts). It also measures trading across borders at three ports and one border crossing.

### How the indicators are selected

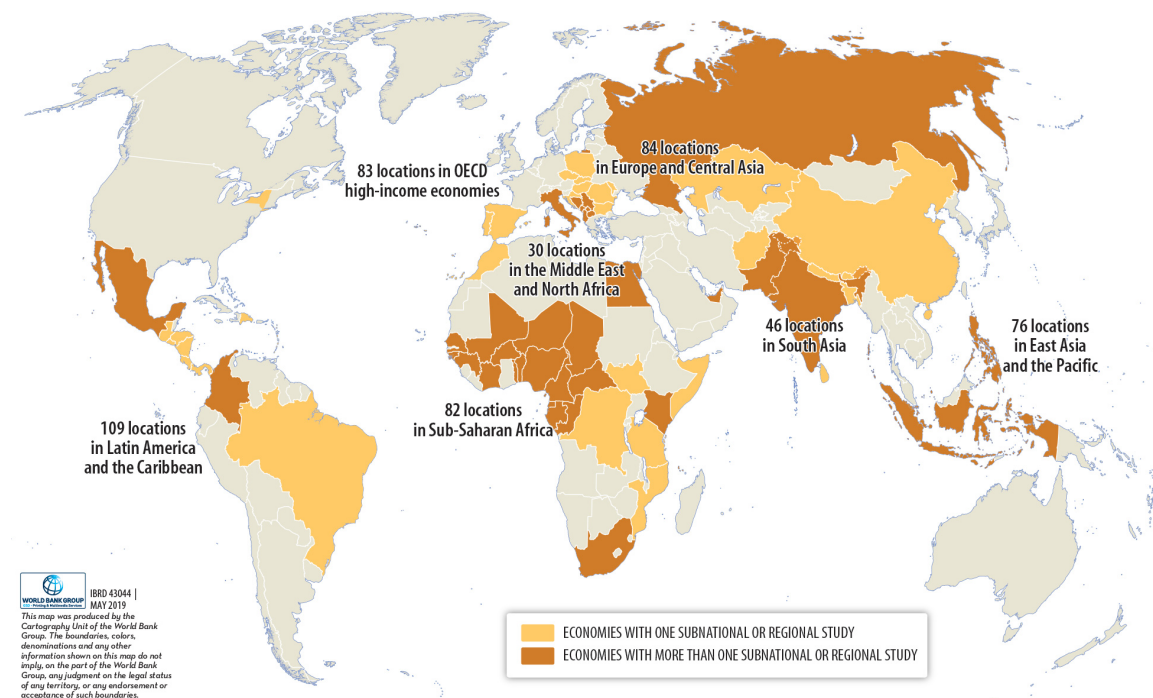
The design of the *Doing Business* indicators has been informed by theoretical insights gleaned from extensive research and the literature on the role of institutions in enabling economic development.<sup>1</sup> In addition, the background papers developing the methodology for each of the *Doing*

*Business* indicator sets have established the importance of the rules and regulations that *Doing Business* focuses on for such economic outcomes as trade volumes, foreign direct investment (FDI), market capitalization in stock exchanges and private credit as a percentage of GDP.<sup>2</sup>

The choice of the 11 sets of *Doing Business* indicators has also been guided by economic research and firm-level data, specifically data from the World Bank Enterprise Surveys.<sup>3</sup> These surveys provide data highlighting the main obstacles to business activity as reported by entrepreneurs in more than 136,880 companies in 139 economies. Access to finance and access to electricity, for example, are among the factors identified by the surveys as important to businesses—inspiring the design of the *Doing Business* indicators on getting credit and getting electricity.

Some *Doing Business* indicators give a higher score for more regulation and better-functioning institutions (such as courts). For example, in the area of protecting minority investors higher scores are given for stricter disclosure requirements for related-party



FIGURE 2.2 Comparing regulation at the local level: subnational *Doing Business* studies

Source: Subnational *Doing Business* database.

transactions. Higher scores are also given for a simplified way of applying regulation that keeps compliance costs for firms low—such as by easing the burden of business start-up formalities with a one-stop shop or through a single online portal. Finally, *Doing Business* scores reward economies that apply a risk-based approach to regulation as a way to address social and environmental concerns—such as by imposing a greater regulatory burden on activities that pose a high risk to the population and a lesser one on lower-risk activities. Thus the economies that rank highest on the ease of *Doing Business* are not those where there is no regulation—but those where governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector.

The four *Doing Business* indicator sets included in this study—starting a business, registering property, enforcing contracts and trading across borders—were selected in collaboration

with the Ministry of Industry and Commerce. They are based on their relevance for the country's development and their ability to show variation across the locations covered.

### EASE OF DOING BUSINESS SCORE AND EASE OF DOING BUSINESS RANKING

The *Doing Business* report presents results for two aggregate measures: the ease of doing business score (formerly called the distance to frontier score) and the ease of doing business ranking, which is based on the ease of doing business score. The ease of doing business ranking compares economies with one another; the ease of doing business score benchmarks economies with respect to regulatory best practice, showing the absolute distance to the best regulatory performance on each *Doing Business* indicator. When compared across years, the ease of doing business score shows how much the regulatory environment

for local entrepreneurs in an economy has changed over time in absolute terms, while the ease of doing business ranking can show only how much the regulatory environment has changed relative to that in other economies.

### Ease of doing business score

The ease of doing business score captures the gap between an economy's performance and a measure of best practice across the entire sample of 41 indicators for 10 *Doing Business* topics (the labor market regulation indicators are excluded). For starting a business, for example, New Zealand and Georgia have the lowest number of procedures required (1). New Zealand also holds the shortest time to start a business (0.5 days), while Slovenia has the lowest cost (0.0). Australia, Colombia and 115 other economies have no paid-in minimum capital requirement (table 2.2).

## Calculation of the ease of doing business score

Calculating the ease of doing business score for each economy involves two main steps. In the first step individual component indicators are normalized to a common unit where each of the 41 component indicators  $y$  (except for the total tax and contribution rate) is

rescaled using the linear transformation  $(\text{worst} - y)/(\text{worst} - \text{best})$ . In this formulation the highest score represents the best regulatory performance on the indicator across all economies since 2005 or the third year in which data for the indicator were collected. Both the best regulatory performance and the worst regulatory performance are

established every five years based on the *Doing Business* data for the year in which they are established and remain at that level for the five years regardless of any changes in data in interim years. Thus an economy may establish the best regulatory performance for an indicator even though it may not have the highest score in a subsequent year. Conversely,

TABLE 2.2 Which economies set the best regulatory performance?

Topic and indicator	Economy establishing best regulatory performance	Best regulatory performance	Worst regulatory performance
<b>Starting a business</b>			
Procedures (number)	Georgia; New Zealand	1	18 <sup>a</sup>
Time (days)	New Zealand	0.5	100 <sup>b</sup>
Cost (% of income per capita)	Slovenia	0.0	200.0 <sup>b</sup>
Minimum capital (% of income per capita)	Australia; Colombia <sup>c</sup>	0.0	400.0 <sup>b</sup>
<b>Registering property</b>			
Procedures (number)	Georgia; Norway; Portugal; Sweden	1	13 <sup>a</sup>
Time (days)	Georgia; New Zealand	1	210 <sup>b</sup>
Cost (% of property value)	Saudi Arabia	0.0	15.0 <sup>b</sup>
Quality of land administration index (0–30)	No economy has attained the performance yet.	30	0 <sup>d</sup>
<b>Trading across borders</b>			
<b>Time to export</b>			
Documentary compliance (hours)	Canada; Poland; Spain <sup>e</sup>	1 <sup>f</sup>	170 <sup>b</sup>
Border compliance (hours)	Austria; Belgium; Hong Kong SAR; China <sup>g</sup>	1 <sup>f</sup>	160 <sup>b</sup>
<b>Cost to export</b>			
Documentary compliance (US\$)	Hungary; Luxembourg; Norway <sup>h</sup>	0	400 <sup>b</sup>
Border compliance (US\$)	France; Netherlands; Portugal <sup>i</sup>	0	1,060 <sup>b</sup>
<b>Time to import</b>			
Documentary compliance (hours)	Republic of Korea; Latvia; Malta <sup>j</sup>	1 <sup>f</sup>	240 <sup>b</sup>
Border compliance (hours)	Bulgaria; France; Germany <sup>k</sup>	1 <sup>f</sup>	280 <sup>b</sup>
<b>Cost to import</b>			
Documentary compliance (US\$)	Iceland; Latvia; United Kingdom <sup>l</sup>	1	700 <sup>b</sup>
Border compliance (US\$)	Armenia; Denmark; Estonia <sup>m</sup>	1	1,200 <sup>b</sup>
<b>Enforcing contracts</b>			
Time (days)	No economy was a best performer as of May 1. 2018.	120	1,340 <sup>b</sup>
Cost (% of claim)	No economy was a best performer as of May 1. 2018.	0.1	89.0 <sup>b</sup>
Quality of judicial processes index (0–18)	No economy has reached the best performance yet.	18	0 <sup>d</sup>

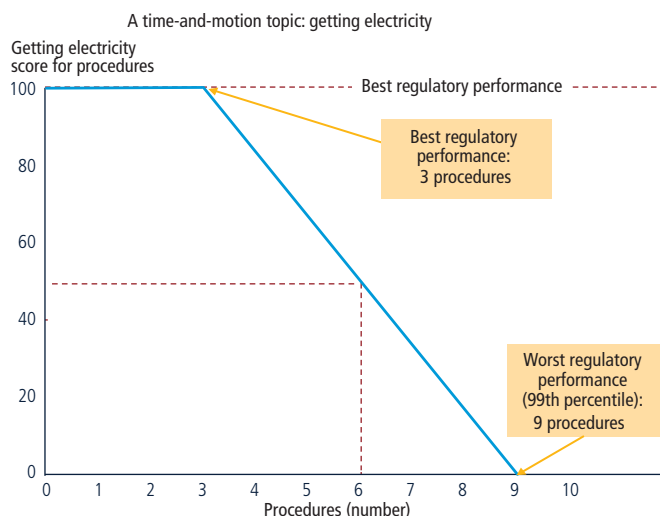
Source: Subnational *Doing Business* database.

- Worst performance is defined as the 99th percentile among all economies in the *Doing Business* sample.
- Worst performance is defined as the 95th percentile among all economies in the *Doing Business* sample.
- Another 115 economies also have a paid-in minimum capital requirement of 0.0.
- Worst performance is the worst value recorded.
- Another 23 economies also have a documentary compliance time to export of no more than 1 hour.
- Defined as 1 hour even though in many economies the time is less.
- Another 16 economies also have a border compliance time to export of no more than 1 hour.
- Another 17 economies also have a documentary compliance cost to export of 0.0.
- Another 16 economies also have a border compliance cost to export of 0.0.
- Another 27 economies also have a documentary compliance time to import of no more than 1 hour.
- Another 22 economies also have a border compliance time to import of no more than 1 hour.
- Another 27 economies also have a documentary compliance cost to import of 0.0.
- Another 25 economies also have a border compliance cost to import of 0.0.

an economy may score higher than the best regulatory performance if the economy reforms after the best regulatory performance is set. For example, the best regulatory performance for the time to get electricity is set at 18 days. In the Republic of Korea it now takes 13 days to get electricity while in the United Arab Emirates it takes just 10 days. Although the two economies have different times, both economies score 100 on the time to get electricity because they have exceeded the threshold of 18 days.

For scores such as those on the strength of legal rights index or the quality of land administration index, the best regulatory performance is set at the highest possible value (although no economy has yet reached that value in the case of the latter). For the total tax and contribution rate, consistent with the use of a threshold in calculating the rankings on this indicator, the best regulatory performance is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including *Doing Business 2015*. For the time to pay taxes, the best regulatory performance is defined as the lowest time recorded among all economies that levy the three major taxes: profit tax, labor taxes and mandatory contributions, and value added tax (VAT) or sales tax. For the different times to trade across borders, the best regulatory performance is defined as 1 hour even though in many economies the time is less than that. In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process two rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including minimum capital, number of

**FIGURE 2.3** How are scores calculated for indicators?



Source: *Doing Business* database.

payments to pay taxes, and the time and cost indicators), and the 99th percentile is used for number of procedures. No outlier is removed for component indicators bound by definition or construction, including legal index scores (such as the depth of credit information index, extent of disclosure index and strength of insolvency framework index) and the recovery rate (figure 2.3).

In the second step for calculating the ease of doing business score, the scores obtained for individual indicators for each economy are aggregated through simple averaging into one score, first for each topic and then across all 10 topics: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. More complex aggregation methods—such as principal components and unobserved components—yield a ranking nearly identical to the simple average used by *Doing Business*.<sup>4</sup> Thus *Doing Business* uses the simplest method: weighting all topics equally and, within each topic, giving equal weight to each of the topic components.<sup>5</sup>

An economy's score is indicated on a scale from 0 to 100, where 0 represents the worst regulatory performance and 100 the best. All score calculations are based on a maximum of five decimals. However, topic ranking calculations and the ease of doing business ranking calculations are based on two decimals. The difference between an economy's score in any previous year and its score in *Doing Business 2019* illustrates the extent to which the economy has closed the gap between its score and the best regulatory performance over time. In any given year the score measures how far an economy is from the best regulatory performance at that time.

### Ease of doing business ranking

The ease of doing business ranking ranges from 1 to 190. The ranking of economies is determined by sorting the aggregate ease of doing business scores, rounded to two decimals.

## FACTORS NOT MEASURED BY DOING BUSINESS AND SUBNATIONAL DOING BUSINESS STUDIES

Many important policy areas are not covered by *Doing Business*; even within

the areas it covers its scope is narrow (table 2.3). *Doing Business* does not measure the full range of factors, policies and institutions that affect the quality of an economy's business environment or its national competitiveness. It does not, for example, capture aspects of macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption or the quality of the labor force.

The focus is deliberately narrow even within the relatively small set of indicators included in *Doing Business*. The time and cost required for the logistical process of exporting and importing goods is captured in the trading across borders indicators, for example, but they do not measure the cost of tariffs or of international transport. *Doing Business* provides a narrow perspective on the infrastructure challenges that firms face, particularly in the developing world, through these indicators. It does not address the extent to which inadequate roads, rail, ports and communications may add to firms' costs and undermine competitiveness (except to the extent that the trading across borders indicators indirectly measure the quality of ports and border connections). Similar to the indicators on trading across borders, all aspects of commercial legislation are not covered by those on starting a business or protecting minority investors. Given that *Doing Business* measures only a few features of each area that it covers, business regulatory reforms should not focus only on these narrow areas and should be evaluated within a broader perspective.

*Doing Business* does not attempt to quantify all costs and benefits of a particular law or regulation to society as a whole. The paying taxes indicators measure the total tax and contribution rate, which, in isolation, is a cost to businesses. However, the indicators do not measure—nor are they intended to measure—the benefits of the social and economic programs funded with tax revenues. Measuring the quality and efficiency of business regulation

**TABLE 2.3 What *Doing Business* does not cover**

Examples of areas not covered
Macroeconomic stability
Development of the financial system
Quality of the labor force
Incidence of bribery and corruption
Market size
Lack of security

provides only one input into the debate on the regulatory burden associated with achieving regulatory objectives, which can differ across economies. *Doing Business* provides a starting point for this discussion and should be used in conjunction with additional data sources. Other World Bank Group databases that provide comprehensive data related to some areas of *Doing Business* include: Women, Business and the Law, which measures legal restrictions on women's economic opportunities in 189 economies; the Logistic Performance Index, which benchmarks the performance of trade logistics in 160 economies; the World Governance Indicators, which provides data on different dimensions of governance in 214 economies;

and Country Policy and Institutional Assessments, which measure the quality of policies and institutions in International Development Association (IDA) economies.<sup>6</sup>

## ADVANTAGES AND LIMITATIONS OF THE METHODOLOGY

The *Doing Business* methodology is designed to be an easily replicable way to benchmark specific characteristics of business regulation—how they are implemented by governments and experienced by private firms on the ground. Its advantages and limitations should be understood when using the data (table 2.4).

Ensuring comparability of the data across a global set of economies is a central consideration for the *Doing Business* indicators, which are developed around standardized case scenarios with specific assumptions. One such assumption is the location of a standardized business—the subject of the *Doing Business* case study—in the largest business city of the economy. The reality is that business regulations and their enforcement

**TABLE 2.4 Advantages and limitations of the *Doing Business* methodology**

Feature	Advantages	Limitations
Use of standardized case scenarios	Makes data comparable across economies and methodology transparent	Reduces scope of data; only regulatory reforms in areas measured can be systematically tracked
Focus on largest business city <sup>a</sup>	Makes data collection manageable (cost-effective) and data comparable	Reduces representativeness of data for an economy if there are significant differences across locations
Focus on domestic and formal private sector	Keeps attention on formal sector—where regulations are relevant and firms are most productive	Unable to reflect reality for informal sector—important where that is large—or for foreign firms facing a different set of constraints
Reliance on expert respondents	Ensures that data reflect knowledge of those with most experience in conducting types of transactions measured	Indicators less able to capture variation in experiences among entrepreneurs
Focus on the law	Makes indicators “actionable”—because the law is what policy makers can change	Where systematic compliance with the law is lacking, regulatory changes will not achieve full results desired

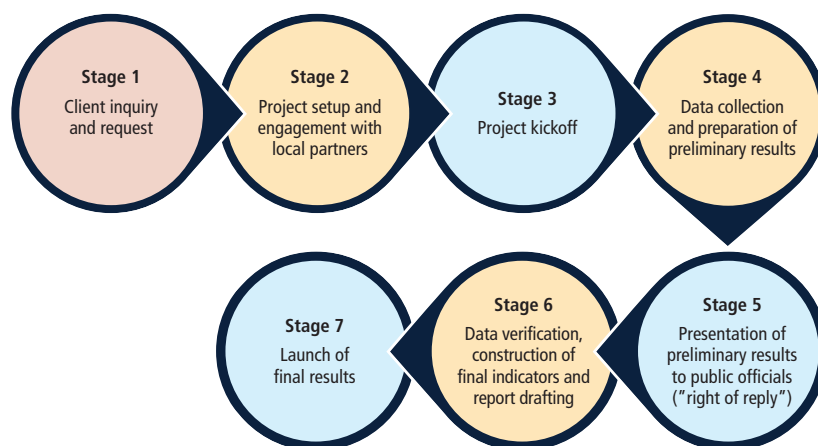
a. In economies with a population of more than 100 million as of 2013, *Doing Business* covers business regulation in both the largest and the second largest business city. Subnational *Doing Business* studies go beyond the largest business city within a country or region.

may differ within a country, particularly in federal states and large economies. But gathering data for every relevant jurisdiction in each of the 190 economies covered by *Doing Business* is not feasible. Beginning in 2014, *Doing Business* extended its global coverage to include the second largest business city in economies with a population of more than 100 million as of 2013. To complement the global assessment, subnational *Doing Business* studies generate data at the local level, beyond the largest business city—a potentially useful tool for policy makers.

*Doing Business* recognizes the limitations of the standardized case scenarios and assumptions. But while such assumptions come at the expense of generality, they also help to ensure the comparability of data. Some *Doing Business* topics are complex, and so it is important that the standardized cases are defined carefully. For example, the standardized case scenario usually involves a limited liability company or its legal equivalent. There are two reasons for this assumption. First, private, limited liability companies are the most prevalent business form (for firms with more than one owner) in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into business when potential losses are limited to their capital participation.

Another assumption underlying the *Doing Business* indicators is that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not be aware of what needs to be done or how to comply with regulations and may lose considerable time trying to find out. Alternatively, they may intentionally avoid compliance—by not registering for social security, for example. Firms may opt for bribery and other informal arrangements intended to bypass the rules where regulation is particularly onerous—an aspect that helps explain differences between the

FIGURE 2.4 Typical stages of a subnational *Doing Business* project



de jure data provided by *Doing Business* and the de facto insights offered by the World Bank Enterprise Surveys.<sup>7</sup> Levels of informality tend to be higher in economies with particularly burdensome regulation. Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and these workers remain outside the protections of labor law and, more generally, other legal protections embedded in the law.<sup>8</sup> Firms in the informal sector are also less likely to pay taxes. *Doing Business* measures one set of factors that help explain the occurrence of informality and give policy makers insights into potential areas of regulatory reform.

## DATA COLLECTION IN PRACTICE

The *Doing Business* data are based on a detailed reading of domestic laws, regulations and administrative requirements as well as their implementation in practice as experienced by private firms. The report covers 190 economies—including some of the smallest and poorest economies, for which little or no data are available from other sources. The data are collected through several rounds of communication with expert respondents (both

private sector practitioners and government officials), through responses to questionnaires, conference calls, written correspondence and visits by the team. *Doing Business* relies on four main sources of information: the relevant laws and regulations, *Doing Business* respondents, the governments of the economies covered and the World Bank Group regional staff. For a detailed explanation of the *Doing Business* methodology, see the data notes at <http://www.doingbusiness.org>.

Subnational *Doing Business* follows similar data collection methods. However, subnational *Doing Business* studies are driven by client demand and do not follow the same timeline as global *Doing Business* publications. They incorporate a “right of reply” period, which consists of a series of consultative working meetings with local authorities in each of the locations measured to discuss the preliminary data and gather their feedback (figure 2.4).

## Relevant laws and regulations

Indicators presented in *Doing Business in Mozambique 2019* are based mostly on laws and regulations. Besides participating in interviews or filling out written questionnaires, expert respondents provided references to the relevant laws, regulations and fee schedules, which were collected and analyzed by the Subnational *Doing Business* team.



The *Doing Business* indicators are based mostly on laws and regulations: approximately two-thirds of the data embedded in the *Doing Business* indicators are based on a reading of the law. In addition to filling out questionnaires, *Doing Business* respondents submit references to the relevant laws, regulations and fee schedules. The *Doing Business* team collects the texts of the relevant laws and regulations and checks the questionnaire responses for accuracy. The team will examine the civil procedure code, for example, to check the maximum number of adjournments in a commercial court dispute, and read the insolvency code to identify if the debtor can initiate liquidation or reorganization proceedings. These and other types of laws are available on the *Doing Business* law library website.<sup>9</sup> Since the data collection process involves an annual update of an established database, having a very large sample of respondents is not strictly necessary. In principle, the role of the contributors is largely advisory—helping the *Doing Business* team to locate and understand the laws and regulations. There are quickly diminishing returns to an expanded pool of contributors. This notwithstanding, the number of contributors rose by 70% between 2010 and 2018.

Extensive consultations with multiple contributors are conducted by the team to minimize measurement errors for the rest of the data. For some indicators—for example, those on dealing with construction permits, enforcing contracts and resolving insolvency—the time component and part of the cost component (where fee schedules are lacking) are based on actual practice rather than the law on the books. This introduces a degree of judgment by respondents on what actual practice looks like. When respondents disagree, the time indicators reported by *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

### Expert respondents

For *Doing Business in Mozambique 2019* nearly 230 professionals across all locations assisted in providing the data that inform the four areas covered. The Subnational *Doing Business* website and the acknowledgments section of this report list the names and credentials of those respondents who wished to be acknowledged. Selected on the basis of their expertise, respondents are professionals who routinely administer or advise on the legal and regulatory requirements in the specific areas covered by *Doing Business in Mozambique 2019*. Because of the focus on legal and regulatory arrangements, most of the respondents are legal professionals such as lawyers or conveyancers. For trading across borders, information was provided by clearing and freight forwarding agencies. Information incorporated in the indicators was also provided by public officials and judicial and municipal authorities.

The *Doing Business* approach is to work with legal practitioners or other professionals who regularly undertake the transactions involved. Following the standard methodological approach for time-and-motion studies, *Doing Business in Mozambique 2019* breaks down each process or transaction, such as starting a business or registering a building, into separate steps to ensure a better estimate of time. The time estimate for each step was given by practitioners with significant and routine experience in the transaction.

There are two main reasons that *Doing Business* does not survey firms. The first relates to the frequency with which firms engage in the transactions captured by the indicators, which is generally low. For example, a firm goes through the start-up process once in its existence, while an incorporation lawyer may carry out 10 such transactions each month. The incorporation lawyers and other experts providing information to *Doing Business* are therefore better able to assess the process of starting a business than are

individual firms. They also have access to current regulations and practices, while a firm may have faced a different set of rules when incorporating years before. The second reason is that the *Doing Business* questionnaires mostly gather legal information, which firms are unlikely to be fully familiar with. For example, few firms will know about all the main legal procedures involved in resolving a commercial dispute through the courts, even if they have gone through the process themselves. But a litigation lawyer should have little difficulty in providing the requested information on all the procedures.

### Governments and World Bank Group staff

After analyzing laws and regulations and conducting follow-up interviews with respondents for *Doing Business in Mozambique 2019*, the Subnational *Doing Business* team shared the preliminary findings with the relevant government and public authorities in each location. Through this process, government officials have the opportunity to provide their feedback on the preliminary data, give updates on their new and ongoing regulatory reform initiatives, and share their reform experiences and stories. Over time, these right of reply meetings have become an essential milestone of subnational *Doing Business* projects to enhance the quality of the studies and motivate local governments to have greater ownership of the reform process. The final data are analyzed and incorporated into a comprehensive written report, which is shared and peer-reviewed by World Bank Group specialists.

### USES OF THE DOING BUSINESS DATA

*Doing Business* was designed with two main types of users in mind: policy makers and researchers. It is a tool that governments can use to design sound business regulatory policies. Nevertheless, the *Doing Business* data are limited in scope and should be complemented with other

sources of information. *Doing Business* focuses on a few specific rules relevant to the specific case studies analyzed. These rules and case studies are chosen to be illustrative of the business regulatory environment, but they are not a comprehensive description of that environment. By providing a unique data set that enables analysis aimed at better understanding the role of business regulation in economic development, *Doing Business* is also an important source of information for researchers.

### Governments and policy makers

*Doing Business* offers policy makers a benchmarking tool useful in stimulating policy debate, both by exposing potential challenges and by identifying good practices and lessons learned. Despite the narrow focus of the indicators, the initial debate in an economy on the results they highlight typically turns into a deeper discussion on areas where business regulatory reform is needed, including areas well beyond those measured by *Doing Business*.

Many *Doing Business* indicators can be considered “actionable.” For example, governments can set the minimum capital requirement for new firms, invest in company and property registries to increase their efficiency, or improve the efficiency of tax administration by adopting the latest technology to facilitate the preparation, filing and payment of taxes by the business community. And they can undertake court reforms to shorten delays in the enforcement of contracts. But some *Doing Business* indicators capture procedures, time and costs that involve private sector participants, such as lawyers, notaries, architects, electricians or freight forwarders. Governments may have little influence in the short run over the fees these professions charge, though much can be achieved by strengthening professional licensing regimes and preventing anticompetitive behavior. And governments have no control over the geographic

location of their economy, a factor that can adversely affect businesses.

While many *Doing Business* indicators are actionable, this does not necessarily mean that they are all “action-worthy” in a particular context. Business regulatory reforms are only one element of a strategy aimed at improving competitiveness and establishing a solid foundation for sustainable economic growth. There are many other important goals to pursue—such as effective management of public finances, adequate attention to education and training, adoption of the latest technologies to boost economic productivity and the quality of public services, and appropriate regard for air and water quality to safeguard public health. Governments must decide what set of priorities best suits their needs. To say that governments should work toward a sensible set of rules for private sector activity (as embodied, for example, in the *Doing Business* indicators) does not suggest that doing so should come at the expense of other worthy policy goals.

Over the past decade governments have increasingly turned to *Doing Business* as a repository of actionable, objective data providing unique insights into good practices worldwide as they have come to understand the importance of business regulation as a driving force of competitiveness. To ensure the coordination of efforts across agencies, economies such as Colombia, Malaysia and the Russian Federation have formed regulatory reform committees. These committees use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 70 other economies have also formed such committees. In East Asia and the Pacific, they include Brunei Darussalam; Indonesia; the Republic of Korea; Myanmar; the Philippines; Sri Lanka; Taiwan, China; and Thailand. In the Middle East and North Africa: Algeria, the Arab Republic of Egypt, Israel, Kuwait, Morocco, Qatar, Saudi Arabia and the United Arab Emirates. In South

Asia: Afghanistan, Bangladesh, India and Pakistan. In Europe and Central Asia: Albania, Azerbaijan, Croatia, Georgia, Kazakhstan, Kosovo, the Kyrgyz Republic, the former Yugoslav Republic of North Macedonia, Moldova, Montenegro, Poland, Tajikistan, Turkey, Ukraine and Uzbekistan. In Sub-Saharan Africa: Benin, Burundi, the Comoros, the Democratic Republic of Congo, the Republic of Congo, Côte d'Ivoire, Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritius, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Zambia and Zimbabwe. And in Latin America and the Caribbean: Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru and St. Lucia. Governments have reported more than 3,500 regulatory reforms, 1,116 of which have been informed by *Doing Business* since 2003.<sup>10</sup>

Many economies share knowledge on the regulatory reform process related to the areas measured by *Doing Business*. Among the most common venues for this knowledge sharing are peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and to share their experiences.

### Researchers

*Doing Business* data are widely used by researchers in academia, think tanks, international organizations and other institutions. Since 2003, thousands of researchers have utilized *Doing Business* data or its conceptual framework to analyze the impact of business regulation on various economic outcomes. This section provides a brief overview of studies published in the top 100 journals during the last 10 years or recently distributed as a working paper of a well-established institution.<sup>11</sup> The papers cited here are just a few examples of research done in the areas measured by *Doing Business*.<sup>12</sup> A comprehensive review of the literature is provided in the research

chapters of *Doing Business* 2014 and *Doing Business* 2015.

Regulation of firm entry is one of the most investigated areas of business regulation. The results of this body of research suggest that excessive regulation of entry increases the number of informal businesses and employment. A natural experimental study in Mexico found that reforms that simplified business registration increased registration by 5% and wage employment by 2.2%.<sup>13</sup> These reforms also resulted in 14.9% of informal business owners shifting to the formal economy.<sup>14</sup> In Portugal, reforms reducing the time and cost for company formalization increased the number of business start-ups by 17% and created seven new jobs per 100,000 inhabitants per month. These new start-ups were more likely to be female-owned, were smaller and headed by less experienced and less-educated entrepreneurs compared to others, suggesting that the reform created a more inclusive environment for aspiring entrepreneurs.<sup>15</sup>

Efficient and non-distortionary business regulations are crucial for productivity. A study on India, for example, shows that inefficient licensing and size restrictions cause a misallocation of resources, reducing total factor productivity (TFP) by preventing efficient firms from achieving their optimal scale and allowing inefficient firms to remain in the market.<sup>16</sup> The study concludes that removing these restrictions would boost TFP by 40-60%. In the European Union and Japan, implicit taxes on capital use were shown to reduce the average size of firms by 20%, output by 8.1% and output per firm by 25.6%.<sup>17</sup> A recent study on Côte d'Ivoire, Ethiopia, Ghana and Kenya demonstrates large productivity gains following the removal of firm-level distortions caused by uneven regulations and a poor business environment.<sup>18</sup> Research also shows that raising the efficiency level of bankruptcy laws in select OECD high-income economies to that of the United States would increase the TFP of the former by about 30% through a rise in bank loans to large firms.<sup>19</sup>

In many economies, companies engaged in international trade struggle with high trade costs arising from transport, logistics and regulations that impede their competitiveness and growth potential. With the *Doing Business* indicators on trading across borders, several empirical studies have assessed how trade costs affect the export and import performance of economies. A rich body of empirical research shows that efficient infrastructure and a healthy business environment are positively linked to export performance.<sup>20</sup> According to a study, a 1-day increase in transit time reduces exports by an average of 7% in Sub-Saharan Africa.<sup>21</sup> Another study found that a 1-day delay in transport time for landlocked economies and for time-sensitive agricultural and manufacturing products reduce trade by more than 1% for each day of delay.<sup>22</sup> Delays in customs clearance also negatively impact a firm's ability to export, particularly when goods are destined for new clients.<sup>23</sup> In economies with flexible entry regulations, a 1% increase in trade is associated with an increase of more than 0.5% in income per capita but has no positive income effects in economies with more rigid regulation.<sup>24</sup> Research has also shown that potential gains for consumers from import competition are reduced in economies with cumbersome regulation.<sup>25</sup>

Even though *Doing Business* measures aspects of business regulation affecting domestic firms, several studies indicate that better business regulation is associated with higher levels of FDI.<sup>26</sup> Also, the impact of FDI on domestic investment depends on how business-friendly entry regulations are in the host economy. A study shows that FDI can crowd out domestic investment in economies with costly processes for starting a business.<sup>27</sup> Another study points out that economies with simpler processes for starting a business have higher international market integration on average.<sup>28</sup>

A well-designed insolvency framework is a vital determinant of debt recovery.

A reform making bankruptcy laws more efficient in Colombia, for example, improved the recovery rate of viable firms significantly.<sup>29</sup> In India the establishment of debt recovery tribunals reduced non-performing loans by 28% and lowered interest rates on larger loans, suggesting that faster processing of debt recovery cases cut the cost of credit.<sup>30</sup> A recent study using *Doing Business* data showed that insolvency resolution is one of the main drivers behind "missing" corporate bond markets in many economies.<sup>31</sup>

More borrowers gain access to credit in economies with a robust legal system that supports the use of movable assets as collateral and a well-developed credit information sharing system. In a multi-economy study, the introduction of collateral registries for movable assets was shown to increase firms' access to finance by approximately 8%.<sup>32</sup> Creditors' ability to use movable assets, vis-à-vis real estate, is shown to increase the debt capacity of firms.<sup>33</sup> An in-depth review of global bank flows revealed that firms in economies with better credit information sharing systems and higher branch penetration evade taxes to a lesser degree.<sup>34</sup>

There is also a large body of work investigating the distortionary effects of high tax rates and cumbersome tax codes and procedures. After a tax reform in Brazil, business licensing among retail firms rose by 13%.<sup>35</sup> Research shows that a 10% reduction in tax complexity is comparable to a 1% reduction in effective corporate tax rates<sup>36</sup> and higher tax rates discourage entry.<sup>37</sup> A recent study finds that a lower tax compliance burden has a positive impact on the productivity of small and young firms.<sup>38</sup>

Labor market regulation—as measured by *Doing Business*—has been shown to have important implications for economies. According to one study, graduating from school during a time of adverse economic conditions has a persistent, harmful effect on workers' subsequent employment opportunities.

The persistence of this negative effect is stronger in economies with stricter employment protection legislation.<sup>39</sup> Rigid employment protection legislation can also have negative distributional consequences. A study analyzing the labor market regulation literature points out that the impact of labor market regulation on productivity could be in either direction, and the magnitude of the impact is modest. The study provides clear evidence that labor market regulation equalizes the income of the covered workers, but youth, women and less-skilled workers generally are left outside this coverage and the benefits<sup>40</sup>.

## Indexes

*Doing Business* identified 20 different data projects or indexes that use *Doing Business* as one of its sources of data.<sup>41</sup> Most of these projects or institutions use indicator level data and not the aggregate ease of *Doing Business* ranking. The indicator set most widely used is starting a business, followed by labor market regulation and paying taxes. These indexes typically combine *Doing Business* data with data from other sources to assess an economy along a particular aggregate dimension such as competitiveness or innovation. The Heritage Foundation's Index of Economic Freedom, for example, has used 22 *Doing Business* indicators to measure the degree of economic freedom in the world in four areas, including rule of law, government size, regulatory efficiency and market openness.<sup>42</sup> Economies that score better in these four areas also tend to have a high degree of economic freedom.

Similarly, the World Economic Forum uses *Doing Business* data in its Global Competitiveness Index to demonstrate how competitiveness is a global driver of economic growth. The organization also uses 13 *Doing Business* indicators in five indexes that measure institutions, product market efficiency, labor market efficiency, financial market development and business dynamism. These publicly accessible sources expand the general

business environment data generated by *Doing Business* by incorporating it into the study of other important social and economic issues across economies and regions. They prove that, taken individually, *Doing Business* indicators remain a useful starting point for a rich body of analysis across different areas and dimensions in the research world.

## NOTES

1. Djankov 2016.
2. These papers are available on the *Doing Business* website at <http://www.doingbusiness.org/methodology>.
3. For more on the World Bank Enterprise Surveys, see the website at <http://www.enterprisesurveys.org>.
4. See Djankov and others 2005. Principal components and unobserved components methods yield a ranking nearly identical to that from the simple average method because both these methods assign roughly equal weights to the topics, since the pairwise correlations among topics do not differ much. An alternative to the simple average method is to give different weights to the topics, depending on which are considered of more or less importance in the context of a specific economy.
5. For getting credit, indicators are weighted proportionally, according to their contribution to the total score, with a weight of 60% assigned to the strength of legal rights index and 40% to the depth of credit information index. Indicators for all other topics are assigned equal weights.
6. For more information on these databases, see their websites: Women, Business and the Law (<https://wbl.worldbank.org/>); Logistic Performance Index (<https://lpi.worldbank.org/>); World Governance Indicators (<http://info.worldbank.org/governance/wgi/#home>); Country Policy and Institutional Assessments (<https://datacatalog.worldbank.org/dataset/country-policy-and-institutional-assessment>).
7. Hallward-Driemeier and Pritchett 2015.
8. Schneider 2005; La Porta and Shleifer 2008.
9. For the law library, see the website at <http://www.doingbusiness.org/law-library>.
10. These are reforms for which *Doing Business* is aware that information provided by *Doing Business* was used in shaping the reform agenda.
11. The journal and institution rankings are from Research Papers in Economics (RePEc) and cover the last 10 years. They can be accessed at <https://ideas.repec.org/top/top.journals.simple10.html> and <https://ideas.repec.org/top/top.inst.allbest10.html>.
12. Since 2003, when the *Doing Business* report was first published, more than 3,400 research articles discussing how regulation in the areas measured by *Doing Business* influence economic outcomes have been published in peer-reviewed academic journals and 1,360 of these are published in the top 100 journals. Another 9,450 are published as working papers, books, reports, dissertations or research notes.
13. Bruhn 2011.
14. Bruhn 2013.
15. Branstetter and others 2014.
16. Hsieh and Klenow 2009.
17. Guner, Ventura and Xu 2008.
18. Cirera, Fattal Jaef and Maemir 2017.
19. Neira 2017.
20. Portugal-Perez and Wilson 2011
21. Freund and Rocha 2011.
22. Djankov, Freund and Pham 2010.
23. Martincus, Carballo and Graziano 2015.
24. Freund and Bolaky 2008.
25. Amiti and Khandelwal 2011.
26. Corcoran and Gillanders 2015.
27. Munemo 2014.
28. Norbäck, Persson and Douhan 2014.
29. Giné and Love 2010.
30. Visaria 2009.
31. Becker and Josephson 2016.
32. Love, Martínez Pería and Singh 2016.
33. Calomiris and others 2017.
34. Beck, Lin and Ma 2014.
35. Monteiro and Assunção 2012.
36. Lawless 2013.
37. Belitski, Chowdhury and Desai 2016.
38. Dabla-Norris and others 2017.
39. Kawaguchi and Murao 2014.
40. Betcherman 2015.
41. The projects or indexes using *Doing Business* as a source of data are the following: Citi and Imperial College London's Digital Money Index; Cornell University and the World Intellectual Property Organization's Global Innovation Index (GII); DHL's Global Connectedness Index (GCI); Fraser Institute's Economic Freedom of the World (EFW) index; Heritage Foundation's Index of Economic Freedom (IEF); INSEAD's Global Talent Competitiveness Index (GTICI); International Institute for Management Development's World Competitiveness Yearbook; KPMG's Change Readiness Index (CRI); Legatum Institute's Legatum Prosperity Index; Millennium Challenge Corporation's Open Data Catalog; Oxford University's International Civil Service Effectiveness (InCISE) Index; PricewaterhouseCoopers' Paying Taxes 2018: In-depth Analysis on Tax Systems in 190 Economies Report; TRACE's Bribery Risk Matrix; U.S. Chamber of Commerce's Global Rule of Law and Business Dashboard; University of Gothenburg's Quality of Government (QoG) Standard Dataset; and World Economic Forum's Enabling Trade Index (ETI), Global Competitiveness Index (GCI); Human Capital Index (HCI), Networked Readiness Index (NRI) and Travel and Tourism Competitiveness Index (TTCI).
42. For more on the Heritage Foundation's Index of Economic Freedom, see the website at <http://heritage.org/index>.



# Starting a business

## MAIN FINDINGS

- Starting a business is a lengthy and costly process across Mozambique, requiring three more procedures than the average for economies in Sub-Saharan Africa and the Southern African Development Community.
- The complexity of registering a company, as well as the steep fees for publishing its articles of association in the official gazette, are the main obstacles for entrepreneurs in Mozambique.
- As of May 2018, entrepreneurs can publish a simplified abstract of the articles of association. In provinces that have implemented this reform — Cabo Delgado, Gaza and Tete — publishing costs are 50% lower than elsewhere.
- In Maputo City entrepreneurs can go to a single location — the company registry — to both register a company and publish its articles of association in the official gazette, which makes starting a business three weeks faster there than in the other nine provinces.
- The government has initiated reforms toward electronic transaction systems. Nonetheless, efforts to make starting a business faster and less cumbersome should focus on further streamlining the process through the electronic one-stop shop platform — e-BAÚ.



Small and medium-size enterprises (SMEs) have been broadly acknowledged as key drivers of job creation and inclusive growth. However, much of the country's economic activity takes place in the informal sector, which accounted for close to 40% of gross domestic product between 2010 and 2014.<sup>1</sup> A good business environment that enables formal entrepreneurship is critical to unleashing the potential of SMEs.<sup>2</sup> Fostering a sound business climate—one that removes potential obstacles to business initiative, investment and innovation—can contribute to formal entrepreneurship and limit opportunities for corruption. Faced with all the challenges of getting a business off the ground, SMEs generally lack the time and resources to navigate excessive bureaucracy and complex regulatory requirements. When such conditions exist, entrepreneurs are more likely to proceed informally.<sup>3</sup>

The most problematic factors for doing business in Mozambique include corruption, inefficient government bureaucracy and limited access to financing.<sup>4</sup> Over the past decade, improving business competitiveness has been a focus for the government.<sup>5</sup> Although various government initiatives have moved to simplify formal requirements, starting a business continues to be a lengthy process and can cost a significant proportion of income per capita. Mozambique's performance lags far behind regional good practices. Economies such as Mauritius—among the top performers in Sub-Saharan Africa—have proved that starting a business can be relatively simple and efficient. Regulatory reforms in such economies have revolved around simplifying the registration process, expanding the use of online platforms and streamlining procedures.

## HOW DOES STARTING A BUSINESS WORK IN MOZAMBIQUE?

The requirements for operating a business are governed at the national level by the Commercial Code (Decree 2/2005 of December 27). Although the legal framework is the same nationwide, there are differences in time and cost, with entrepreneurs generally spending the most time and money on legally registering the company with the official company registry (*Conservatória do Registo de Entidades Legais* or CREL) and publishing the articles of association in the official gazette (*Boletim da República*). Among the 10 provinces measured, starting a business is easiest in Maputo City, where it takes 10 procedures (instead of the 11 required in the other provinces) and 17 days, at a cost of 120.5% of income per capita. It is most burdensome in Nampula, where the process takes 40

TABLE 3.1 Starting a business in Mozambique—where is it easier?

Province (City)	Rank (1–10)	Starting a business score (0–100)	Procedures (number)	Time (days)	Cost (% of income per capita)
CPLP		77.93	8.7	17.7	40.1
SADC		78.58	7.9	27.4	35.3
SSA		78.52	7.5	23.4	44.4
Mozambique		62.83	10.9	35.2	111.2
Maputo City (Maputo)	1	67.56	10	17	120.5
Cabo Delgado (Pemba)	2	67.32	11	38	68.4
Gaza (Xai-Xai)	3	66.65	11	36	77.8
Tete (Tete)	4	66.16	11	39	75.7
Niassa (Lichinga)	5	61.33	11	34	124.4
Inhambane (Inhambane)	6	61.07	11	35	124.5
Manica (Chimoio)	7	60.38	11	38	124.0
Zambezia (Quelimane)	8	59.77	11	36	132.8
Sofala (Beira)	9	59.04	11	39	132.6
Nampula (Nampula)	10	59.01	11	40	130.9

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

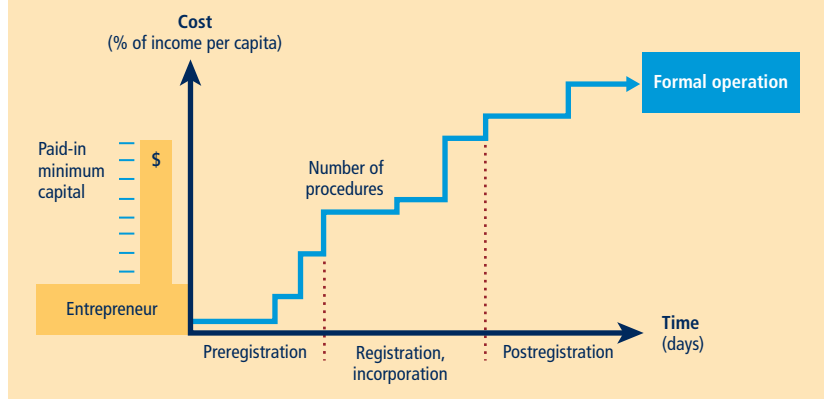
Source: *Doing Business* database.

Note: Rankings are based on the average ease of doing business score for the number of procedures, time, cost and paid-in minimum capital associated with starting a business. (There is no paid-in minimum capital requirement across Mozambique.) The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more information, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*." The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.



## WHAT DOES STARTING A BUSINESS MEASURE?

*Doing Business* records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement (see figure). To make the data comparable across locations, *Doing Business* uses a standardized limited liability company that is 100% domestically owned, has five owners, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people within the first month of operations.



***In 2017 the already simplified licensing process was further streamlined for certain sectors with the creation of the license by simple notice for commencement of operations, which is submitted in one day and at no cost.***

days and costs 130.9% of income per capita (table 3.1).<sup>6</sup>

### How does the process compare?

Across Mozambique starting a business has no paid-in minimum capital requirement and requires an average of 10.9 procedures and 35.2 days at a cost of 111.2% of income per capita. These figures are higher than the average for economies in the Southern African Development Community (SADC), where the process takes three fewer steps, one less week and costs 35.3% of income per capita. The figures for Sub-Saharan Africa's best performers reveal the challenges that remain in Mozambique for streamlining procedures and reducing time and cost. Burkina Faso, Burundi and Niger, which use a paper-based one-stop shop model, require the fewest steps for opening a business—only three. An entrepreneur in

Burundi and Rwanda can open a business in less than a week, while in South Africa the cost for an entrepreneur to start up and formally operate a business is less than 0.5% of income per capita (figure 3.1).

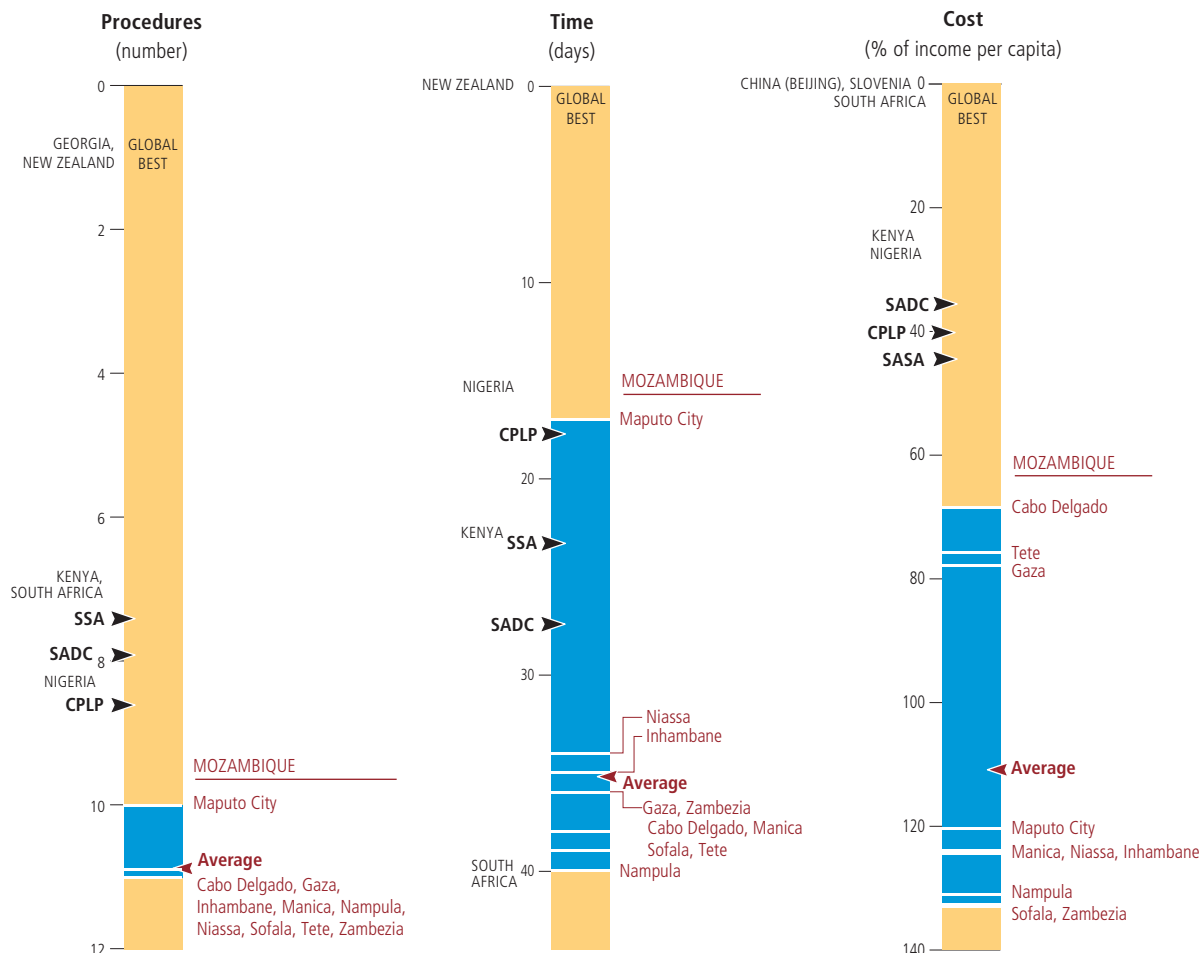
Mozambique is one of 32 economies—among the 190 measured worldwide—where starting a business requires at least 10 procedures (table 3.2). Three preregistration procedures are required: reserving the company name, validating the signatures on the company deed, and opening a bank account and paying registration fees. As in other economies in the region, the company representative obtains a certificate of name reservation from the company registry. After the name is reserved, the articles of association are signed by all partners, and the relevant

authority must authenticate the signatures. A recent reform of the Commercial Code<sup>7</sup> allows partners to sign the articles of association without the presence of a notary. Subsequently, one of the partners or a company representative takes the signed document to a notary or relevant authority in the company registry or the one-stop shop (*Balcão de Atendimento Único* or BAÚ)<sup>8</sup> for official recognition of the partners' signatures. Most entrepreneurs in Cabo Delgado, Nampula, Sofala, Tete and Zambezia now sign the articles of association in this way. However, this reform has still not been fully adopted in practice in Gaza, Inhambane, Manica, Maputo City and Niassa, where all partners still sign the articles of association in the presence of a notary.

Prior to registration, the company registry calculates the required fees. The company then opens a bank account and pays the registration fees via bank deposit. In all provinces except for Tete, company registration is most often done directly at the company registry. Entrepreneurs in Tete, Maputo City and Zambezia can register companies in two different ways: at the company registry or at the one-stop shop, which has registry representatives on its premises. However, only in Tete do entrepreneurs prefer using the one-stop shop over the company registry for this service. This is mainly because it is faster, but it is also a result of Tete's promotional efforts around the province, which have made businesses more aware of the services available through the one-stop shop.

To register a company, the company representative must provide the articles of association signed by the partners, the certificate of name reservation and proof of fee payment, among other documents.<sup>9</sup> Once the company is registered, the partners obtain a certificate of registration and a registration number (*Número Único da Entidade Legal* or NUEL). To complete the registration process, the entrepreneur requests the publication of the articles of association in the official gazette. Once the company is legally formed, it must

**FIGURE 3.1** Starting a business in Mozambique requires more procedures and is slower and more expensive than the average for SADC and Sub-Saharan economies



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The averages for Mozambique are the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

register for taxes, employment and social security services and obtain an operating license.<sup>10</sup> First the company must request a tax registration number (*Número Único de Identificação Tributária* or NUIT) at the tax authority (*Autoridade Tributária*), followed by a license to operate. Currently, one of the main responsibilities of the one-stop shop is to issue this license (box 3.1). In 2017 the already simplified licensing process was further streamlined for certain sectors—such as small-scale retail and professional service providers—with the creation of the

license by simple notice for commencement of operations (*mera comunicação prévia*), which is submitted in one day and at no cost.<sup>11</sup> The main difference between the license by simple notice and other types of simplified licenses is that the former is free of charge.

After obtaining an operating license at the one-stop shop, the entrepreneur must present a declaration of commencement of operations at the tax authority. Another declaration of activity must also be presented at the Provincial Directorate

of Labor, Employment and Social Security (*Direcção Provincial do Trabalho, Emprego e Segurança Social*), along with a hard copy record of the employees hired<sup>12</sup> and the company's work schedule.<sup>13</sup>

In addition, the entrepreneur registers the company in the electronic system of the Ministry of Labor, Employment and Social Security (e-FRN) and, once the registration is validated, completes and submits a form listing all employees electronically (*Folha de Relação Nominal*), including their personal identification details.<sup>14</sup>

TABLE 3.2 Across Mozambique starting a business requires at least 10 procedures

Procedure	Agency	Provincial	Nacional	Private sector services	Varies across provinces
<b>Preregistration</b>					
Obtain a certificate of name reservation	Company registry	•			
Sign the company deed before a notary/Authenticate the signatures of the company deed	Notary, one-stop-shop or company registry	•			✓
Open a bank account and pay the company registration fees	Bank			•	
<b>Registration*</b>					
Register the company	Company registry	•			
Publish the full text of the articles of association or the simplified abstract in the official gazette	National printing press		•		✓
<b>Postregistration</b>					
Register for taxes and obtain a unique tax identification number (NUIT)	Tax authority	•			
Submit a simple notice/Apply for a simplified operating license	One-stop-shop	•			✓
Declare the commencement of operations	Tax authority	•			
Declare the commencement of operations and register employees	Provincial Directorate of Labor, Employment and Social Security	•			
Register the company and the employees	National Social Security Institute	•			
Obtain workers' compensation insurance coverage	Insurance company			•	

Source: *Doing Business* database.

Note: All procedures can be carried out at each agency's provincial offices, with the exception of the publication of the articles of association, which is done at a national level from Maputo City. Two of the procedures, opening a bank account and obtaining workers' compensation coverage, are private sector services.

\* In Maputo City entrepreneurs can handle two procedures—registering the company and publishing its articles of association in the official gazette—at the company registry, which has a representative of the national printing press on its premises. In other provinces these procedures must be done separately, at the company registry and the national printing press. Consequently, Maputo City has one less procedure than other provinces in this indicator.

One of the last requirements to be completed before a company can operate legally is registering its employees for public health, pension and related benefits with the National Social Security Institute (*Instituto Nacional de Seguranga Social* or INSS). The entrepreneur must first go in person to the INSS to register the company, after which it can register its employees for social security benefits online by completing an electronic form available on the INSS website. Finally, the company has to purchase group insurance to cover every employee for workplace accidents and occupational illnesses not covered by the social security health system.

### How does the time vary?

Starting a business is fastest in Maputo City, where it takes 17 days. The same process takes 40 days in Nampula, which would make it one of the seven slowest places among the 48 Sub-Saharan

African economies measured by *Doing Business*. The average wait to start a business in Mozambique is over a month. Delays affecting the total time are related to the large number of agencies an entrepreneur must deal with throughout the entire process, as well as the time it takes to publish the articles of association in the official gazette. This is the procedure that takes the longest and is the costliest when starting a business—19.2 days and MT 24,375 (\$397) on average. The exception is Maputo City, where it takes five days to register the company and publish the articles of association because entrepreneurs can complete both steps at one location—the company registry (figure 3.2). In fact, Maputo is the only city where the national printing press has a representative at the company registry who can calculate the fees for publication in the official gazette and send the articles of association directly to the national printing press.

Getting the company's articles of association published in the official gazette<sup>15</sup> is a complex, lengthy process. Despite the opening of gazette offices in Cabo Delgado, Sofala and Zambezia, these offices are responsible only for calculating the cost of publication and sending the publication abstracts<sup>16</sup> to the headquarters in Maputo City, where the agency responsible for the publication—the national printing press (*Imprensa Nacional*)—is located. In other provinces one must send digital and hard copies of the publication abstract to the national printing press to receive an estimate; the company then makes a payment via bank deposit and sends the proof of payment by mail to begin the process of publication. Because of these delays, even in provinces where the official gazette has an office, it is common for a company's representatives to travel to Maputo City to complete the process.<sup>17</sup> Indeed, this cumbersome process has spawned a new

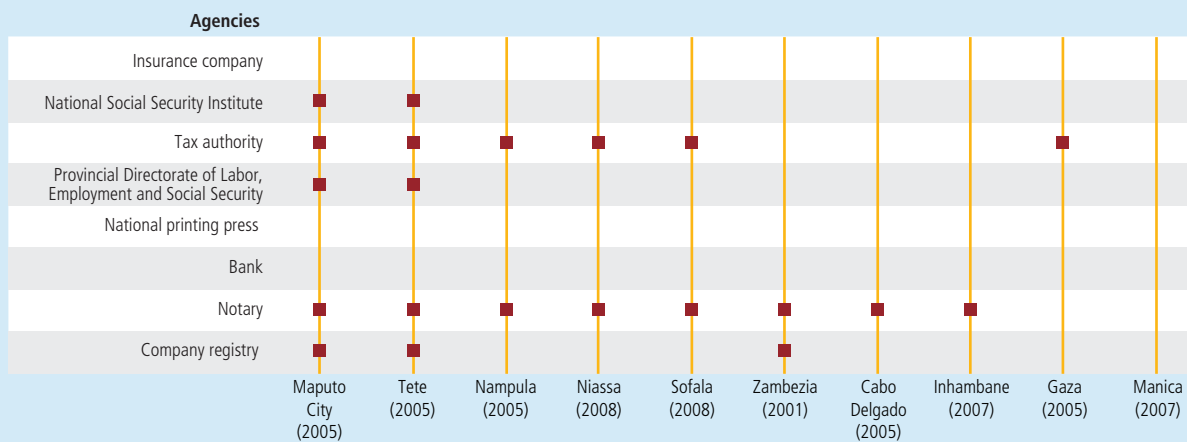
### BOX 3.1 THE EVOLUTION OF ONE-STOP SHOPS IN MOZAMBIQUE

Since 2001, as part of a national strategy of public sector reform, Mozambique has developed 19 one-stop shops throughout the country.<sup>a</sup> These are local agencies that concentrate representatives from different public institutions to provide public services in one location, with the goal of simplifying and facilitating interactions between citizens and the public sector. These locations offer a wide range of services related to licensing, registration, migration, transport, tax and fee collection, and civil registration and identification, as well as notary services, among others.<sup>b</sup> The one-stop shops were formally established by Decree No. 14/2007, which also gave them licensing authority. However, their operations are not fully autonomous, as they are subordinate to their respective provincial governments and their operations are supervised by the Ministry of Industry and Commerce.

Establishing one-stop shops to facilitate the process of starting a business is among the good practices that have emerged over time globally. Rwanda has streamlined business registration by allowing entrepreneurs to complete procedures with the registry, tax authority and social security services at a single location. In Madagascar entrepreneurs can request the company's tax identification number, register the company and apply for the operating license at the one-stop shop; they can also publish notices of incorporation on the one-stop shop website and register employees with social security on the premises. In other economies, such as Denmark, New Zealand, Norway and Singapore, one-stop shops provide a single electronic interface for entrepreneurs.<sup>c</sup>

In Mozambique the one-stop shops offer services intended to help streamline the process of setting up a business. Their ability to do this varies widely, and generally they lack full authority over the agencies involved in the business start-up process. In all provinces one-stop shops are involved in helping entrepreneurs obtain a business operating license,<sup>d</sup> while in only three provinces—Maputo City, Tete and Zambezia—are they involved in company registration. As a result, entrepreneurs outside of these provinces must go to the company registry for this step. The one-stop shops in Maputo City and Tete also have representatives there from the Provincial Directorate of Labor and the National Social Security Institute, two relevant agencies involved in the postregistration process.

#### Maputo City and Tete have the most agencies involved in business start-up represented in the one-stop shops



Source: *Doing Business* database.

Note: This figure represents only the one-stop shops in the provincial capitals. Two of the procedures, opening a bank account and obtaining workers' compensation coverage, are private sector service. Agencies that are not part of the process of opening and operating a company like the one in the *Doing Business* case study do not appear. For example, in Manica and Nampula the municipal council is represented at the one-stop shop, but it is not included here as it is not part of this indicator. The figure also shows the year of creation of the one-stop shops by province. The first one-stop shop in Mozambique was established in 2001 in Zambezia.

There is still a long way to go to improve the one-stop shops. Even Maputo City, which together with Tete has the highest representation of government agencies involved in the process of starting and operating a business,<sup>e</sup> does not provide all the services on site. Moreover, agencies involved in the postregistration process, such as the Directorate of Labor, are underrepresented. As a result, it continues to be common practice for entrepreneurs across the country to visit each government agency individually, even when some of the agencies are represented at the one-stop shops. The authorities are therefore encouraged to fully implement the model of one-stop shops by better integrating the agencies involved in starting a business and by developing back-office and electronic data-sharing systems to improve efficiency and coordination.

One obstacle to fully incorporating business start-up services in one-stop shops in Mozambique has been the resistance of the institutions involved. Their low representation in one-stop shops and the slow pace of their incorporation have made it harder for the process to gain traction. Additionally, there are no clear boundaries between the responsibilities of the one-stop shops and the different institutions, nor is there sufficient funding for the electronic infrastructure required to coordinate the different players involved in the process of opening a business.<sup>1</sup> Among the problems: deficient funding and staff training, a lack of integration among different agencies' electronic systems<sup>2</sup> and a telecommunications infrastructure that is unable to properly support the use of internet platforms. High-level political support would help improve the intergovernmental coordination that is required to successfully implement this reform.

- a. One-stop shops are located in all provincial capitals—Pemba (Cabo Delgado), Xai-Xai (Gaza), Inhambane (Inhambane), Chimoio (Manica), Maputo (Maputo City), Matola (Maputo Province), Nampula (Nampula), Lichinga (Niassa), Beira (Sofala), Tete (Tete) and Quelimane (Zambezia)—and in some districts, namely Angónia, Changara, Lumbo, Mocímboa da Praia, Mocuba, Montepuez, Mutarara and Nacala. More information is available at: <http://www.mic.gov.mz/por/Media/Files/baus>.
- b. These are the services listed in Decree No. 14/2007, adopted on May 30, 2007. However, the type and number of services in each one-stop shop varies.
- c. World Bank. *Doing Business: Starting a Business: Good Practices*. Available at: <http://www.doingbusiness.org/en/data/exploretopics/starting-a-business/good-practices>.
- d. Entrepreneurs can apply for all types of business operating licenses at the one-stop shops.
- e. The national printing press is not represented at one-stop shops in Mozambique.
- f. OECD. 2013. *OECD Investment Policy Reviews: Mozambique 2013*.
- g. Each agency involved in business start-up in Mozambique has its own electronic system. However, these systems do not yet share information with the other relevant agencies.

line of companies offering to help entrepreneurs by performing the steps needed to publish the articles of association.<sup>18</sup>

The overall time it takes to start a business across the different provinces varies depending on staff capacity, use of electronic systems, reliability of internet connections and the extent to which reforms that aim to simplify the business start-up process have been implemented. Specific variations in time can be found in different procedures. The procedure to register a company, for example, generally takes from two days in Cabo Delgado, Inhambane, Maputo City, Niassa and Zambezia to up to four days in Manica and Sofala. What accounts for the differences is the time it takes for officials at the company registry to review the documentation and the registrar's availability to sign the registration certificate.

Despite it being faster to request an operating license via the simple notice procedure (one day on average),<sup>19</sup> in many cities entrepreneurs still request the Costmary simplified license, which takes two days on average.<sup>20</sup> Different levels of use of the license by simple notice reflect a lack of awareness and information about the process and its requirements and legal implications. In some provinces, such as Nampula,

Sofala and Zambezia, the one-stop shop requires that entrepreneurs have professional affiliation cards in order to be issued a license by simple notice, making the application process more difficult. The requirements to request this type of license give rise to different interpretations of the law. Some lawyers have also argued that because the simple notice is a recent reform and its legal implications are still unclear, it is less secure than the simplified license.

Electronic systems for labor registration and name reservation have streamlined processes, but internet failures can cause slowdowns in some provinces. Since March 2016, the Provincial Directorate of Labor has simplified the process for a company to operate legally by allowing information regarding the number of company workers and their personal identification details to be submitted electronically. The process can be completed in a day, but in half of the provinces surveyed (Cabo Delgado, Manica, Nampula, Tete and Zambezia) it can take up to two days. In Cabo Delgado—among the slowest places in Mozambique—the internet crashes two or three times a week even if just for a few hours, disrupting electronic systems and delaying the process.

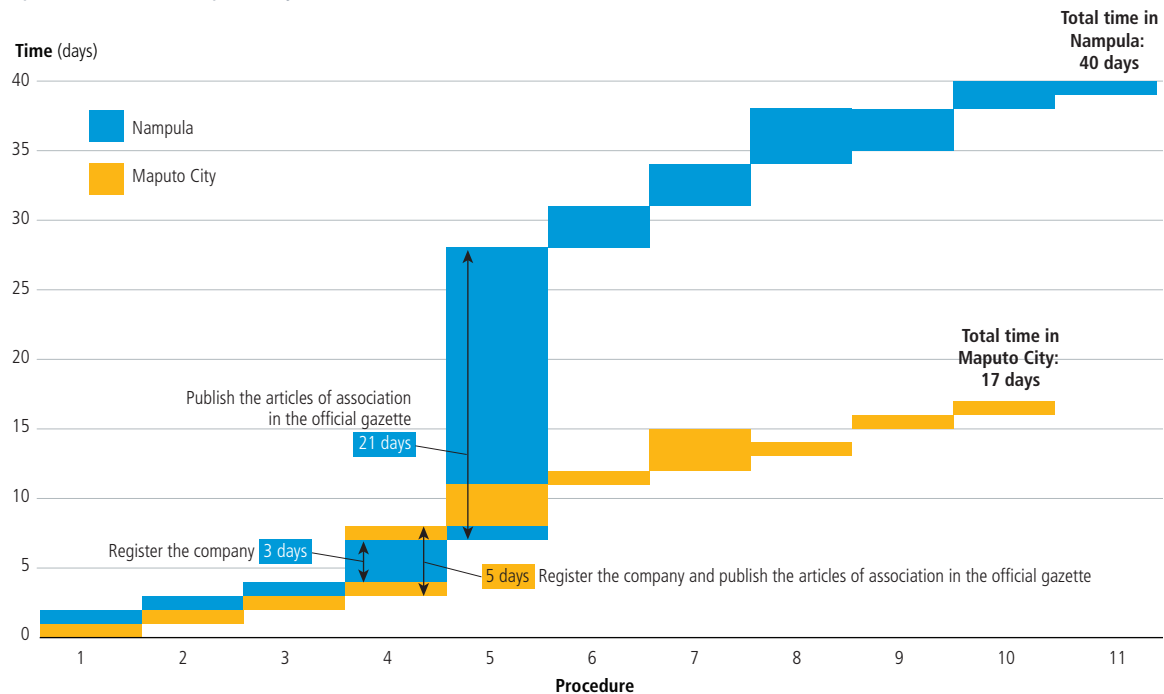
Obtaining a certificate of name reservation in Mozambique takes from one to two days, through a process that has gradually been computerized in all provinces. In 2018 Cabo Delgado was the latest to move from manual entries in books to a computerized system. However, due to frequent internet failures or insufficient staff, the procedure sometimes has to be done by hand or postponed, so it can take up to two days in some provinces (Cabo Delgado, Inhambane, Manica, Nampula and Sofala). Delays also occur when the name of first choice is unavailable.

Half of the steps to start a business can be completed relatively quickly. Across the 10 locations measured, each of these five procedures takes an average of one day: signing the articles of association before a notary or authenticating the signatures of the articles of association; opening a bank account and paying the company registration fees; submitting a simple notice; registering the company and the employees with the National Social Security Institute; and obtaining workers' compensation coverage.

### What are the main drivers of cost?

Starting a business in Mozambique is costly, ranging from 68.4% of income per capita in Cabo Delgado (almost twice

**FIGURE 3.2** Getting the company's articles of association published in the official gazette takes over two weeks longer for entrepreneurs outside Maputo City



Source: *Doing Business* database.

Note: Procedure 5 in Maputo City is related to the tax registration and the obtaining of a unique tax identification number (NUIT). This takes 3 days

the average cost for SADC economies) to 132.8% in Zambezia. Mozambique is among the most expensive economies globally for starting a business and the sixth most expensive location in Sub-Saharan Africa. Across provinces in Mozambique, the cost to register a company and publish its articles of association in the official gazette accounts for 95% of the cost of starting a business (figure 3.3). This significant expense is the result of the steep fee charged by the national printing press, a fee that is the same throughout Mozambique and is calculated based on the number of lines in the publication abstract. Publication fees have nearly tripled since 2015, from MZN 1,020 (\$17) to MZN 2,820 (\$46) for each 25-line page.<sup>21</sup> Recent updates in ministerial decisions have also increased other costs nationwide of starting a business, such as company registration.

Since May 2018, the government has given entrepreneurs the option not to publish all the pages of their articles of

association in the official gazette. Instead, they may use a “simplified abstract” containing the main articles, as specified by the new Commercial Code.<sup>22</sup> This simplified abstract has started to come into use in Cabo Delgado, Gaza and Tete, cutting publishing costs in half. In the rest of the provinces it is still more common to publish the complete text of the articles of association for various reasons. Lawyers across these provinces expressed a lack of awareness of the reform and the legal implications of using the simplified abstract. In Nampula lawyers mentioned that their clients preferred to publish the entire text of the articles of association to protect themselves legally. In Maputo City and Niassa the company registry has not yet implemented the reform.

Calculating the cost of the commercial registration procedure is complex, as entrepreneurs are required to pay three different fees, which in the *Doing Business* case study total between MZN 2,457 (\$40) in Tete and MZN 3,062 (\$50) in

Inhambane. These include: a fixed fee for company registration, which ranges from MZN 1,000 to 1,800; a registration fee based on the share capital of the company (MZN 1,032 or \$17)<sup>23</sup>; and administrative fees for publication of the abstract, which range from MZN 0 and 800. The current fee schedule system leaves broad room for interpretation by the registrar. The result is that entrepreneurs are charged different fees depending on where they register the company, especially the administrative fees for publication of the abstract.<sup>24</sup>

Across the provinces measured, postregistration costs account for less than 4% of the total cost to start a business. Cost variations across provinces mainly stem from the cost of obtaining an operating license. In Cabo Delgado, Inhambane, Manica, Maputo City and Niassa entrepreneurs usually apply for a license by simple notice, at no cost, instead of applying for a simplified operating license. In contrast, in other provinces it



continues to be common for entrepreneurs to apply for a simplified operating license, thus increasing the cost by MZN 2,128 (\$35).<sup>25</sup>

In the past few years Mozambique has carried out different reforms that aim to improve the business environment. While major steps have been taken to make the process more efficient, starting a business in Mozambique has a long way to go toward regional good practices (box 3.2).

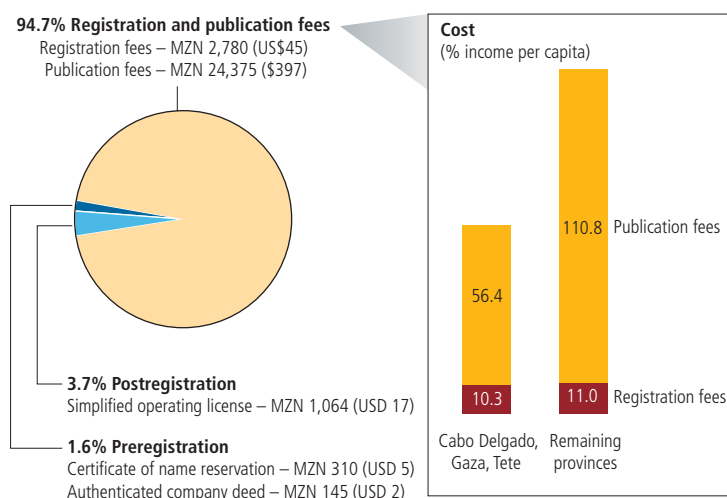
## WHAT CAN BE IMPROVED?

### Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette

Publishing a company's articles of association is the most time-consuming and expensive procedure across Mozambique, representing more than half of the total time and 85% of the total cost of starting a business. To simplify the process and make it cheaper and faster, Mozambique could eliminate this publishing requirement. Economies such as Burundi and Mauritania have done just that to make starting a business easier. Mozambique could introduce legal and institutional reforms that would allow the company registry to publish the basic information on each newly registered company—at no cost—on an official government website or the one-stop shop website, saving an original copy for consultation. Other economies in the region have introduced reforms to simplify the registration process. For example, Burkina Faso, Cabo Verde, Cameroon, Côte d'Ivoire, Djibouti, Gabon, Madagascar and Togo enabled notices of incorporation to be published on the one-stop shop website.

If it is not viable in the short term to eliminate the physical publication requirement through the national printing press, Mozambique could make an active effort to inform entrepreneurs in all provinces

**FIGURE 3.3** Registration and publication fees account for most of the costs to start a business



Source: Doing Business database.

that they need not publish the full version of the articles of association in the official gazette. Despite efforts to reduce the cost by allowing the publication of this shorter version or “simplified abstract,” the cost of publication continues to be the highest of all the procedures needed to start a business in Mozambique and one of the main economic hurdles faced by entrepreneurs. Cutting fees and promoting the use of the simplified abstract would make starting a business less expensive. Those cities that use the simplified abstract—Cabo Delgado, Gaza and Tete—could lead the way as models in this effort. The uneven performance across provinces points to opportunities for peer learning.

Additionally, better communication between the company registry and the national printing press would help reduce the time needed to publish a company's articles of association in the official gazette. The one-stop shops could have representatives from both the registry and the national printing press on the premises. Once registration of the company is complete, the representative of the national printing press could budget the publication costs and send an electronic copy of the articles of

association to Maputo city for publication in the official gazette.

Mozambique could also stop making publication of the articles of association a prerequisite for subsequent procedures. Entrepreneurs should be able to continue the process of starting a company using their NUEL (registration number)—proof of the existence of the company—thus reducing the time for opening a business.

### Improve the implementation of the license by simple notice at the one-stop shop

The introduction of the license by simple notice was one part of a larger government effort to further simplify and reduce the cost of initiating business activity. In 2012 simplified licensing procedures were introduced, creating an alternative system for certain types of commercial and industrial activities that do not carry health, environmental or security risks.<sup>26</sup> In 2017 the simplification of licensing allowed certain sectors, such as small-scale retail and professional service providers, to submit a simple notice for commencement of operations. This communication takes one day and is free.<sup>27</sup>

### BOX 3.2 RECENT REGULATORY REFORMS MAKING IT EASIER TO START A BUSINESS IN MOZAMBIQUE

Starting a business in Mozambique has become much simpler in recent years. The Commercial Code, the legal framework for business in Mozambique, was first published in 2005 (Decree 2/2005 of December 27) and has been modified several times since, with the aim of simplifying the business start-up process and making it more flexible. Among the changes was the elimination of the minimum capital to establish a limited liability company in 2009 (Decree No. 2/2009 of April 24).<sup>a</sup> In 2014 the government introduced a single form (*formulário único*) for opening a company and initiating business activity. This form combines application requests for various steps—name reservation, company registration, business licensing and tax, and labor and social security registration. Moreover, Decree 39/2017, which entered into force on July 28, 2017, further streamlined the legal framework to obtain business licenses for certain low-risk activities.

As part of simplifying the business start-up process, Mozambique is gradually implementing electronic platforms for some procedures. The Ministry of Labor, Employment and Social Security developed an electronic system for posting employee information, called the e-FRN (*Sistema Electrónico da Folha de Relação Nominal*), which began operating in March 2016.<sup>b</sup> Moreover, a new social security regulation was approved in 2017, allowing for the registration of workers in the National Social Security Institute through an online system (*Sistema de Informação de Segurança Social de Moçambique* or SISSMO).<sup>c</sup> However, recurring technical glitches and a lack of technical support have prevented optimal use of the new platforms.

To improve the process of starting and operating a business, the national tax authority has made an effort to reduce the number of internal interactions and, consequently, the time required to obtain a tax registration number and begin operations. In Maputo the implementation of this reform has shaved six days off the wait for obtaining the stamped declaration of commencement of operations from the tax authority.<sup>d</sup> Entrepreneurs now receive the declaration the same day of submission and do not have to wait for registration to be completed, since this is done internally at the tax authority.<sup>e</sup>

- The Commercial Code adopted in 2005 established a minimum capital requirement of MZN 20,000 (\$326) for the establishment of a closely held limited liability company (*Sociedade por Quotas*).
- Ministerial Order No. 104/2015 of November 27 approved a new format for providing employee information.
- Decree No. 51/2017 of October 9 approved social security regulations.
- Information on the results of implementation of the tax authority's reforms is available only for Maputo, as global *Doing Business* measures Maputo annually. *Doing Business in Mozambique 2019* is the first subnational benchmarking exercise.
- This change was made via internal guidelines (Note No. 200/DAG-DGI/2016 of August 2016).

While a simple notice has potential benefits, there are challenges associated with its implementation. In some provinces (Cabo Delgado, Inhambane, Manica, Maputo City and Niassa) entrepreneurs prefer obtaining a simple notice, while in others (Sofala, Tete and Zambezia) only a handful of these licenses have been issued since the law went into effect. In Gaza and Nampula the one-stop shop still has no experience processing a simple notice; in fact, entrepreneurs in these provinces do not know that they can use this procedure. In some cases, the one-stop shop demands more requirements for this license than specified in the law. The lack of information and the unequal interpretation of the law by public servants in the one-stop shops inhibit proper implementation of this reform. To implement and consolidate the use of the simple notice nationwide, the one-stop shops should strengthen staff training and invest in public outreach to

make prospective entrepreneurs aware of the new services available. Mozambique could look to Burkina Faso, which publicized the launch of its one-stop shop for business registration both through media coverage and through presentations at meetings of business associations organized by the chamber of commerce.<sup>28</sup>

#### **Simplify the current fee schedules for company incorporation and make them publicly available at the company registry or online**

A lack of clarity in the application of regulations creates confusion among both entrepreneurs and authorities and can lead to delays, differences in estimates and discretion in enforcement. Moreover, overly complicated regulations can potentially undermine their intended policy aims. Across Mozambique, fee schedules for the company registry (*TABELA de Emolumentos do Registo das*

*Entidades Legais*) and for notary services (*TABELA de Emolumentos dos Actos Notariais*) are publicly available on notice boards but are not accessible through one centralized agency or an official website and are confusing for entrepreneurs and the public servants who provide the services. To improve transparency, fee schedules to set up a business should be clear and easy to access. Despite sharing the same legal basis in all provinces, charges for signature authentication, the simplified abstract and the registration certificate vary from province to province due to ambiguities in the law. For example, notaries in Zambezia apply a “special mentions” fee of MZN 50 per signature for the authentication of signatures, while in other provinces the same service costs MZN 20 per signature. Because the applicable fees are contained in several articles of the law, it is easy for notaries and registrars to interpret the law differently.<sup>29</sup> Registration costs

should be as transparent as possible, to make the application of regulations and fee schedules more predictable and to reduce informal payments.

An analysis published in the *Doing Business 2013* report concluded that those economies where fee schedules are publicly available tend to have lower fees. Specifically, starting a business costs 26% of income per capita on average in economies where fee schedules are publicly available but 52% where they are not. While in OECD high-income economies information on start-up fees tends to be easily accessible through the website of a government agency or through public notices, obtaining fee schedules for company incorporation is most limited in Sub-Saharan Africa and the Middle East and North Africa, where it is more common to meet with an official to obtain this information.<sup>30</sup>

The cost to start a business globally averages 23.9% of income per capita; in Mozambique it is far higher, averaging 111.2% of income per capita. This is mainly because entrepreneurs have to pay several fees when registering a business, including the significant expense of publishing the articles of association in the official gazette and registration fees that vary according to the share capital of the company. Some of these requirements and their respective fees could be removed and others merged into a single fee. Most good-practice economies charge only a fixed registration fee that does not depend on the capital but on the complexity of the administrative process to register a company. For example, in Georgia—among the top five performers globally—only one registration fee is charged, and it varies depending on whether registration is normal or expedited. In Portugal the registration fee varies depending on whether it is done online or in person. In Canada, another top performer, there is a fixed cost to file for business incorporation electronically. Burundi, Côte d'Ivoire and Mauritius, all top performers in Sub-Saharan Africa,

***By improving coordination and having all the agencies involved in starting a business represented at one-stop shops, entrepreneurs could set up their business in one trip, significantly reducing the complexity of the current process.***

also do not make registration fees dependent on start-up capital. Moreover, most good-practice economies provide information online at a dedicated website to guide entrepreneurs through the process of starting and opening a business, including the fees charged.

### **Improve coordination among stakeholders and enhance back-office workflow in one-stop shops**

The process of starting a business in Mozambique is complex since it involves many interactions. Entrepreneurs must deal with at least seven different agencies<sup>31</sup> and visit some agencies more than once when opening and operating a new business. They must visit the company registry twice—once to reserve a name and again to register the company deed. Similarly, the postregistration process involves six steps and requires two interactions with the tax authority. Streamlining the entire process is a key factor that could make starting a business more efficient. Currently, going to a one-stop shop to obtain the certificate of name reservation, authenticate signatures and register the company, among other procedures, is possible in only two provinces, Maputo City and Tete.

The government has made noticeable progress in creating one-stop shops across the country, and it should continue its efforts to enhance their back-office workflow. Currently, government agencies that are represented at one-stop shops do not have operating systems that can share information with each other. Moreover, not all government agencies have representation at one-stop shops. For these reasons, it is still more common for entrepreneurs to visit agencies individually.

Mozambique could consider improving coordination among the relevant agencies with a view to streamlining procedures and avoiding redundancies and inefficiencies. For back-office workflow to function properly, the government must create comprehensive legislation that ensures clear boundaries and responsibilities among one-stop shops and the different institutions involved in the start-up process. One way to motivate the use of one-stop shops might be to provide a legislative basis for them to have exclusive authority for company registration.

The integration of the government institutions themselves is essential. Some good practices that could lead to integration would be to implement the single form or introduce a unique business identifier that is the same for all agencies.<sup>32</sup> Another intermediate step would be to integrate the registration systems of the company registry and the Department of Labor, Employment and Social Security. By improving coordination and having all the agencies involved in starting a business represented at one-stop shops, entrepreneurs could set up their business in one trip, significantly reducing the complexity of the current process. It is imperative for the government to take these initial steps—implementing the single form or unique business identifier and creating a single physical interface—prior to moving toward electronic platforms. This could allow Mozambique to establish a more efficient one-stop shop structure and help facilitate its transition to a more agile electronic system.

### **Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures**

In 2014 the government of Mozambique launched the e-BAÚ system, an

integrated platform for service delivery that aims to connect the one-stop shops and other institutions relevant for business start-up. It has taken years for the system to develop, and the platform is currently being used for business licensing only. Further implementation of the e-BAÚ platform will improve communication between the various government agencies; enable entrepreneurs to apply for different procedures in just one place; provide information on requirements for starting a business, such as what fees apply; and could even introduce the possibility of making electronic payments. In the long run, greater time efficiency could be achieved by having a company registration process that is completely online.

Several economies in Sub-Saharan Africa have already introduced some online steps for the start-up process. For example, Mauritania made starting a business easier by combining multiple registration procedures; it is now possible to register a company through a “Companies and Business Registration Integrated System” that shares the information with the tax and social security authorities through a single form. Such electronic single interfaces for business start-ups not only simplify the process of starting a business but can make procedural requirements more transparent and easier to access. A successful implementation of electronic one-stop shops requires collaboration across agencies. The national government, municipalities and the private sector have critical roles to play in simplifying the administrative process. Meaningful and ongoing consultations among these groups of stakeholders will serve to ensure that the process truly fulfills users’ needs. Building on the skills and knowledge of staff is also key for proper implementation.

## NOTES

1. International Monetary Fund. 2017. *Regional Economic Outlook: Sub-Saharan Africa*.
2. OECD. 2017. *Enhancing the Contributions of SMEs in a Global and Digitalised Economy*. Available at <https://www.oecd.org/mcm/documents/C-MIN-2017-8-EN.pdf>.
3. Soto, Hernando de. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.
4. World Economic Forum. 2017. *The Global Competitiveness Report 2017-2018*. Available at <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>.
5. The current five-year strategy for improving the business environment in Mozambique (“*Estratégia para a Melhoria do Ambiente de negócios em Moçambique*,” or EMAN II 2013-2017) follows the previous strategy (EMAN 2008-12). These documents have guided the government’s actions on this front in the last decade.
6. Among the economies of Sub-Saharan Africa, only in Botswana, Chad, Eritrea, Namibia, the Republic of Congo and Somalia does it take longer to start a business than in Nampula.
7. The Commercial Code was reformed via Decree No. 1/2018 of May 4.
8. One-stop shops in Mozambique, called BAÚs, are local agencies that concentrate several public services in one location with the goal of simplifying and facilitating interactions between citizens and the public sector across the country.
9. In addition, companies must present the registration form and their partners’ and representatives’ identity documents.
10. Under the *Doing Business* case study, the license to operate would fall under the simplified regime. This covers commercial and industrial areas of economic activity that do not pose a threat to the environment, public health, safety or the economy in general. Decree No. 02/2008 of May 12 is the first legal instrument dealing with the simplified licensing for certain low-risk activities. This was later consolidated by means of Decree 05/2012 and more recently by Decree 39/2017.
11. The simple notice option is available to retail businesses specializing in sectors such as office supplies, clothing or shoes, or service providers in legal, accounting and engineering areas (Article 9 of Decree No. 37/2017 of July 28).
12. In some provinces, such as Cabo Delgado, Inhambane and Manica, it is not mandatory to submit a hard copy of the form listing contracted workers, but this is done in practice.
13. According to Article 87 of Labor Law 23/2007 of August 1, the Labor Inspection Office (*Inspecção Geral de Trabalho*) verifies that the schedule meets the maximum daily and weekly hours established in the labor laws.
14. The form listing company employees contains detailed information on each worker. It must be completed every April based on March data. When the start of business activity occurs after April, the employer must fill out the form within 30 days. This procedure can be completed online, on the website of the Ministry of Labor, Employment and Social Security (<http://www.mitess.gov.mz:7081/FolhaNominal/RG/RegistarEmpresa.aspx>). The electronic submission of the form is part of the declaration of the commencement of operations and employees with the Provincial Directorate of Labor, Employment and Social Security.
15. The publication of the articles of association in the official gazette is mandatory by law (Decree No. 2/2005 of December 27, Article 247).
16. The publication abstract sent to the national printing press contains all the relevant information of the articles of association that the registry requires to be published.
17. Entrepreneurs can reduce the time to publish the articles of association by submitting them directly at the national printing press the day after the company’s registration, after being informed of the cost of publishing them in the official gazette and paying the publishing fee at the bank. The procedure takes longer outside of Maputo City, as the offices of the national printing press send the articles of association to Maputo City only once a week and the procedures for payment are more complex and slower.
18. The cost for these services is generally a percentage of the total amount charged by the national printing press to publish the articles of association.
19. In Cabo Delgado, Inhambane, Manica, Maputo City and Niassa it is more common for entrepreneurs to obtain a license by simple notice.
20. The simplified operating license takes longer than the one-day timeframe mandated in Decree No. 39/2017 of July 28.
21. Ministerial Order No. 58/2015 of November 13 lists the fee for publication in the official gazette as MZN 1,020 per 25-line page, while the current fee is MZN 2,820 per 25-line page, according to Ministerial Order No. 79/2017 of December 27.
22. Decree No. 1/2018 of May 4, which modified the Commercial Code, states that entrepreneurs may publish a summarized version of the articles of association in the official gazette.
23. According to the fee schedules of the company registry (*TABELA de Emolumentos do Registo das Entidades Legais*) listed in Ministerial Order No. 2/2016 of January 6, taxes on a company’s capital are 0.4% for start-up capital of up to MZN 5 million (\$81,405) and 0.03% for capital exceeding that amount. The *Doing Business* case study assumes a start-up capital of MZN 257,970 (\$4,200).
24. The applicable registration fees are located in different sections of the law, and some articles are inconsistent or redundant, making the law

- confusing for entrepreneurs and the public servants at the company registry.
25. The cost is 50% of the minimum monthly salary of a public servant, which is updated every year in April.
  26. See Decree No. 5/2012 of March 7.
  27. See Decree No. 37/2017 of July 28.
  28. International Finance Corporation. 2009. *How Many Stops in a One-Stop Shop? A Review of Recent Developments in Business Registration*. Washington, DC: World Bank. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/27886/587870WPOHowma10BOX353819B01PUBLIC1.pdf?sequence=1&isAllowed=y>.
  29. The fees can be found in Article 15 1.b of the fee schedules for notaries and Article 18 of the fee schedules for the company registry, both contained in Ministerial Order No. 2/2016 of January 6.
  30. World Bank. 2013. *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
  31. In Maputo City entrepreneurs interact with the following seven agencies: the company registry, the bank, the tax authority, the one-stop shop, the Provincial Directorate of Labor, the National Social Security Institute and the insurance company. In the rest of the provinces entrepreneurs also interact with the national printing press. In Gaza and Manica, in addition to visiting the company registry, entrepreneurs also visit the public notary to sign the company deed.
  32. Although the Mozambican government has already developed a single form to open a business and start commercial activities, in practice, public sector agencies set their own requirements and prefer to use their own forms.



# Registering property

## MAIN FINDINGS

- Transferring property is easiest overall in Zambezia, where the transfer tax payment can be authorized by the municipality's urban planning department. It is most difficult in Sofala, where transfers take more than 80 days to complete.
- Maputo City would move up 20 positions in the *Doing Business* ranking for registering property if it adopted best practices found elsewhere in Mozambique.
- Lack of coordination among agencies involved in urban land management makes the process of transferring property lengthy and cumbersome.
- The government has improved record-keeping of property titles and cadastral plans by digitizing historical records. However, there is still room to increase information transparency and communication between registries and municipalities.





Nearly two decades ago, in 2000, southern Mozambique was hit with heavy rainfall that flooded the Limpopo River Valley. Dozens of people died, thousands were displaced and crops were wiped away. Xai-Xai and Maputo were among the worst-affected cities, with buildings three meters under water. One of the casualties of this disaster was the property registry books containing thousands of ownership records. The property registry building in Xai-Xai (in Gaza province) was located scarce meters from the river and was hard hit. The effect was immediate: property transfers were delayed and obtaining proof of ownership became an uphill battle.

Secure property and land registry records—and therefore land rights—are key determinants of economic development. Land markets in both rural and urban settings should be supported by land administration systems that define property rights, guarantee security of tenure and generate information to support property valuation and taxation. With the protection of secure title guaranteed by a reliable land registration system, land can be used to spur the creation and growth of new businesses. Secure land titles enable owners to use their property as collateral to obtain loans.

The flooding in 2000 brought to light the dire consequences of property records that are not secure. Natural disasters aside, registry books deteriorate—due to subpar storage conditions and the wear and tear from multiple consultations—and must regularly be transcribed, leaving room for human errors and fraud.

Having a sound property registration system is critical for entrepreneurs. With banks requiring more than 90% of the value of the loan as collateral in Mozambique,<sup>1</sup> in 2018 access to finance was deemed the most problematic factor for doing business in the country.<sup>2</sup> Yet most real estate in Mozambique remains formally unregistered.

As urban populations grow, well-defined property rights also play a key role in the development of cities by securing land tenure rights for households and companies. A study in Brazil showed that urban land titling programs had a positive effect on access to credit. A program to distribute land titles to households led to a threefold increase in access to credit and in the consumption of durable goods. It also had an impact on child labor; with secure tenure, adults felt comfortable leaving the property unguarded and working outside of the household instead of sending their children out to work.<sup>3</sup>

### HOW DOES REGISTERING PROPERTY WORK IN MOZAMBIQUE?

After Mozambique's 17-year civil war ended, in 1992, land reform was at the forefront of national policy discussion. As displaced families returned to land they had previously owned, conflict ensued between the displaced and those who were living on their property. To strike a balance between safeguarding community interests and facilitating investors' access to land, the government initiated a broad policy review, which led to a new National Land Policy in 1995 and a series of laws affecting property registration—including the 1997 Land Law.

In Mozambique land tenure is leasehold, as the state is the primary owner of the land. The 1997 Land Law established a right for individuals to lease and use land. This use and benefit right is known by the acronym DUAT (*Direito de Uso e Aproveitamento da Terra*). It does not confer full ownership of the land itself, but it is a secure and long-term user right that can be renewed.

Full ownership of property on the land—such as buildings and other improvements—can, however, be transferred or encumbered. Before a property can be transferred, the DUAT must be converted into a land use title (*título de*

*uso de aproveitamento da terra*). The DUAT is adjudicated based on conditions that need to be met within two years, which usually include the completion of a house or some other building. Once improvements to the land are completed, the municipality transforms the DUAT into the land use title, which can be registered at the property registry. The property on the land can be used as collateral and sold, with ownership transferred through a deed.

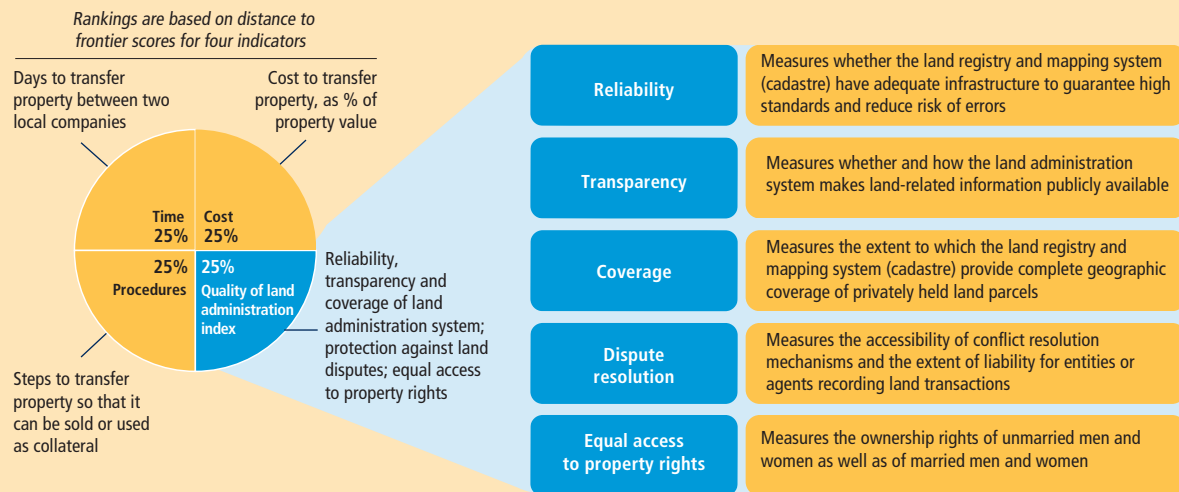
Providing an efficient, transparent and affordable system to register new titles and transfer existing ones is an important first step toward guaranteeing secure access to land and improving access to credit. While the registering property indicator does not focus on the initial allocation of property rights under the DUAT, it does look at aspects that are key to continued land tenure security, such as property transfer and registration. Property rights are weakened if the land registry system does not reflect all transfers of title, and inefficient procedures for ownership transfers can discourage registration, undermining institutions that ensure secure land rights.

Beyond the Land Law, two other legal instruments govern property registration in Mozambique: the 2006 Urban Law and the Property Registration Code. Pursuant to these laws, registries use a deeds system, and three main institutions are involved in the land transfer process: (i) the property registry, responsible for maintaining ownership records; (ii) the tax authority or municipal tax office, responsible for the fiscal cadastre (*registo matricial*) (box 4.1); and (iii) the municipal urban planning department, in charge of issuing the DUAT and land use title as well as maintaining the cadastral plans. The property registry is overseen by the National Registry and Notary Directorate, under the Ministry of Justice, Constitutional and Religious Affairs (MJACR). Both the tax authority and property registries are regulated at the national level and operate at the

## WHAT DOES REGISTERING PROPERTY MEASURE?

*Doing Business* records the full sequence of procedures necessary for a business to purchase a commercial property from another business and formally transfer the property title to the buyer's name. The process starts with obtaining the required documents, such as a copy of the seller's title, and ends when the buyer is registered as the new property owner. Every procedure required by law or necessary in practice is recorded—along with the associated time and cost—whether it is the responsibility of the seller or the buyer and even if it must be completed by a third party on their behalf. In addition, *Doing Business* assesses the quality of the urban land management system through an index measuring the system's reliability, transparency and coverage; the availability of dispute resolution mechanisms; and whether men and women have equal ownership rights to property. Rankings on the ease of registering property are based on the procedures, time and cost to register property as well as the quality of land administration index (see figure).

### Registering property: measuring the efficiency and the quality of the land administration system



provincial level, whereas the municipal tax office and municipal urban planning department function at the local level.<sup>4</sup>

Registration of the land use title at the property registry is required to make ownership opposable to third parties.<sup>5</sup> However, in practice, registration rates are low across the country and are enforced mostly by banks if the property is subject to a mortgage or used as collateral. Most commonly, new owners will request the municipality to reissue a new land use title under their name; this is used as proof of ownership, even in court disputes.

### How does the process compare?

A Mozambican entrepreneur typically undertakes seven to eight procedures, waits 47 days and pays 5.7% of

property value to transfer property. The time needed to complete the process ranges from 37 days in Inhambane to 83 days in Sofala (table 4.1). The time tends to be faster and less expensive than the average in the Southern African Development Community (SADC), Sub-Saharan Africa and the Community of Portuguese Language Countries (CPLP). However, Mozambique lags on the quality of land administration index, scoring an average of 7.9 points. This is lower than the averages in the SADC (11 points), Sub-Saharan Africa (8.8 points) and the CPLP (8.7 points), and significantly lower than Rwanda, the best in the region (figure 4.1). Rwanda is the only country in Sub-Saharan Africa that has established a complete and fully digital database—the Land Administration Information System

(LAIS)<sup>6</sup>—containing ownership and cadastral information. Among the CPLP countries, Mozambique's performance on the quality of land administration index lags behind that of Brazil, Cabo Verde and Portugal.

Among the 10 locations measured, transferring property is most affordable in Maputo City and in Zambezia (5.2% of property value), and is fastest in Inhambane (37 days). It is most difficult in Sofala, where transfers take nearly double the time needed in any other location to complete the process.

Because property transfers are governed by national legislation, the process is largely similar across the country. The steps to transfer property are grouped into three main phases—preregistration,

#### BOX 4.1. CREATION OF MUNICIPALITIES IN MOZAMBIQUE AND THE IMPACT ON PROPERTY REGISTRATION

Until the late 1990s, urban areas in Mozambique were under the political and administrative authority of the central government. Municipal legislation was implemented in early 1997, resulting in the first municipal elections later that year. In total, 23 cities were classified as eligible to become municipalities (*autarquia local*), among them Maputo and the 10 provincial capital cities.

Municipalities correspond to the territorial demarcations of urban areas (towns and cities)<sup>a</sup> and have administrative, financial and patrimonial autonomy.<sup>b</sup> They are responsible for: i) local economic and social development; ii) environment, basic sanitation and quality of life; iii) utility services; iv) health; v) education; vi) culture, leisure and sport; vii) local policing; and viii) urbanization, construction and housing.

In 2006, when the government of Mozambique sought to advance its decentralization agenda, it started gradually devolving central powers to local administrations.<sup>c</sup> The transfer was initially planned to be finalized by 2010, with a further extension of up to two years. Within the realm of urban land management, revenues from property taxes and transfer duties were transferred to municipal budgets from the tax authority. This also means that municipalities became responsible for: i) implementing and maintaining the cadastre in urban areas for the purposes of collecting property taxes (IPRA) and the local property transfer tax (SISA),<sup>d</sup> among other local fees and taxes; ii) developing an urban master plan; iii) assessing local property values<sup>e</sup>; and iv) issuing titles for land use rights.<sup>f</sup>

This aspect of decentralization is, however, still ongoing and is taking longer than expected. Although all municipalities are collecting the SISA tax, not all fiscal cadastres have been transferred. This is the case in Pemba (Cabo Delgado), Nampula (Nampula) and Tete (Tete), adding layers to the process of transferring property. In these locations the property tax certificate, which includes the value of the property, is still issued by the tax authority. The lack of data exchange between the municipalities and the tax authority makes the process of paying taxes cumbersome. To pay the transfer tax—which is calculated using the fiscal cadastre's property value—the seller needs to obtain a property tax certificate from the tax authority and take it to the municipality for its assessment. Once the tax is paid and the transfer of ownership completed, the owner needs to return to the tax authority to update its database with the most recent property value.

a. This structure is established in Articles 272 and 273 (*Autarquias Locais*) of the Constitution of the Republic of Mozambique.

b. Law No. 2/97 of May 28 (*Lei de Bases das Autarquias*) lays out local authorities' responsibilities.

c. Key laws include Decree No. 33/2006 of August 30 (*Transferência de Funções e Competências dos Órgãos do Estado para as Autarquias Locais*), Decree No. 58/2009 and Decree No. 46/2011.

d. Decree No. 63/2008 of December 30 (*Código Tributário Autárquico*) defines the local tax structure.

e. Decree No. 61/2010 (*Determinação e Correção do Valor Patrimonial*) amends the way property values are determined.

f. The 1997 Land Law establishes the right to the use and benefit of land (*Direito de Uso e Aproveitamento da Terra*).

registration and postregistration—with most procedural differences among locations occurring in this last phase. Before registration, the parties must obtain certificates establishing the ownership and assessment status. A lawyer also conducts a due diligence study. In the registration stage, the buyer pays the SISA property transfer tax at the municipality, and the notary prepares and notarizes the sales deed. The buyer then submits it at the property registry to record the transfer of ownership. After the property is registered, the owner must comply with municipal requirements, updating the urban and the fiscal cadastres. In three provinces—Cabo Delgado, Tete and Nampula—fiscal cadastre updates are done at the tax authority. Maputo (Maputo City) is the only city with four steps done at the municipality and three

at provincial agencies. In Cabo Delgado, Nampula and Tete, where the fiscal cadastre has not yet been transferred from the tax authority to the municipality, five steps take place at the provincial level and two at the municipality. In the remaining locations the process is evenly distributed between the municipality and the provinces, requiring three interactions with each (table 4.2).

#### How does the time vary?

The longest delays are in steps done at the municipality—particularly obtaining the property tax certificate, paying the SISA tax and updating the cadastres. It takes an average of 29 days to comply with these requirements. For the due diligence study the seller must obtain a property tax certificate (*certidão do registo matricial*) containing the assessed

value of the property at the municipal tax office, or the tax authority in the case of Nampula (Nampula), Pemba (Cabo Delgado) and Tete (Tete). Regardless of where it is requested, obtaining the certificate takes from 7 to 10 days (figure 4.2).

Once the transfer is registered, it can take up to a month to update the municipality's cadastre. In practice, this is where the greatest variations in time are found. In Inhambane (Inhambane), Maputo (Maputo City) and Quelimane (Zambezia) this involves merely updating the municipality's database, whereas in the remaining cities a new land use title must also be issued, creating longer delays; such is the case in Beira (Sofala), Lichinga (Niassa) and Tete (Tete). The minimum time required for this procedure, one week, is seen

TABLE 4.1 Transferring property in Mozambique – where is it easier?

Province (City)	Rank (1–10)	Registering property score (0–100)	Procedures (number)	Time (days)	Cost (% of property value)	Quality of land administration index (0–18)
CPLP		54.14	6.7	52	6.2	8.7
SADC		56.22	6.1	50	6.8	11.0
SSA		52.62	6.2	54	7.6	8.8
Mozambique		53.26	7.4	47	5.7	7.9
Zambezia (Quelimane)	1	56.72	7	39	5.2	9
Gaza (Xai-Xai)	2	54.78	7	41	5.5	7.5
Inhambane (Inhambane)	3	54.77	7	37	5.6	7
Niassa (Lichinga)	4	54.18	7	42	5.6	7
Manica (Chimoio)	5	53.61	7	47	5.5	7
Maputo City (Maputo)	6	52.94	8	43	5.2	7.5
Tete (Tete)	7	52.61	8	47	6.4	10
Cabo Delgado (Pemba)	8	52.13	8	39	6.0	7.5
Nampula (Nampula)	9	50.92	8	47	6.1	7.5
Sofala (Beira)	10	49.94	7	83	6.2	9

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: Rankings are based on the average ease of doing business score for the number of procedures, time and cost associated with registering property as well as for the quality of the land administration index. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more information, see the chapter “About *Doing Business* and *Doing Business in Mozambique 2019*.” The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies. (Timor-Leste is excluded from the CPLP average as it remains a “no practice” economy in the area of registering property.)

in six locations—Chimoio (Manica), Inhambane, Maputo, Pemba (Cabo Delgado), Quelimane and Xai-Xai (Xai-Xai) —while it takes 15 days in Tete, Lichinga and Nampula and 30 days in Beira (Sofala). In Beira and Lichinga senior officials’ authorizations are required, and in Tete there are also physical property inspections.

Obtaining the payment slip to pay the transfer tax takes a week on average, but variations are significant. It takes only three days in Inhambane and Quelimane and five times longer in Chimoio. One reason for the longer times is that the municipal tax office or tax authority technicians may carry out a physical inspection to reassess the property valuation if they deem the declared transaction value too low. The process takes longer in cities that require the authorization of high-ranking officials such as the mayor or the director of the

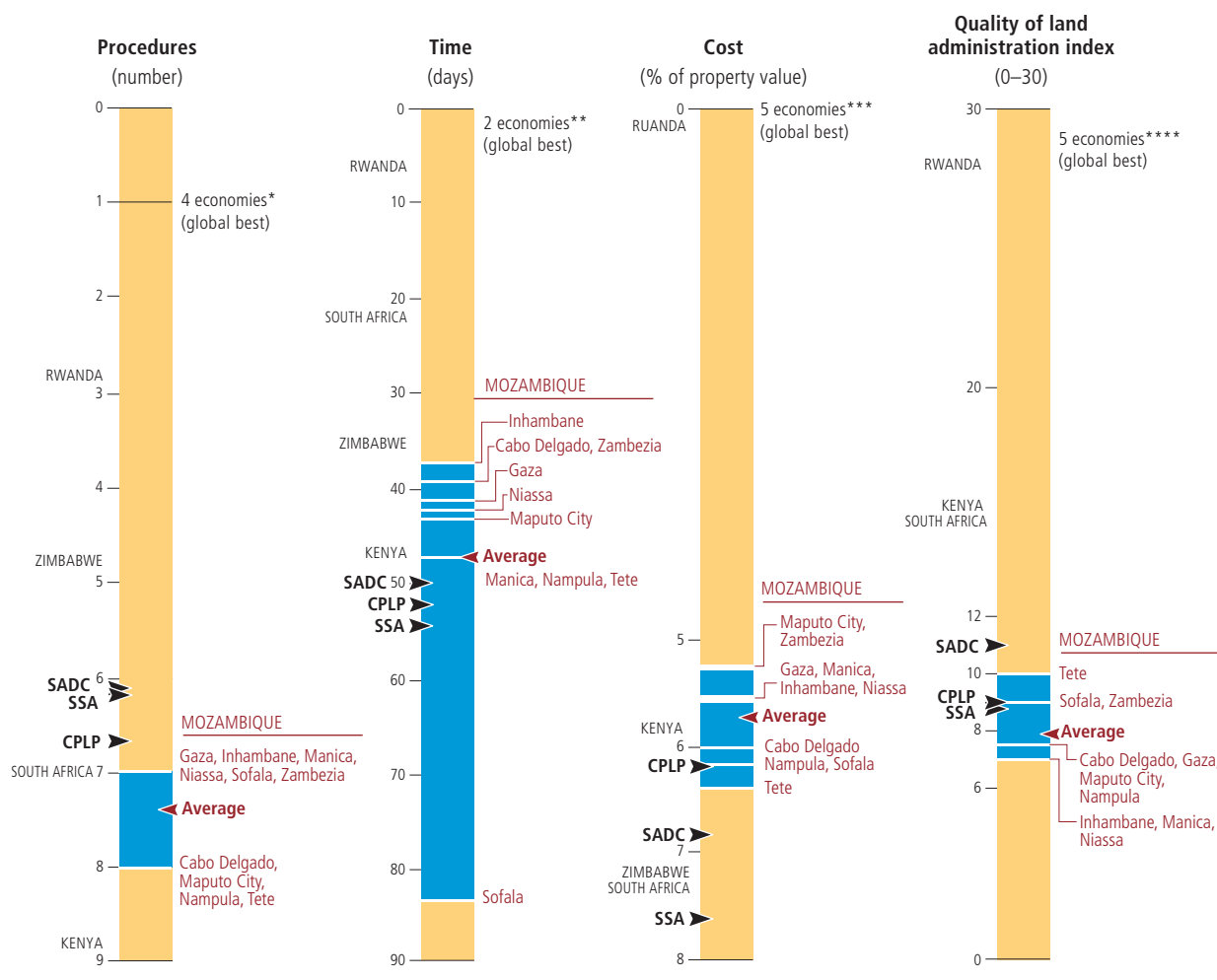
urban planning department. For example, in Chimoio the mayor must approve the transfer tax payment request, resulting in a delay of more than two weeks. In Beira the municipal tax office director handles the authorization, a process that takes 10 days. Inhambane and Quelimane do this step faster because the mayor delegated this task to officers in the tax office.

Updating the fiscal cadastre is an additional step that adds time—and complexity—in Maputo, Nampula, Pemba and Tete. In all municipalities overseeing the fiscal cadastre, except for Maputo, this update happens upon payment of the SISA transfer tax. In Maputo the buyer must submit an original copy of the updated ownership certificate to the municipal tax office to update the name of the owner. This adds one more day to the overall process. In locations where the cadastre is under the tax authority and not the

municipality— Nampula, Pemba and Tete—the lack of data exchange between municipalities and the tax authority means that the buyer has to submit an original copy of the updated property ownership certificate to the tax authority to update the cadastral database (*livro de registo matricial*). The update is done free of charge, but it adds a week to the total time in the three cities.

Issuing an ownership certificate and registering the transfer deed in the property registry takes at least twice as long in Sofala (22 days) as in the nine other cities. The property registry (*Conservatória do Registo Predial*) in Sofala takes one week to issue an updated ownership certificate, compared with three days in most of the other cities. Similar delays are found when the buyer submits the deed to the property registry office to record the transfer of ownership. According to the Property Registration Code, registration must be

**FIGURE 4.1** Compared globally, the cost of transferring property in most Mozambican provinces is competitive, but other aspects of efficiency and quality of land administration could be improved



\*Georgia, Norway, Sweden and Portugal

\*\*Georgia and New Zealand

\*\*\*Belarus, Georgia, Kiribati, Slovak Republic and Saudi Arabia

\*\*\*\* Lithuania, Rwanda, Singapore and Taiwan, China

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The averages for Mozambique are the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

carried out within a maximum period of 30 days from the date of its submission.<sup>7</sup> At present, all registries comply with the time limit. This process varies from three days in Inhambane, Manica, Nampula and Niassa to up to a week in five other provinces. However, in Sofala it takes 15 days to register the property, as the local authority lacks capacity and needs infrastructure improvements (figure 4.3).

Due diligence procedures and the attorney's drafting of the deed take up one fifth of the time to transfer property. In Mozambique, as in many other economies, prior to the transaction it is common for businesses to have a lawyer gather all necessary information to confirm ownership and ensure that there are no liens or encumbrances against the property. This process, which includes

drawing up the sale and purchase agreement, takes approximately ten days in all provinces. Once the parties obtain both certificates, a lawyer conducts a title study. Although it is not required by law, most companies prefer to hire a lawyer to guide them through the process, prepare the transfer instrument and conduct a due diligence study.

TABLE 4.2 Different layers of government are involved in the process of transferring properties in Mozambique

Procedure	Agency	Provincial	Municipal	Private sector services	Takes place in all provinces
<b>Preregistration</b>					
Obtain ownership certificate	Property registry (with territorial jurisdiction)	•			✓
Obtain property tax certificate	Municipal tax office or tax authority (Cabo Delgado, Nampula and Tete)	•	•		✓
Draft a sale and purchase agreement	Lawyer's office			•	✓
<b>Registration</b>					
Pay the local transfer tax (SISA)	Municipal tax office		•		✓
Notarize the sales agreement	Notary's office or property registry with notarial function	•			✓
Apply for registration of the transfer of property	Property registry (with territorial jurisdiction)	•			✓
<b>Postregistration</b>					
Update the land use title	Municipal urban planning department		•		
Update the property description for property tax purposes	Municipal tax office		•		
Update the property tax certificate	Tax authority (Cabo Delgado, Nampula and Tete)	•			✓

Source: *Doing Business* database.

The notary's drafting of the deed is one of the fastest steps in the process but even here, efficiency varies. By law, a notary is required to draft the sales deed.<sup>8</sup> The law also makes the notary responsible for checking the ownership certificate, company incorporation certificates and the SISA payment certificate.<sup>9</sup> As a result of a higher workload, coupled with lower capacity, notaries in Tete and Zambezia take five days to issue the deed, while in Inhambane and Sofala they take four. Notaries in the other provinces take two days.

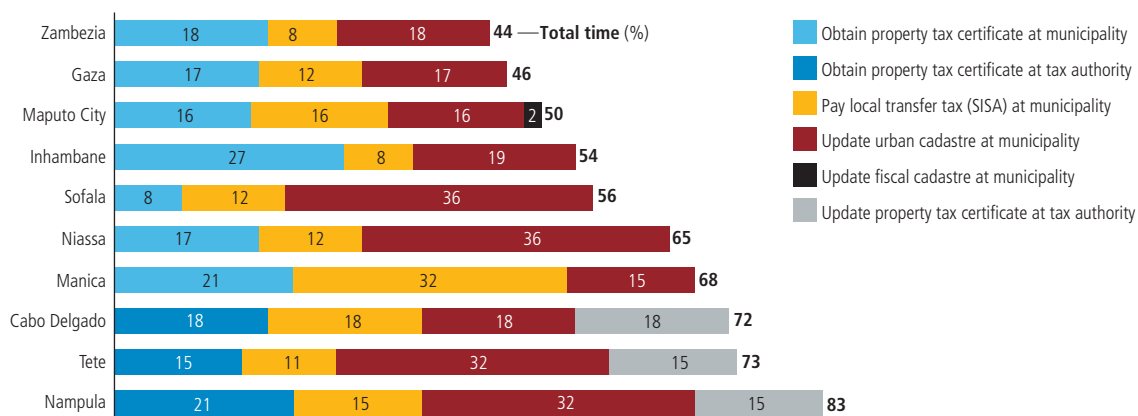
### What are the main drivers of cost?

In terms of cost, municipal fees are the main drivers of differences, particularly in cities where a land use title must be reissued. In Beira, Nampula and Tete, where the title is reissued under the buyer's name, this process costs more than the property registry fees. Maputo is the only city that does not charge for this update; the remaining municipalities charge fees ranging from 0.2% of the property value in Manica to 1.2% in Tete (figure 4.4). Property tax certificates are another source of income for municipalities. Fees

range from 0.04% in Inhambane to 0.2% in Chimoio. In Nampula, Pemba and Tete, the certificate is issued by the tax authority, free of charge.

Notary fees, registration fees and the transfer tax are regulated nationally and are the same across the country. The ownership certificate is obtained at the corresponding property registry and costs 0.05% of the property value (MZN 700, or \$11.40, in the *Doing Business* case study)—the same fee nationwide. Notarizing the public deed costs 0.67% of the property value, and property

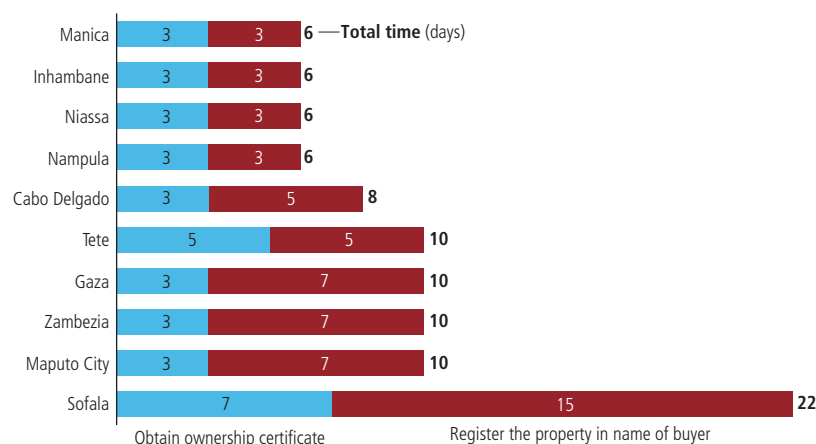
FIGURE 4.2 Time spent complying with municipal and tax authority requirements varies significantly across Mozambique



Source: *Doing Business* database.

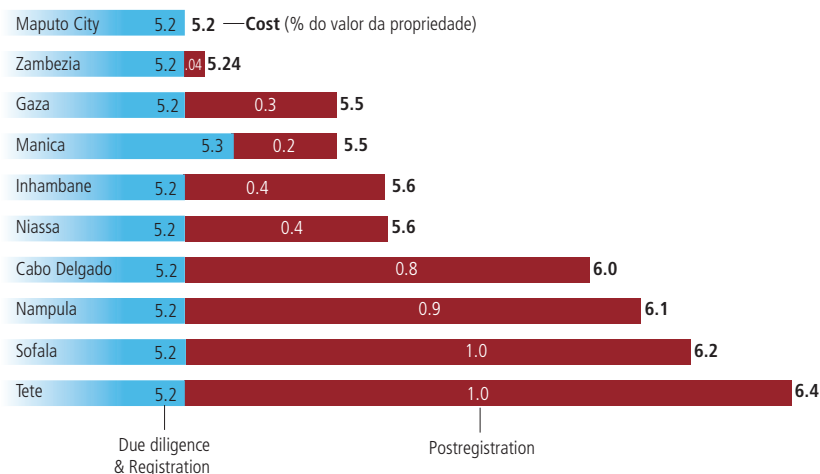


**FIGURE 4.3** While all property registries meet the 30-day legal limit to register property, Sofala underperforms other provinces



Source: *Doing Business* database.

**FIGURE 4.4** Differences in cost are mainly driven by postregistration procedures



Source: *Doing Business* database.

registration ranges from 0.78% to 0.83% of the property value, depending on whether a third ownership certificate copy is required. At 2% of the property value, the transfer tax is the most expensive share of the costs. In 2008 the SISA transfer tax rate was standardized across the country.<sup>10</sup> It is applied to the transaction value or the assessed value of the property, whichever is higher.<sup>11</sup>

Companies generally choose to hire a lawyer, paying legal fees that amount to 1.7% of the property value to guide them through the registration process.

This is the second most burdensome cost in transferring property. Although not regulated, attorney fees do not vary significantly across the country. Most lawyers providing these services are located in the bigger urban areas such as Beira, Maputo and Nampula. From there, they provide services to the nearby provinces.

### Going beyond efficiency—the quality of land administration index

While procedural complexity, time and cost of property registration all matter

for businesses, good urban land management goes beyond efficiency. It ensures property owners a secure title, backed by a reliable urban land management system. A reliable, transparent, complete and secure land administration system is associated with greater access to credit, lower income inequality and lower incidence of bribery at the land registry.<sup>12</sup>

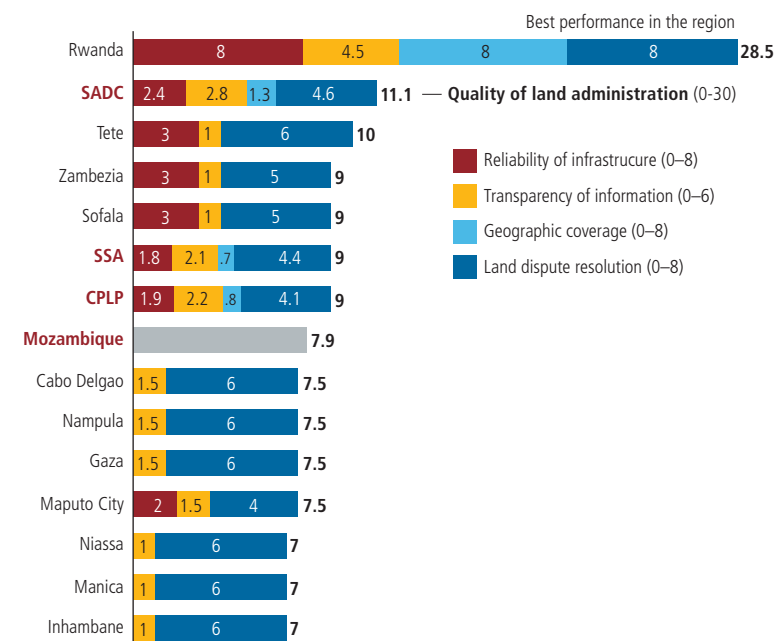
*Doing Business* assesses the quality of this system through five main dimensions: reliability of infrastructure (0 to 8 points), geographic coverage (0 to 8), transparency of information (0 to 6), land dispute resolution (0 to 8) and equal access to property rights (–2 to 0). Results for these dimensions are then added for the overall score on the quality of land administration index.

Quality standards are low across Mozambique, as provinces score between 7 and 10 out of the 30 possible points on the quality of land administration index. Tete (10 points), and Sofala and Zambezia (9 points, each) rank above the Mozambican average on this index, due to the progress they have made in digitizing the cadastre and implementing a geographic information system (GIS). Cabo Delgado, Gaza, Maputo City and Nampula (all 7.5 points) stand out on transparency because of their commitment to deliver a legally binding document proving ownership within a specific deadline. Meanwhile, Inhambane, Manica and Niassa have the lowest score in the quality of land administration index (7 points) due to a paper-based records system and lack of transparency (figure 4.5).

### Reliability of infrastructure

With land and buildings accounting for between half and three-quarters of the wealth in most countries,<sup>13</sup> it is essential for ownership records to be stored safely, without undermining their legitimacy. The gold standard is a fully digital, unified or linked property registry and cadastral mapping system that allows staff to electronically search and update records.

**FIGURE 4.5** Mozambique lags behind on all components of the quality of land administration index



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The graph bars represent the scores on the reliability of infrastructure, transparency of information, geographic coverage and land disputes resolution indexes. The scores on the equal access to property rights also compose this indicator and so are included in the quality of the land administration index's score.

Paper records are vulnerable over time, exposing the database to damage from political unrest or poor climate conditions. Computerizing historical records provides a backup system, protecting the information.

While most property registries in Mozambique still rely on paper records (box 4.2), more advances have been made in relation to the cadastral records. Beira, Quelimane and Tete have digitized most of their cadastral plans (2 points) and implemented a GIS (1 point). While Beira and Quelimane did so with the use of the SiGIT system (*Sistema de Gestão de Informação sobre Terras em Moçambique*)—a GIS developed in 2012 by the Ministry of Land, Environment and Rural Development (MITADER)—Tete digitized its cadastral plans and developed its own GIS in 2016. While all municipalities have access to the SiGIT

system, they must fund its implementation and digitization of records. Maputo has scanned its cadastral plans and—along with Inhambane, Lichinga, Pemba and Xai-Xai—has implemented the SiGIT and begun the transition to fully digital cadastral plans. Other municipalities have taken steps toward going digital but have not yet been successful. For example, in 2011-2013 Nampula set up an electronic system for georeferencing land parcels and issuing land use titles, but due to a lack of resources the electronic system stopped being updated and became obsolete.

In Mozambique there is no link between the three main agencies involved in urban land management—the property registry, urban cadastre and fiscal cadastre—and properties do not have a unique identifier that would allow cross-referencing of information. Earning 3

of 8 possible points, Sofala, Tete and Zambezia are the best performers in this area, followed by Maputo City, which earns 2 points. The other provinces, which have paper-based registries and cadastres, are not awarded any points.

### Transparency of information

Making land-related information publicly available—including fee schedules, time limits for service delivery and statistics on transactions—provides clients with critical information on the transactions they undertake and reduces mistakes and opportunities for bribery. A good practice is for registries and cadastres to make such information publicly available, either online or on a public board. On the transparency of information component, Cabo Delgado, Gaza, Maputo City and Nampula all score 1.5 points (out of a possible 6), while others obtain 1 point. In Mozambique anyone who pays the required fees can obtain information on land ownership at the property registry<sup>14</sup> (1 point). However, accessing cadastral information is limited to interested parties. Documentary requirements for property transfers and fee schedules for both cadastral and property registry services are available only upon request. The Beira, Inhambane, Nampula and Quelimane municipalities have a fee schedule (*Código Municipal de Postura*), but it is not publicly available. Cabo Delgado, Gaza, Maputo City and Nampula (0.5 points) have service charters committing to deliver a legally binding document that proves ownership within a specific deadline. There are neither official statistics tracking the number of specific transactions nor independent, specific mechanisms to file complaints in any of the cadastres or registries.

### Geographic coverage

Globally, only 22% of economies have a land registry that includes all privately held land plots, and 24% have cadastral mapping that covers all private land. Where land registries fall short of complete geographic coverage,

companies and individuals cannot be sure whether the areas not covered are relevant to their interests.<sup>15</sup> None of the Mozambican cities or provinces covered in this study has managed to formally register or map all private properties. Rwanda is the only country in Africa to have successfully documented all land rights. In 2015 Rwanda finalized the demarcation of all 10.67 million land parcels, using a unique parcel identifier through the land tenure regularization process, and entered them into its LAIS digital database. Of these, 85% (9.1 million parcels) have full information on owners. This is a complex feat requiring considerable financial resources, high administrative and technical capacity, and long-term commitment.

#### *Land dispute resolution*

An economy with a sound urban land management system minimizes the number of land disputes by ensuring that clients receive accurate information, provides a state guarantee for registration and compensates parties for losses incurred because of errors by the property registry. It also ensures that an effective, efficient court system exists to handle land disputes. In Mozambique all property sale transactions need to be registered to make them opposable to third parties (1.5 points); the state guarantees the property registration system (0.5 point); and registrars and notaries are in charge of ensuring that transaction documents comply with the law (0.5 point) and checking the transacting parties' identification documents (0.5 point). There is also a national database to check the accuracy of identity documents (1 point).

The state, however, does not have a dedicated mechanism to provide compensation for losses incurred because of erroneous information provided by deeds offices. When land disputes do arise, parties can file claims at the civil section of their provincial court, where cases typically take one to two years to resolve (2 points). In Maputo City it takes

more than three years (0 points), while in Sofala and Zambezia it takes between two and three years (1 point).

#### *Equal access to property rights*

*Doing Business* also assesses whether a person's gender has a bearing on access to property rights. In Mozambique, as in 175 other economies, married and unmarried women have the same ownership rights to property as their male counterparts.<sup>16</sup>

## WHAT CAN BE IMPROVED?

### **Reinforce transparency in the urban land management system**

Thorough and consolidated information on the process of property registration is difficult to find in Mozambique. Municipalities have cadastral fee schedules, but these are mostly incomplete and not publicly accessible. Across all urban land management agencies, information is often diffuse and convoluted, making it difficult to go through the process without the guidance of a lawyer. To reinforce transparency and make information accessible, municipalities could publish fee schedules and distribute brochures. Until 2016 Maputo City distributed a brochure with guidance on the process, which specified the documents that needed to be delivered, the fees charged and the expected time frame. When notary and registry fees were updated in 2016, the brochure became obsolete and fell into disuse.

In addition to producing an updated brochure, provinces should consider launching online portals where information from provincial and municipal agencies is consolidated and guidance is available throughout the property transaction. Around the world, 162 economies publish fee schedules for services offered at the land registry. If a fee schedule is public, it is also likely to be available online. In 137 economies this information can be accessed through a dedicated website. For example, in 2016 Zimbabwe

launched an official website that includes the documentary requirements and fee schedules to complete a land transaction, as well as a specific time frame for delivering legally binding documents proving property ownership. Senegal also introduced a comprehensive website for its land administration system, which includes a list of procedures, required documents, service standards and official fees to complete any property transaction. Authorities in Lagos, Nigeria, publish online the lists of procedures and requirements to register property, as well as the fee schedules for both cadastral and land registration systems. Cameroon published a detailed online manual on how to register property.

The government of Mozambique could also keep stakeholders better informed by publishing statistics on land transactions. Property registries already collect and compile this data, which is shared annually with the Ministry of Justice but is not available externally. The public could also benefit from this information, which could serve as a data analysis tool for policy makers to monitor the real estate market.

### **Provide clarity on fee schedules for registration and notary services at the property registries and online**

The cost of registration in Mozambique is comprised of a multitude of fees, including 0.4% of the property value in the *Doing Business* case study.<sup>17</sup> Other fees—ranging from MZN 250 to MZN 1,500 each (\$4 to \$24.4)—cover such items as each entry or inscription in the registry; the registration certificate of a property transfer; the preregistration study and the request for transfer of the deed. To calculate the fees, registrars must read provisions scattered across different articles of the Property Registry Schedule.<sup>18</sup> This is confusing for registrars and attorneys alike. In fact, in April 2018 the Ministry of the Interior sent a circular to all property registries to standardize and clarify the cost of issuing the

#### BOX 4.2. DIGITIZATION OF PROPERTY REGISTRIES IN MOZAMBIQUE

Maputo City has scanned most of its property registry titles through 2017; however, other provinces still operate a manual system, relying on books to keep ownership information. The government of Mozambique is seeking to change that by laying the foundation for new electronic databases. It recently approved a revision of the Property Registration Code, introducing legislation that allows for electronic registration and a digital property database—the SIRP (*Sistema Integrado de Registo Predial*).<sup>a</sup> The new electronic platform will include all notary and registration data on encumbrances, in addition to cadastral information.

The revised code also intends to increase registration rates by shifting the responsibility of registration from the owner to the notary upon the drafting of the deed. Using the system, the notary must share information on all notarized documents that are subject to registration, including leases, mortgages and transfers. The code, which is effective as of November 2018, foresees a gradual rollout of the automated system, as its successful implementation will depend on having all ownership records in digital format and adequate infrastructure to ensure that notaries and registries are connected to the SIRP. Where conditions do not exist for the automation of procedures, the implementation of the new code will be via the use of standardized records (“*fichas de registo*”) instead of the current book-based system.

a. The *Sistema Integrado de Registo Predial* (SIRP) is included in the new Property Registration Code (Decree-No. 2/2018 of August 23).

### ***The payment of the SISA tax is a major bottleneck in the process of transferring property in Mozambique.***

ownership certificate. Although the law is widely available, the document is 12 pages long and so complex that it is virtually incomprehensible to the lay person. Current fees are a function of not only the transaction value but also the number of pages and lines in the document and the level of assistance required by the parties. To provide clarity, the Ministry could standardize fee schedules for services and include these in service charters, brochures and an online portal for client use. Cameroon, Portugal and Zimbabwe, for example, have a clear property registration cost comprising a single item: the land registration fee.

#### **Streamline the transfer tax payment process**

The payment of the SISA tax is a major bottleneck in the process of transferring property in Mozambique. The transfer tax is an important source of revenue, and the process of paying it should not discourage businesses from participating

in the formal economy. Aside from Mozambique, Brunei Darussalam and Nigeria are the only other economies in the world where the permission of senior officials is required to transfer land.<sup>19</sup> However, Mozambique is the only one where the mayor needs to grant an approval for the payment of the transfer tax. Several locations in Nigeria have started allowing governors to delegate to other officials their power to approve property transfer. In Kano, for example, the authority to grant the consent was passed from the governor to the commissioner of lands, who delegated it further to the permanent secretary for lands. As a result, the time to transfer property in Kano is among the lowest in the country—40% lower than in Lagos.

Under Mozambique’s Municipal Tax Code, the transfer tax is applied to the transaction value or the assessed value of the property, whichever is higher.<sup>20</sup> The code tasks the mayor with reviewing and

approving the assessment of the property value. In Inhambane and Quelimane—the fastest cities—this role has been delegated to officials in the urban planning department. In Quelimane, for example, officials review the transaction value, compare it to the assessed value and issue the payment slip. Within three days after this analysis is complete, the buyer can make the payment. This stopgap measure has helped streamline approvals in practice, but the process still faces potential delays. The authority to review is not fully delegated, since the mayor still reviews all transfers in batches at the end of the month; if he or she disagrees with the assessment, the municipality will request payment of the difference. To streamline the process, the government of Mozambique should consider revising this requirement so that an expert on property valuation is in charge of reviewing the tax assessment, instead of the mayor. As Mozambique continues to computerize processes, municipalities should consider using the SiGIT to create a database of property values and automate property assessments.

#### **Increase digitization of cadastral plans and ownership records**

Over the past eight years, more than 45 economies measured by *Doing Business* computerized their land records. Among them are Rwanda and Kenya (Nairobi). Ten years ago, transferring property in Rwanda took more than a year; today, thanks to the web-based Land Administration Information System implemented in Kigali, the process takes only a week.

The first step towards digitization is having an appropriate legal framework that embraces electronic record-keeping. In August 2018 Mozambique took a major step in this direction with the approval of Decree No. 2/2018. The new law revises the Property Registration Code to modernize and simplify the process. It enables the registries to gradually transition from the current

manual book system to an integrated electronic system by creating the SIRP platform, which will merge all notary and registration data on properties. The new system allows for digital registration and lays the groundwork for the creation of a database of electronic encumbrances, to be managed by notaries and registrars. But to benefit from the electronic system, registries need to digitize all their ownership records. Currently Maputo City has most of its ownership records scanned and is working towards digitizing them so that they are searchable and extractable. In Zambezia the registry has scanners, but it lacks sufficient resources to complete the process.

When it comes to cadastral plans, more progress has been made. Beira, Quelimane and Tete have digitized most of their plots. Beira had the assistance of the Dutch agency Kadaster, whereas Quelimane received support under the Millennium Challenge Corporation's land tenure project. In Tete the process started in 2014 under the auspices of the Ministry of Agriculture with technical assistance from the Republic of Korea, which provided equipment and guidance. Other cities could follow this example and leverage their access to the system to complete the digitization of their cadastral plans. Having ownership and cadastral information in a fully digital format will not only improve the efficiency and quality of services but will also be a stepping stone to the creation of a unified registry, as intended by the new law.

### **Improve coordination among stakeholders by establishing communication systems between the property registry and the municipality**

In Mozambique local-level agencies work in silos, creating an even wider divide between municipal and provincial agencies. Each completes its part of the property transfer process, without coordination and having a limited understanding of the process as a whole. A

### ***A first step toward greater integration and efficiency would be to create a common database or link the existing databases that gather cadastral plans, ownership data and tax records.***

first step toward greater integration and efficiency would be to create a common database or link the existing databases that gather cadastral plans, ownership data and tax records. Such a unified or linked database already exists in 103 *Doing Business* economies around the world.<sup>21</sup>

Currently, property-related information (whether legal, tax-related or local) is managed by different entities, namely the municipal cadastre, the cadastre at the tax authority and the property registry. Those seeking to find information on a property or change records must visit several different agencies, which adds procedural complexity to the process and increases uncertainty, as information on the property and ownership is segmented and paper-based.

In theory, property registries and municipalities should exchange information directly. However, because of a lack of coordination and communication, the property owner essentially acts as a messenger between agencies. While the records are still in paper format, registries could commit to sharing information on ownership transfers with the municipality via courier. In 2014 the property registry of Maputo City started sending copies of updated ownership certificates to the municipality. As recognized by the *Doing Business 2015* report, the reform eliminated two steps from the process of transferring property. However, this was not sustained over time and the practice stopped after a year.

The new Property Registration Code intends to improve coordination between municipalities and registries by requiring that any changes in the cadastral database be communicated electronically to the registrars. To that effect, an online

portal connecting the municipality and property registry would be instrumental in promoting better communication and coordination. In May 2013 Panama introduced such a system to improve communication between the cadastre and the land registry. The land registry was responsible for logging the transaction in the system once the application was filed; the cadastre would then record the buyer as the new party responsible for property tax payments. Panama achieved this before having fully digital ownership and cadastral records.

In the long term, once the transition and establishment of the SIRP and SiGIT is complete, municipalities and registries should consider linking these databases to ensure automated updates and streamlined communication between the agencies. Linked databases could also eliminate several steps in the property registration process by allowing consolidation of information into a unique certificate and enabling automatic update of the tax and urban cadastres upon transfer of ownership.

## **NOTES**

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3. Piza, Caio, and Mauricio José Serpa Barros de Moura. 2016. "The Effect of a Land Titling Programme on Households' Access to Credit." *Journal of Development Effectiveness* 8(1): 129-155.
4. This chapter will use city names when describing procedures done at the municipality and province names for those steps that are overseen by provincial agencies such as the tax authority or property registry.

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6. Ali, Daniel Ayalew, Klaus Deininger and Michael Wild. 2018. "Using Satellite Imagery to Revolutionize Creation of Tax Maps and Local Revenue Collection." Policy Research Working Paper 8437. Washington, DC: World Bank.
7. Article 77 of the Property Registration Code (Decree No. 47/611 of March 28, 1967). The 2018 Property Registration Code revised this time limit to 20 days for registries without an electronic platform (SIRP).
8. Article 875 of Civil Code (Decree No. 47 344 of November 25, 1966).
9. Article 52 Notarial Code (Decree No. 4/2006).
10. Article 102 of Decree No. 63/2008 of December 30 (*Código Tributário Autárquico*).
11. Article 99 of Decree No. 63/2008 of December 30 (*Código Tributário Autárquico*).
12. World Bank. 2014. *Doing Business 2015: Going Beyond Efficiency*. "Registering property: Measuring the quality of land administration systems." Washington, DC: World Bank.
13. World Bank. 1989. *World Development Report 1989*. Washington, DC: World Bank.
14. Article 261 of the Property Registration Code (Decree No. 47/611 of March 28, 1967).
15. Deininger, Klaus, Harris Selod and Anthony Burns. 2012. *The Land Governance Assessment Framework: Identifying and Monitoring Good Practice in the Land Sector*. Washington, DC: World Bank.
16. Articles 35, 36 and 82.1, Constitution of the Republic of Mozambique; Articles 102 and 103, Law of family. In practice, areas not measured by *Doing Business*, such as de facto discrimination and lower literacy rates, can also affect women's access to land.
17. The cost of registration includes 0.4% of property value up to the first MZN 5 million + 0.03% of property value above MZN 5 million. The *Doing Business* case study assumes a property value of MZN 1,289,850 (\$21,000).
18. Articles 1, 3.1, 3.2, 11.2, 11.3, 16 and 23.2 of the Property Registry Schedule (Ministerial Act No. 2/2016 of January 6).
19. In accordance with the Nigerian Land Use Act of 1978, all land within the territory of a state is vested with its governor, thus making his or her consent mandatory for each property transfer.
20. The cost of registration in Mozambique is:
  - (i) 0.4% of the property value up to the first MZN 5 million + 0.03% of the property value above the MZN 5 million +
  - (ii) MZN 250 for each entry in the Registry +
  - (iii) MZN 1,500 for each inscription in the Registry +
  - (iv) MZN 700 for a certificate of registration of transfer of ownership (2 or 3 copies) +
  - 1,000 for the study and organization of the pre-registration process +
  - (vi) MZN 500 for the application +
  - (vii) MZN 250 for verifying title deeds.
21. *Doing Business 2019* database



# Enforcing contracts

## MAIN FINDINGS

- Resolving a commercial dispute is easiest in Manica, thanks to speedy courts and low attorney fees. It is most difficult — and takes the longest time — in Maputo City.
- Most variations across provinces are found in the trial and judgment phase, which takes 130 days in Tete and almost five times that in Maputo City.
- The costs that vary the most are attorney fees. They range from 10% of the claim amount in Manica to 49% in Tete.
- Provinces in Mozambique lag on the quality of judicial processes index. Case management and court automation have the most room for improvement.
- On average, resolving a commercial dispute is slightly faster and cheaper in Mozambique than in the Southern African Development Community.



Outstanding payments are a burden for small and medium-size enterprises (SMEs). They compromise the ability to repay short-term debt and limit the funds available to respond to new business opportunities, hindering growth. One way to obtain payment, especially in the case of a breach of contract, is to file a lawsuit in court. But this makes sense only if justice is efficient. In Maputo City this alternative may not be attractive; the business would have to stay afloat for over two and a half years before a court order is enforced. For large businesses that have higher liquidity, this may be less of an issue. But for an SME, this kind of delay in incoming revenue may lead to a default on its own loans and eventual insolvency. Providing local businesses with the ability to enforce contracts swiftly and effectively is thus essential.

The last two decades have seen a sharp increase in the attention paid to the role of the judiciary in promoting economic development.<sup>1</sup> Just as accessible, transparent and predictable business-friendly regulations are critical to spur economic growth,<sup>2</sup> so too is a well-functioning judiciary with efficient contract enforcement.<sup>3</sup> Economies in which courts can effectively and efficiently enforce contractual obligations have more-developed credit

markets and a higher level of development overall.<sup>4</sup> Sound legal institutions provide firms and investors the confidence that legal disputes will be resolved within a reasonable time, with judicial decisions that are transparent and enforceable.

## HOW DOES CONTRACT ENFORCEMENT WORK IN MOZAMBIQUE?

Under the Mozambican Constitution, courts and their rules and procedures are governed at the national level.<sup>5</sup> The Supreme Court is the highest body of the judiciary, with jurisdiction over the entire country. It oversees court administration, promotes public access to the court system and allocates resources to ensure that courts can deliver their services.<sup>6</sup>

According to *Doing Business* research, to file a commercial claim like the one in the *Doing Business* case study the plaintiff must first go to the registry in the civil division of the relevant provincial court (*Secção Cível do Tribunal Judicial da Província*). From there, the president of each court then oversees the distribution of cases to the judges.<sup>7</sup> Once the case is assigned, the judge orders service of process, which is undertaken by a court officer. The summons is then served, and

the defendant is required to appear for a pretrial hearing. The main goal of the pretrial hearing is to allow the judge and the parties to discuss the facts and the law of the case, narrow down the scope of the dispute and submit or request evidence beyond what has already been filed through the written pleadings.

Once the pretrial hearing is concluded, the judge can either declare the case ready for trial or rule on the merits. If the judge sets the case for trial, this typically involves one or two trial hearings. Upon termination of the hearings—at what is the end of the evidentiary phase—the judge issues a written judgment, and the parties have eight days to appeal. If the time to appeal has expired without the debtor appealing, the creditor requests enforcement of the judgment in the same court that issued the ruling. The same judge oversees the enforcement, and a court officer performs the duties of enforcement agent.

## How does the process compare?

Both the overall time and the cost to resolve a commercial dispute vary significantly across provinces. Enforcing a contract is easiest in Manica, which benefits from the lowest total cost in the country (21.8% of claim value) and has the second fastest total time (380 days).

## WHAT DOES ENFORCING CONTRACTS MEASURE?

### *Enforcing contracts: measuring the efficiency and the quality of commercial dispute resolution*

*Doing Business* measures the time and cost for resolving a commercial dispute through a local first-instance court. The case study assumes that a seller delivers Costm-made goods to a buyer who refuses to pay, alleging that the goods are of inadequate quality. To enforce the sales agreement, the seller files a claim with a local court, which hears arguments on the merits of the case. Before a decision is reached in favor of the seller, an expert is appointed to provide an opinion on the quality of the goods in dispute, which distinguishes the case from simple debt enforcement. *Doing Business* also builds a quality of judicial processes index that measures whether a location has adopted a series of good practices in its court system in four areas: court structure and proceedings, case management, court automation and alternative dispute resolution (see figure).

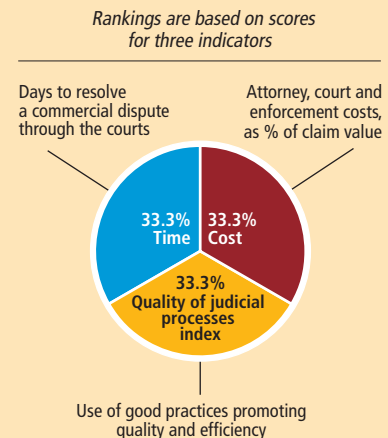


TABLE 5.1 Enforcing contracts in Mozambique –where is it easier?

Province (City)	Rank (1–10)	Enforcing contracts score (0–100)	Time (days)	Cost (% of claim value)	Quality of judicial processes index (0–18)
CPLP		44.04	987.4	45.9	7.5
SADC		47.6	686.6	46.4	7.4
SSA		48.87	655.1	42.3	6.7
Mozambique		54.16	612.5	35.1	7.6
Manica (Chimoio)	1	64.40	380	21.8	7
Nampula (Nampula)	2	58.45	673	23.7	8.5
Niassa (Lichinga)	3	57.37	571	26.6	7
Inhambane (Inhambane)	4	57.05	483	33.9	7
Sofala (Beira)	5	56.52	708	26.3	8.5
Tete (Tete)	6	53.38	348	60.9	8.5
Zambezia (Quelimane)	7	52.74	791	23	7
Cabo Delgado (Pemba)	8	51.53	612	39.2	7
Gaza (Xai-Xai)	9	50.34	610	42.5	7
Maputo City (Maputo)	10	39.78	950	53.3	8.5

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: Rankings are based on the average ease of doing business score for the time and cost associated with enforcing a contract as well as for the quality of judicial processes index. The score is normalized to range from 0 to 100, with 100 representing the best regulatory performance (the higher the score, the better). For more information, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*". The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

It is most difficult in Maputo City, where it takes over two and a half years (950 days) and costs more than half of the claim value (table 5.1). The duration of the trial and judgment phase and the cost of attorneys' legal services are the main sources of variation across locations.

Resolving a commercial dispute at a local first-instance court across the 10 provinces measured takes an average of 612.5 days and costs 35.1% of the claim value. This is two and a half months faster than the average for the Southern African Development Community (SADC) (686.6 days), but slower than Rwanda (at 230 days the second fastest in the Sub-Saharan Africa region), Zimbabwe (410 days) and Kenya (465 days). The cost is on par with South Africa (33.2% of claim value) but substantially lower than the average for SADC (46.4%) and Nigeria (38.9%). On the quality of judicial processes index, Mozambique's performance of 7.6 out of 18 possible

### ***How quickly courts resolve cases depends partly on their resources and caseloads, but the data from provinces in Mozambique suggest that management practices can be even more important.***

points is similar to the SADC average of 7.4 points (figure 5.1).

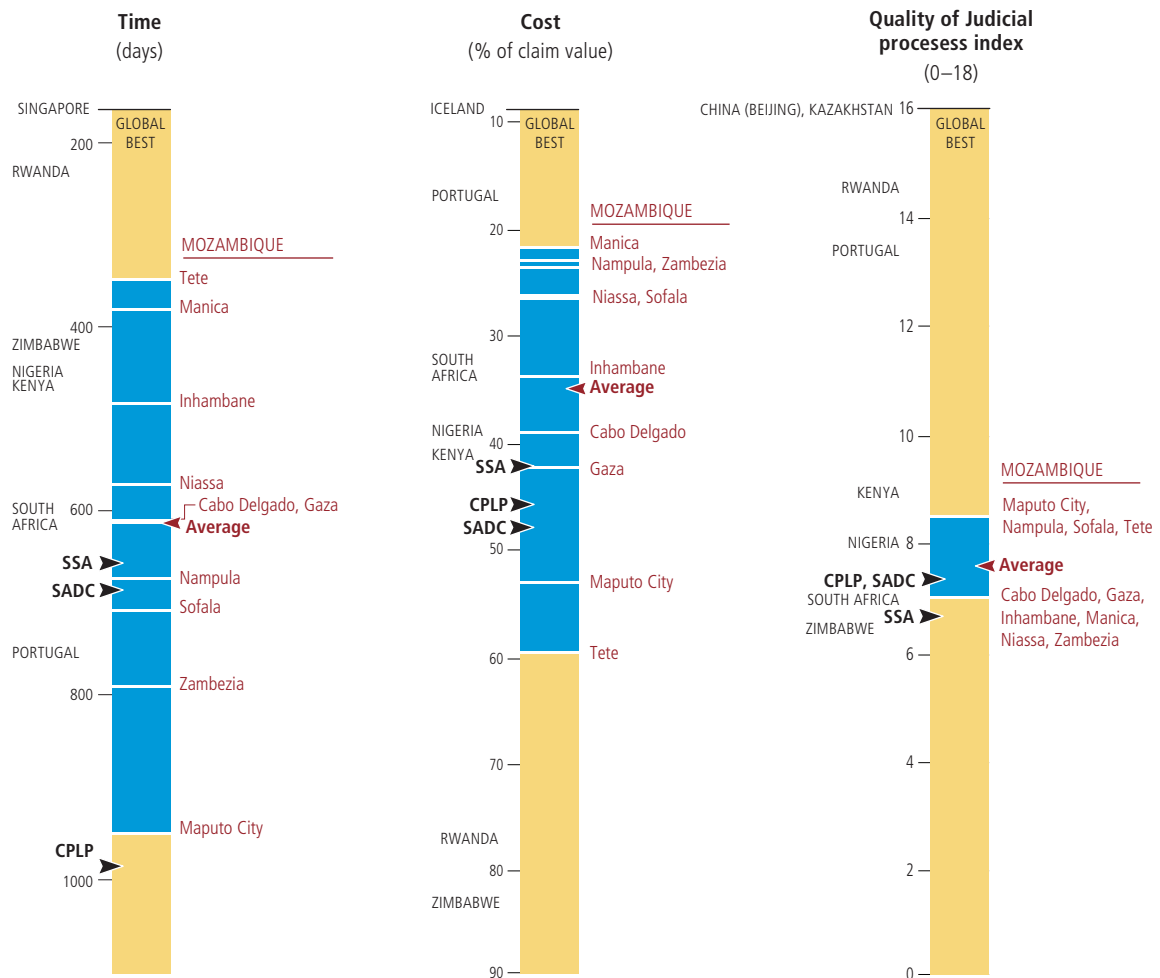
#### **How does the time vary?**

The total time to resolve a commercial dispute and have the judgment enforced ranges from almost a year in Tete to over two and a half years in Maputo City, with the trial and judgment phase taking the most time. How quickly courts resolve cases depends partly on their resources and caseloads, but the data from provinces in Mozambique suggest that management practices can be even more important.

Take Niassa and Nampula, for example. In 2017 the civil division of the Provincial Court of Niassa received 936 cases, 32% more than its counterpart in Nampula.

At courts in both provinces, two judges hear civil cases, and Nampula actually has more court officers assisting the court—eleven compared with only four in Niassa.<sup>8</sup> Yet contract enforcement in Niassa (571 days) is more than three months faster than in Nampula (673 days); Niassa's court cleared 77% of its docketed cases that year, as opposed to 63% in Nampula. The most significant variations are found, first, in the time that it takes the court officer to locate and successfully serve the defendant; second, in the time the judge takes to schedule hearings, declare the case ready for trial and issue the judgment; and finally, in the time the court officer spends to locate, identify and seize the debtor's movable assets (figure 5.2).

**FIGURE 5.1** Enforcing a commercial contract in Mozambique is faster and cheaper on average than in the SADC economies and shows wide in-country variation



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

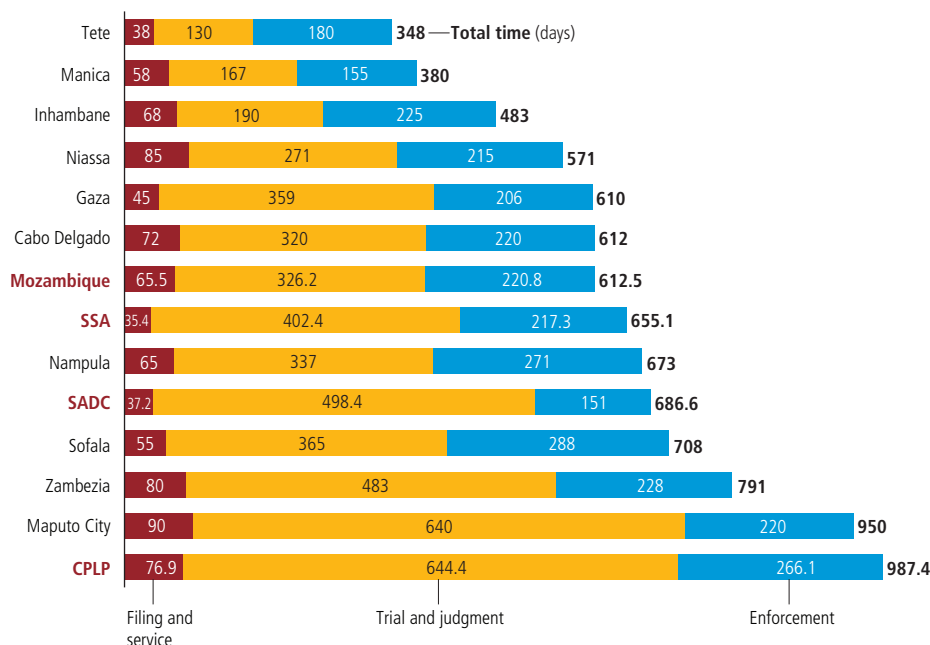
### Filing and service

In Mozambique the filing and service phase is the shortest step in the proceedings, averaging 66 days. The duration depends mostly on how long it takes for the court to issue the summons and for the court clerk to serve process in person and return notice of service to the court registry. The filing stage varies from 38 days in Tete to 90 days in Maputo City. This is much slower than in Namibia, the fastest among the economies of the SADC at only 10 days, followed by 14 days in Zimbabwe and 30 days in South Africa.

The relatively quick service in the case of Gaza (45 days) is attributed primarily to the small population, which makes it easier to locate the seller, whereas in Tete it is due to faster processing and timelier compliance by the court registry with the judge's service order. The filing stage takes longer in Zambezia and Niassa, which have fewer specialized court divisions. Several different factors—delay tactics by the defendant (buyer), the requirement for the court president or an alternate to preside over distribution and assignment of cases,<sup>9</sup> courts' insufficient

resources and court officers' limited training—contribute to delays during filing and service throughout the country.

The most time-consuming step within the filing and service stage is locating and successfully serving the defendant. This takes the court officer between 25 and 45 days. As of 2005 Mozambican law allows for service to be made on any employee of a company.<sup>10</sup> In practice, however, court officers prefer to serve the company's legal representative, who is often not present; thus a second attempt at service

**FIGURE 5.2** The trial and judgment phase takes the longest and accounts for the greatest time variation across provinces

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

is required.<sup>11</sup> A recurring challenge is that certain neighborhoods or streets are not numbered and cities' spatial planning as well as companies' registry records are outdated, which means the court officer must rely on "word of mouth" from acquaintances to locate the defendant. Clerical errors also compound delays. Lawyers say that mistakes in the drafting of the notice—especially when it comes to writing the correct case number or the correct address for the defendant—often result in repeated delivery attempts.

Another recurrent reason for delay is a lack of resources, such as means of transportation and computers. Clerks across provinces commonly rely on rides or irregular transportation to carry out service of process, because courts are not equipped with motor vehicles and public transportation is poor. In Niassa, which has the second longest time for filing and service (85 days) after Maputo City, court officers explained that a recurrent

issue is a shortage of fuel for their transportation. In Zambezia the court officers preparing the summons explained that they must wait for a shared computer to become available, due to the court's limited resources.

#### *Trial and judgment*

The trial and judgment phase averages 326 days, placing the average province in the bottom third of the SADC economies. This is almost three times longer than Rwanda (120 days) and almost twice as long as Cabo Verde (180 days). Trial time varies widely throughout the country, ranging from about four months in Tete to almost two years in Maputo City. The specialized divisions created in the Provincial Court of Tete<sup>12</sup> have allowed for a more equitable and specialized distribution of cases, reducing the number of incoming cases across specific divisions. This has led to more efficient decision-making, fewer judge hours and generally speedier proceedings.

After the parties submit their written pleadings, the judge schedules and holds the pretrial hearing. In Maputo City scheduling this hearing takes on average 45 days, exceeding the statutory time frame of 10 days,<sup>13</sup> and hearings might be scheduled up to seven months in advance. The lengthy delays in scheduling hearings are primarily attributed to the backlog of cases accumulated over the years, a structural and widespread problem in Mozambican lower courts. Delays are also due to attorneys' lack of timeliness in responding to court requests and judges' unavailability to preside over trials—due in part to absenteeism.

When scheduling a pretrial or trial hearing, the judge is required by law to first consult with both parties on the date.<sup>14</sup> In several provinces across the country, such as Inhambane and Tete, judges opt to schedule hearings without consultation a few days after notifying the parties' lawyers; the intent

***Because lawyers sometimes fail to show up for hearings, judges overbook their schedule to mitigate the effect of absences and make sure they get a full day of hearings done.***

is to save resources and time, especially since lawyers often fail to respond to the notices. Any expert testimony is requested in writing by the parties and is delivered either at the pretrial or final hearing. It takes on average five weeks for experts to be appointed and submit their report.<sup>15</sup> The wait for the judge to order the case ready for trial ranges from 10 days in Manica to 80 days in Maputo City,<sup>16</sup> while the time between hearings ranges from 15 days in Tete to 75 days in Zambezia. An additional 95 days are necessary on average for the judge to render judgment; the law sets forth 15 days for this step.<sup>17</sup>

The overall time for the trial stage varies depending on factors such as court congestion, delays in scheduling hearings and frequency of adjournments. Adjournments in the benchmarked provinces are due in part to the unavailability of judges to preside over trials and the lack of law clerks to support the judge with technical work such as analyzing evidence and drafting decisions. Attorneys' occasional lack of diligence and failure to respond to court requests also contribute to delays.

The civil division of the Provincial Court of Zambezia has only one judge hearing civil and commercial claims, and from May 2017 to January 2018 this single judge's position was vacant. During this time all but urgent cases went unheard, aggravating existing delays and increasing the case backlog. According to that court's statistics,<sup>18</sup> 15 cases and 4 enforcement proceedings were closed in 2017, down from 64 and 21, respectively, in 2015. Lack of court infrastructure is also an issue, as judges struggle to find a venue for court hearings. In Tete, for instance, the judge carries out hearings in his own office because the courtrooms are shared

among several judges and waiting times for availability can be significant.

Another recurring issue that causes court delays across Mozambique is inefficient case flow management and administration. The lack of a well-functioning scheduling system leads to different hearings being scheduled for the same judge at the same time. While this is often unintentional, in other instances double-booking happens by design. Because lawyers sometimes fail to show up for hearings, judges overbook their schedule to mitigate the effect of absences and make sure they get a full day of hearings done.<sup>19</sup> The lack of financial and human resources and the problem of judge absenteeism are also issues. Judges do not have a court clerk during the proceedings to screen written pleadings and evidence or to assist in structuring and drafting judgments. Delays in notifying the judgment are also attributed to the fact that court notifications within the city must be made in person.

#### *Enforcement of judgment*

On average, it takes over seven months to enforce a judgment in Mozambique, compared with just five months in the SADC and less than three months in South Africa. The enforcement stage ranges from five months in Manica to more than nine months in Sofala. This period includes all the time required by the court to complete several internal procedures, such as distributing the enforcement application, locating, identifying, physically seizing and appraising the debtor's movable assets, as well as calculating court costs and paying the creditor.

Two factors drive the length of the process and the variation in enforcement: the time it takes to locate, identify and seize<sup>20</sup> the debtor's movable assets, and the time

required to arrange transportation and storage with the creditor—who is typically appointed trustee (55 days on average). Subnational variation shows, however, that enforcement can be substantially faster; in provinces such as Manica and Tete it takes less than one month.

Advertising, organizing and holding the auction of the debtor's movable assets also takes time—41 days on average. The underlying causes for delays are judges' limited availability to preside over the auction and the shortage of courtroom space for hosting it. Court officers also have limited means of transportation for this purpose. Auctions must typically be done twice, due to lack of attendance; few people read newspapers or show up to bid on the seized assets.<sup>21</sup> After the second auction it is most common for the creditor to request payment in the form of the seized property (*adjudicação*).<sup>22</sup>

#### **What are the main drivers of cost?**

The cost to enforce a contract ranges from 21.8% of the claim value in Manica to 60.9% in Tete (figure 5.3). Attorney fees are the largest portion of the costs, averaging 22.4% of the claim value—higher than 10 of the 16 SADC economies.

#### *Attorney fees*

The rules on attorney fees are established in the bylaws of the Mozambique Bar Association. The criteria for determining the fees are qualitative in nature<sup>23</sup> and include time spent on the case and the complexity of the subject matter. This allows for a broad interpretation and wide latitude in billing. Fees range from 10% of the claim value in Manica to five times that in Tete, with the average fee on par with South Africa (22.6%) but twice as much as in Tanzania (10%). Fees are market-driven, and attorneys claim that lower fees are tied to weak demand for legal services, low cost of living and slow economic activity. In Manica, one of the provinces with the lowest GDP in Mozambique, fees are low despite a relative scarcity of lawyers—approximately



**On average, it takes over seven months to enforce a judgment in Mozambique, compared with just five months in the SADC and less than three months in South Africa.**

1 per 8,200 inhabitants. Meanwhile, in coal-rich Tete costs are high even with twice as many attorneys—1 per 4,400 inhabitants.<sup>24</sup> In addition, in provinces that concentrate a lower-income population, a larger portion qualify for representation by the Public Legal Aid Office (*Instituto Patrocínio e Apoio Judiciário* - IPAJ)—even for commercial claims.

### Court costs

Total court costs, including court fees and expert costs, average 5.1% of the claim value, ranging from 3.0% in Zambezia to 9.4% in Maputo City; in the lowest-cost of the SADC economies, Eswatini, this figure is 1.1%. Court fees, most notably the filing fee and the trial fee, are regulated by fee schedules attached to the Code of Judicial Costs and do not vary across provinces. They represent 1.8%

of the claim value. Expert fees comprise most of the court costs and are negotiable, although the Code of Judicial Costs provides different cost tiers depending on the type of expertise; these range from 1% in Zambezia to 7.6% in Maputo City.

### Enforcement costs

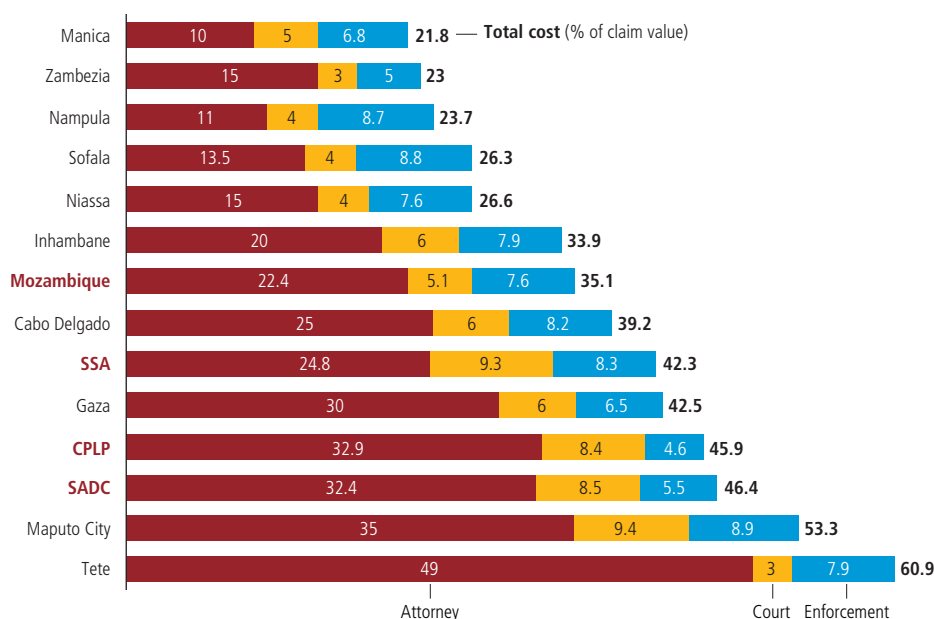
Enforcement costs vary from 5% of the claim value in Zambezia to 8.9% in Sofala, with an average of 7.6% across the country. In Mozambique—unlike, for example, in Angola and Tanzania—this cost is advanced by the plaintiff. The main drivers of variation across locations are the cost of appraisal and transportation of assets.

Although the responsibility of seizing and transporting assets during the enforcement phase belongs to the courts, in

practice the creditor will handle all the related logistics, with the support and oversight of court officers and often the police. This happens because none of the provincial courts measured have adequate space to store seized movable assets or the means to transport them. In Tete, for instance, seized vehicles are stored in an open patio behind the court building, susceptible to deterioration and consequent loss in value. Seized assets are left sealed at the debtor's premises or in most cases transported to the premises of the creditor for safekeeping, upon the latter's request to be appointed as bona-fide trustee (*fiel depositário*). Rental of storage space is not practiced for movable assets such as office furniture. Even if the creditor were to name a third party as *fiel depositário*, the latter is paid only a maximum 5% net income from sales proceeds.

In Sofala the creditor usually hires a private company to provide an appraisal and expert opinions, which accounts for

**FIGURE 5.3** Attorney fees explain the great variance between provinces



CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

***Although the responsibility of seizing and transporting assets during the enforcement phase belongs to the courts, in practice the creditor will handle all the related logistics, with the support and oversight of court officers and often the police.***

the high enforcement costs in this province (8.8% of the claim value). In most other provinces, such as Nampula and Tete, the judge usually appoints the court registrar (*escrivão*) to do the appraisal, which is free. In practice the auction is carried out in the courthouse; thus the plaintiff bears no rental costs. The auction is prepared by the court registrar and conducted by the judge at no additional cost to the parties.

### **Going beyond efficiency—the quality of judicial processes index**

Efficiency and quality go hand in hand. Good judicial quality promotes greater efficiency. Data from economies around the world show that efficient dispute resolution is usually paired with sound institutions, effective case management and court automation tools.<sup>25</sup> The quality of judicial processes index—scored on a scale from 0 to 18—measures whether economies have adopted a series of good practices in their court system in four areas: court structure and proceedings, case management, court automation and alternative dispute resolution. These practices can result in a more efficient and transparent judiciary, greater access to justice, a smaller case backlog, faster and less costly contract enforcement and, in some cases, higher-quality judgments.<sup>26</sup>

Locations measured across Mozambique score 7 or 8.5 out of 18 possible points on this index, on par with the SADC average of 7.4 points. While all locations are subject to the same national regulations, Maputo City, Nampula, Sofala and Tete receive additional points due to the creation of specialized commercial divisions in the provincial courts. Overall, Mozambique has ample room to converge with international good

practices—especially those related to better case management and court automation (table 5.2).

#### *Court structure and proceedings*

The court structure and proceedings index (scored from 0 to 5 points) looks at the existence of dedicated courts or specialized court divisions for commercial cases and simplified procedures for small claims. Each location measured has a small claims court, but citizens generally cannot resolve simple disputes without legal representation<sup>27</sup> (a score of 1). There are various specialized divisions in courts across Mozambique, but only four provinces—, Maputo City, Nampula, Tete and Sofala—have a dedicated commercial division (a score of 1.5). Where a commercial division is not available, commercial litigation proceedings take place in the civil divisions of the courts, with judges adjudicating both commercial and other civil matters. Additionally, case assignment is based on objective criteria but not automated in the competent court (a score of 0.5 out of 1). Lastly, pretrial attachment is available to plaintiffs in all civil and commercial cases (a score of 1).

#### *Case management*

The case management index refers to principles that aim to improve case flow and reduce court backlogs. It includes provisions that enhance transparency and accountability from judges and parties for complying with the legal standards. Mozambique has adopted some recognized case management principles (scoring 2 out of 6 possible points on this index). For example, it makes pretrial conferences available to narrow down issues and make trials more efficient (a score of 1). It has also established legal time limits for at least three key

court events, though the deadlines are respected in less than half of the cases (a score of 0.5). Another important factor: the courts have no limits on the number of adjournments per case. Proceedings can be adjourned at parties' request or by the court, pursuant to a narrow, predefined set of rules—such as when the summoned persons or the lawyers are not present—and these rules are respected in more than half of the cases (a score of 0.5). Each court produces its quarterly and annual performance reports<sup>28</sup>; however, these reports are not publicly disclosed (a score of 0). Lastly, no province has an operating electronic case management system in place for judges or lawyers (a score of 0).

#### *Court automation*

Mozambican courts across the country still lag in automation (0 out of 4 possible points on this index), despite some recent efforts being undertaken in the Maputo City Commercial Court Division. There is no electronic filing, service of process (this must be done in person within the city by the court officer) or payment of court fees. Although some judgments from the higher courts are made publicly available, either through publication in the official gazette or on the website of the Supreme Court, these are very few and cover only certain civil and criminal cases. When government online databases are available, they are generally outdated.

#### *Alternative dispute resolution*

Domestic commercial disputes can be settled through arbitration or voluntary mediation (2.5 out of 3 possible points on this index). Commercial arbitration is governed by a consolidated law encompassing substantially all aspects of arbitration (a score of 0.5). Furthermore, all relevant disputes can be subject to arbitration (a score of 0.5), and arbitration clauses are usually enforced by the courts (a score of 0.5). Both mediation and conciliation are available (0.5 points) and are governed by comprehensive regulation (another 0.5 point). There

**TABLE 5.2** Mozambique has ample room to improve the quality of its judicial processes, especially case management and court automation

		Rwanda (SSA best)	Brazil, Rio de Janeiro (CPLP best)	Mauritius (SADC best)	Mozambique	
					Maputo City, Nampula, Sofala, Tete	Cabo Delgado, Gaza, Inhambane, Manica, Niassa, Zambezia
Court structure and proceedings (0-5)	Specialized commercial court or division	●	●	●	●	
	Small claims court or fast-track procedure		●	●	○	○
	Pretrial attachment	●	●	●	●	●
	Randomized case assignment	○	●	●	○	○
Court structure and proceedings (0-6)	Legal time standards for key events	●			○	○
	Legal limits on adjournments	●			○	○
	Performance reports		●			
	Pretrial conference	●			●	●
	Electronic CMS features for judges	●	●	●		
	Electronic CMS features for attorneys	●	●	●		
Court automa- tion (0-4)	Electronic filing	●	●	●		
	Electronic service	●				
	Electronic payment of court fees	●	●	●		
	Electronic publication of judgments	●	●	●		
Alternative dis- pute resolution (0-3)	Consolidated law for commercial arbitration	●	●	●	●	●
	Limitations on arbitration matters	●	●	●	●	●
	Enforcement of valid arbitration clauses	●	●	●	●	●
	Voluntary mediation	●	●	●	●	●
	Regulation of voluntary mediation	●	●	●	●	●
	Financial incentives for mediation		●			
<b>Quality of Judicial processes index (0–18 pontos)</b>		<b>14.5</b>	<b>14</b>	<b>12.5</b>	<b>8.5</b>	<b>7</b>

● Total ○ Partial

CMS = case management system

CPLP = average for the Community of Portuguese Language Countries

SADC = average for the Southern African Development Community

SSA = average for Sub-Saharan Africa

Source: *Doing Business* database.

Note: Kazakhstan is the global best performer on the quality of judicial processes index, with 16 points, while Singapore is the overall best performer on enforcing contracts. The only difference between Mozambican provinces is in the specialized commercial court or division aspect: Cabo Delgado, Gaza, Inhambane, Manica, Niassa and Zambezia do not have a court or division of a court dedicated solely to hearing commercial cases. For additional information, see the “About *Doing Business* and *Doing Business in Mozambique 2019*” and the “Data notes” chapters. The average for Mozambique is the average of the 10 provinces measured, while the CPLP, SADC and SSA averages are based on economy-level data for those economies.

are no financial incentives for parties to attend mediation or conciliation (a score of 0). The Center for Arbitration, Conciliation and Mediation (CACM) is available only in Maputo City, although ad hoc arbitration tribunals can be created based on demand. Traditionally, these ad hoc tribunals have been set up to resolve labor disputes, and this is still the reality across provinces. The government of Mozambique is implementing several reforms in Maputo City that aim to improve the quality of its judicial system. If proven successful, they

should be deployed beyond the capital to decrease disparities across the country (box 5.1)

## WHAT CAN BE IMPROVED?

It is hard to reform a judiciary, but it is possible—and not all reforms require significant resources. Take the example of Rwanda, which has made big strides over recent years with commitment from its policy makers (box 5.2). Of course, any reform must be tailored to the situation

in each country. Mozambique could take several steps to make the process of resolving commercial disputes more efficient, effective and fair.

## Publish laws and judgments

If a Mozambican lawyer or judge needs to consult a law, he or she must either go in person to the Mozambican national printing press archives (*Imprensa Nacional de Moçambique*), located in Maputo, or request a copy of the law in writing—both for a fee.<sup>29</sup> If a lawyer wants to access a judgment, it is usually

not readily available in the courts' physical archives; hence a request must be made to the court officer for internal processing. Additionally—and in contrast with almost one fourth of all economies in the world and half of the SADC economies—Mozambique has no systematic way of making judgments in commercial cases at all levels available to the public. Making laws publicly available raises citizens' awareness and provides greater understanding of their rights and obligations and how these are protected. This promotes greater compliance while substantiating two of the four generally accepted principles that define the rule of law, namely open government and just laws.<sup>30</sup> All Mozambican laws could be published at the national level—at no cost—on the government portal website (*Portal do Governo*), and the national printing press could make the laws available free of charge on its website.

Access to court decisions is central to a well-functioning judiciary and key to a strong investment climate. Publishing and providing easy access to court decisions enhances transparency and improves the public's trust and confidence in the courts. It can also serve to indirectly promote professional development and build capacity among judges, something that may in turn contribute to improving court efficiency and the quality of decisions.<sup>31</sup> Making judgments available does not necessarily require substantial resources, but it does require internal organization. Mozambique could consider deploying a centralized government gazette database—made available online to the public—to save on time and cost. Courts should be required to periodically send the decisions to this database, and case decisions should be accessible and catalogued efficiently so that they can be easily searched.

### **Enhance training for judges and judiciary support staff**

Mozambique has no ongoing training programs in place for judges and court staff, though capacity-building courses

### ***Having well-trained and qualified court staff to address inefficient time-consuming steps at different stages (such as service of process and drafting of judgment) should be a priority for Mozambican courts.***

have been developed for court officers.<sup>32</sup> Several of these courses were designed at provincial courts but were often suspended or cancelled due to limited availability of funding. Having well-trained and qualified court staff to address inefficient time-consuming steps at different stages (such as service of process and drafting of judgment) should be a priority for Mozambican courts. An institutionalized country-wide program to continuously train support staff would help bridge the current deficits found in internal case processing throughout the trial and enforcement phases.

The aim would be to ensure that judiciary support staff keep up to date with court rules and with improved case management techniques, including computer knowledge and skills. Such a program could also help to progressively reduce outdated practices or customs, such as court officers' routine approach of serving the company's legal representative when the law clearly allows them to serve any of the company's employees. Overall, court staff's better knowledge ensures speedier and more efficient handling of cases. For judges, strengthening expertise in commercial matters can result in faster and less costly contract enforcement, particularly where the commercial caseload is large. Judicial training can prevent ruling errors. A study from the European Bank for Reconstruction and Development (EBRD) found that systematic initial and ongoing training of judges in commercial law, as well as in certain judicial skills such as the preparation of decisions, can increase court predictability and lead to more efficient and effective courts.<sup>33</sup> In the long term, enhanced predictability of court decisions leads to more security for investors and a better business environment.

Training programs for both court staff and judges could be developed and overseen at the national level by the Supreme Court and implemented either by the superior courts of appeal (*Tribunais Superiores de Recurso*)<sup>34</sup> at the regional level or by each provincial court administration (*Tribunal Judicial da Província*), depending on court needs and budget allocation. The Beira Superior Court of Appeals implemented a good practice in 2018; it promoted a course to retrain the judges in its jurisdiction in civil and criminal appeals. This was highly valued by the judges and could be easily replicated in other regions.

### **Consider limiting adjournments and enforcing time limits**

Practice shows that judges in Mozambique tend to be lenient in granting adjournments. As a result, the defendant has incentives to request adjournments to delay the issuance of a final judgment, whereas attorneys on both sides may have incentives to delay the trial to increase their billings. This has negative consequences for both the parties and the courts, given that the financial costs of litigation tend to increase because of the need to prepare and appear for additional proceedings. It also increases the court's effort and costs; clerks must prepare files for each potential hearing, and judges may repeatedly need to prepare for hearings that will not be held.<sup>35</sup> In Rwanda, for example, the rules on adjournments are meant to avoid dilatory tactics. If the judge grants a party extra time and it later turns out the request was not genuine and was meant only to delay the process, the judge can impose damages, which must be paid before the next hearing. According to *Doing Business 2019*, three economies in Sub-Saharan Africa (Cabo Verde, Liberia and Rwanda) consistently enforce the limit of maximum number of adjournments. As for justified adjournments,

### BOX 5.1 THE JUDICIARY IN MOZAMBIQUE HAS TAKEN STEPS TO IMPROVE JUDICIAL QUALITY AND EFFICIENCY

Reforms underway aim to improve the quality of judicial processes. One reform, approved in June 2017, is institutionalizing civil and commercial mediation in courts across the country. It is currently being rolled out as a pilot project in the Maputo City Court,<sup>a</sup> with 15 mediators having already started. Such court-annexed mediation has been widely used in most advanced economies for over 40 years as an alternative method of dispute resolution.<sup>b</sup> Mediation reduces legal costs, prevents future or full-fledged litigation and allows for flexibility in finding a solution based on mutual parties' interests rather than solely on legal rights.

Developing countries increasingly recognize mediation as an efficient, private, flexible and non-adversarial alternative to the formal judicial process<sup>c</sup> to resolve a wide range of issues.<sup>d</sup> Additionally, the Ministry of Industry and Commerce is leading an initiative to install an electronic case management system for judges and lawyers in courts across the country, while the deployment of an integrated judicial process management system (called SIGAJUS) is already operational in the second commercial division of the Maputo City Court. This system enables court officers and judges to search all commercial cases in the database and deal more efficiently with caseloads. In parallel, a draft implementing decree that has yet to be enacted would allow for electronic service of process and court notifications.

On efficiency, the Ministry of Justice is spearheading a proposal to reform the Code of Judicial Costs at country level to streamline the calculation of court costs, enabling greater access to justice, transparency and accountability. The proposal brings forward innovations such as: (i) eliminating progressive court fees (indexed to a percentage of the claim value) and replacing them with a standard fee schedule; (ii) broadening the eligibility base for exemptions; and (iii) calculating court taxes, fines and other charges based on the national minimum wage in force for the public sector.<sup>e</sup>

a. Mozambican law regulates mediation and conciliation under Title III, Law 11/99 of July 8, and Resolution 1/CJ/2017 of August 25. Mediation or conciliation is already carried out across all provinces in Mozambique, although it is limited to labor disputes, driven by demand. Growing demand for civil and commercial alternative dispute resolution justifies the implementation of the pilot project.

b. World Bank. "Three New Guides on Commercial Mediation: Good for Debt Resolution, Good for Governance." Feature Story, November 21, 2017. Mediation Series: Mediation Essentials. Washington, DC: World Bank Group, available at: <https://www.worldbank.org/en/news/feature/2017/11/21/three-new-guides-on-commercial-mediation>.

c. According to the *Doing Business* database, 176 economies recognize voluntary mediation or conciliation as a valid method of resolving contractual disputes, in addition to formal courts.

d. World Bank. "Three New Guides on Commercial Mediation: Good for Debt Resolution, Good for Governance." Feature Story, November 21, 2017.

e. Pursuant to Chapter VII of Law 3/2017 of January 9, on Electronic Transactions.

these should also include the establishment of a reasonably immediate date to reinstate the process.<sup>36</sup> Judges and court staff play an active role from the beginning of the trial, but their full involvement and continuous supervision is a prerequisite for a firm attitude toward requests for adjournments.

Introducing a schedule of procedures—sanctions that could be enforced in the event of noncompliance with an agreed-to procedural timetable for key court events—could prove instrumental in reducing delays. The schedule could be developed by the Superior Council of the Judiciary (*Conselho Superior da Magistratura Judicial* or *CSM*), which has sanctioning power. Mozambican law already sets time limits for some proceedings but in most cases these are not enforced—despite the statutory requirements relating to performance standards for judges and the applicable periodic

reporting obligations. In practice, across the benchmarked provinces it takes more than three months for judges to render judgment, while the law sets forth 15 days. If deadlines for case processing are not established or enforced, courts will continue to be clogged; conversely, if effectively implemented, they save the court and its users time and resources and increase accountability.

Bringing the judiciary and attorneys together could help. The Mozambique Bar Association, in conjunction with the judiciary—namely the Ministry of Justice, Constitutional and Religious Affairs (*Ministério da Justiça, Assuntos Constitucionais e Religiosos*) and the Supreme Court—could consider developing and introducing a joint training module as part of the attorney training and certification process, covering the practical procedural aspects of interaction with the court. The module

should include, for instance, training on completing and filing court forms, as well as on calculating statutory time limits within the scope of civil and commercial proceedings. Drawing on its breadth of experience, the judiciary could prepare and present best-practice studies highlighting the benefits of limiting adjournments, while showcasing and explaining examples of what not to do in terms of dilatory tactics.

#### Streamline the case management system

Provinces in Mozambique lag on good practices related to case management and court automation. Effective case management makes legal services more affordable, as it allows lawyers to spend less time in court and judges to exercise better control over noncompliance with judicial orders and deadlines. Case management is used in about two-thirds of OECD high-income economies, but

### BOX 5.2 OVERHAULING THE JUSTICE SYSTEM: THE EXAMPLE OF RWANDA

In March 2008 Rwanda enacted a law creating four new commercial courts to deal with a wide range of commercial cases—including commercial contracts, bankruptcy, tax disputes and others. A separate law with procedural rules for the new commercial courts introduced strict deadlines for both the parties and the judge, as well as rules on adjournments.

Since then Rwanda has consistently implemented reforms recognized by *Doing Business*.<sup>a</sup> Most notably, it made enforcing contracts easier by implementing an electronic filing system for initial complaints. The ability to file cases online is not only a time-saver for the court, its staff and users; it also improves the quality of judicial systems. It means that lawyers and litigants do not have to come to court to submit all the needed documentation. It also means that courts have all the necessary documents, authentications and confirmed signatures in a legally acceptable format to make the case file record readily available for further processing.<sup>b</sup> In addition, Rwanda introduced an electronic case management system for judges and lawyers, making judgments rendered at all levels in commercial cases available to the public through publication on the judiciary's website.

Simply copying models without translating them to the local reality does not work. Any reform of this size requires political will, resources, pragmatism and a great amount of time. Johnston Businghe, former president of Rwanda's High Court and former Minister of Justice and Attorney General, once pointed out that "if we had waited for the courts to get to the perfect starting point, cases would never be heard. Perfection is only obtainable from a work in progress."

a. For more details on the experience in Rwanda, see *Doing Business* case study in *Celebrating Reforms 2008*. "Rwanda: Pragmatism leads the way in setting up specialized commercial courts." Available at <http://www.doingbusiness.org/en/reports/case-studies/2008/building-specialized-commercial-courts-in-rwanda>.

b. Gramckow, Heike, Omniah Ebeid, Erica Bosio and Jorge Luis Silva Menez. 2016. *Good Practices for Courts: Helpful Elements for Good Court Performance and the World Bank's Quality of Judicial Process Indicators*. Washington, DC: World Bank.

in recent years it is increasingly being adopted in lower-income economies as well. Case tracking, which is one tool that could be used, would allow the court to screen and categorize cases to manage them strategically. Kenya, which introduced such a system in 2010, categorizes cases as small claims, fast track or multitrack, and strategically allocates resources to avoid delays in resolving commercial disputes. South Africa established a Judicial Case Flow Management Committee to identify the key obstacles legal practitioners face in the judicial system and determine how best to address them.

The use of information and communication technology (ICT) in Mozambique is very limited in the courts due to the scarcity of computers and overall ICT infrastructure—currently, court staff take turns using computers—and to unreliable and uneven internet coverage across provinces. Approaches to electronic or web-based tools vary by economy, depending on the priorities of the judiciary and budget allocation. Nonetheless, a gradual approach could be considered for Mozambique. While it is too early to have had any pronounced

impact on time, a pilot integrated judicial process management system (SIGAJUS) is already operational in the second commercial division of the Maputo City Court, enabling court officers and judges to search all commercial cases in the database and deal more efficiently with their caseloads. As a medium-term goal, this initiative could be replicated across the country and complemented by implementation of e-filing and e-payment capabilities.<sup>37</sup> This could be implemented as a joint initiative by the Supreme Court and the Ministry of Industry and Commerce.

Rwanda and Tanzania, two countries with income per capita below \$1,000, have started computerizing their courts. Tanzania, which scores 0.5 points on both case management and court automation, has received funds from several donors to provide the judiciary with modern information technology—including computers and digital court recording equipment—as well as training for judges and staff. In fact, computerization has proved to have many benefits for the judiciary, such as improving the quality of research by judges.<sup>38</sup> The Rwandan Supreme Court, under its

strategic plan, has recruited new court officers well-trained in the use of information technology. The country now has an e-filing system, an electronic records management system and a legal information portal.<sup>39</sup>

### Use process mapping to identify bottlenecks in the court system

In Mozambique the trial and judgment time is the most cumbersome phase and the one with the most variation across provinces. Some relatively economical actions can make a difference. One of them involves doing process mapping to analyze the dynamics of how cases are internally undertaken and to diagnose bottlenecks and inefficient procedures, from filing to enforcement. This exercise would help identify unnecessary administrative tasks performed by judges—such as organizing and presiding over the public sale of debtors' assets or presiding over case distribution—which could be handled exclusively by administrative staff. In Namibia sheriffs are tasked with facilitating the auction to recover the amount stipulated in the writ of execution. In Brazil cases are randomly assigned to the judge through an electronic system,



thus freeing up the court's staff from this bureaucratic step.

Reducing the number of nonjudicial functions that judges are required to perform would help judges redirect their efforts toward improving the quality of judgments by concentrating on adjudication. Process mapping should be followed by the relevant reforms to the Code of Civil Procedure, given that the existing unnecessary procedures stem from statutory requirements. Each court should undertake this exercise individually to reflect the reality of the different management systems in place throughout the country.

### Increase judges' accountability through periodic judicial inspections and performance statistics

To ensure an efficient judiciary, it is critical to have judges that deliver. For this to happen, judges not only require adequate resources, but they also need to be held accountable for timeliness and quality of service. Promoting and enhancing periodic judicial inspections would aid in identifying budgetary priorities and courts' and judges' financial needs. These inspections would thereby help ensure adequate budgetary allocations to address both the timely transfer of judges and the prerequisites for their long-term placement.<sup>40</sup> Judicial inspections already exist under Mozambican law but are not carried out by the Superior Council of the Judiciary.<sup>41</sup>

Periodic judicial inspections would also stimulate greater compliance with judges' performance standards and evaluation objectives. To go further, disseminating performance reports and results to the public is also a good practice. This could be done by publishing the reports on the Superior Council of the Judiciary's website. It is not just a matter of making courts more transparent; it is about having a tool to display courts' commitment to good performance and to greater accountability to the public.

## NOTES

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- Moscoco Boedo and Mukoyama 2012.
- Esposito, Lanau and Pompe 2014; Dakolias 1999; Ball and Kesan 2010; Klerman 2006; Dam 2006; Rosales-López 2008.
- Dam 2006.
- Article 23, Constitution of Mozambique, 2004.
- Law 24/2007 of August 20, Article 39.
- The claim goes to the civil division because the minimum threshold for the commercial divisions of provincial courts excludes commercial claims such as the one assumed in the *Doing Business* case study.
- This information was provided by the Statistics and Judicial Information Units of the Provincial Court of Nampula and the Provincial Court of Niassa and is current as of August 2018.
- Article 214, No. 1, Code of Civil Procedure.
- Article 234, No. 4, Code of Civil Procedure.
- Article 234, No. 3, Code of Civil Procedure.
- Specialized divisions were created to address subject matter claims such as labor, family, parental and minors' rights.
- Article 508, Code of Civil Procedure.
- Article 156-A, Code of Civil Procedure.
- The parties have five days to comment on the expert report once notified by the court.
- The parties have five days to contest the factual basis made by the judge in the order declaring the case ready for trial; this can be done by submitting new evidence, for example, or amending previously submitted evidence.
- Article 658, Code of Civil Procedure.
- These figures were provided by the Statistics and Judicial Information Unit of the Provincial Court of Zambezia and are current as of August 2018.
- According to both judges and lawyers, the court often opts to schedule hearings without consulting the parties because the parties or their lawyers are traditionally not very responsive to this request—either due to their own unavailability or a failure to reach agreement between themselves for a specific date within a reasonable time frame acceptable to the court. Scheduling conflicts are common across provinces and are attributed to the lack of physical space in the court (for example, in Nampula only two courtrooms are available for nine divisions) and the disorganization of courts' physical archives, which hinders consultation and sharing of cases.
- Pretrial attachment is not a widespread practice for assets with a low value or in small quantity, as in the *Doing Business* case study, so judicial seizure of assets takes place at the enforcement stage.
- The law does not include a "minimum notice" time frame for publication in newspapers (Article 890/1, Code of Civil Procedure), although a 10-day minimum statutory time frame is required for the posting of public notices ahead of the sale (*Editais*) and a longer time frame is usually afforded to attract as many interested buyers as possible.
- If the assets sold are not enough to cover court, enforcement and debt costs, the creditor must list more assets and request that another sale be organized by the court.
- The criteria are as follows: time spent, complexity of the subject matter, importance of the service rendered, place of the provision of services (on site or within the professional domicile of the lawyer), Costmary practice for similar cases, the possessions of the interested parties and the final result obtained.
- Source: National Institute of Statistics, 2017 census. Mozambique Bar Association. <http://www.oam.org.mz/advogados-inscritos/>.
- World Bank. 2016. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. Washington, DC: World Bank.
- World Bank. 2016. *Doing Business 2016: Measuring Regulatory Quality and Efficiency*. "Enforcing contracts: Measuring good practices in the judiciary." Washington, DC: World Bank.
- Article 32, No. 1, Code of Civil Procedure.
- The contents of these reports include, among other things, relevant case statistics and results, identification and breakdown of the court's financial and human resources, individual performance of judges (including relevant assessment criteria or benchmarks) and reporting on the conditions of the court's movable and immovable assets, allocation of financials from revenues obtained in the period and recommendations to address pending cases.
- There are also private service providers (such as Pandora Box) that publish the laws electronically for a subscriber fee.
- The World Justice Project defines the rule of law as comprising four universal principles: accountability, just laws, open government, and accessible and impartial dispute resolution. See <https://worldjusticeproject.org/about-us/overview/what-rule-law>.
- Gramckow, Heike, Omniah Ebeid, Erica Bosio and Jorge Luis Silva Menez. 2016. *Good Practices for Courts: Helpful Elements for Good Court Performance and the World Bank's Quality of Judicial Process Indicators*. Washington, DC: World Bank.
- Most of these courses were financed by international cooperation partners that operate in the justice sector in Mozambique, namely the Danish International Development Agency (Danida), UNICEF and the European Union. Source: Court Strategic Plan 2016-2020, Republic of Mozambique. 2016.
- Colman, Alan. 2011. "Court decisions in commercial matters: an EBRD assessment." *Law in transition 2011*. European Bank for Reconstruction and Development, available at: <https://www.ebrd.com/documents/legal-reform/court-decisions-in-commercial-matters-an-ebrd-assessment.pdf>.

34. Mozambique has three superior courts of appeals, each of which has jurisdiction over several provinces: *Tribunal Superior de Recurso de Maputo* (Maputo, Maputo City, Inhambane and Gaza); *Tribunal Superior de Recurso de Beira* (Manica, Sofala and Tete); and *Tribunal Superior de Recurso de Nampula* (Nampula, Niassa, Zambezia and Cabo Delgado).
35. Gramckow, Heike, Omniah Ebeid, Erica Bosio and Jorge Luis Silva Menez. 2016. *Good Practices for Courts: Helpful Elements for Good Court Performance and the World Bank's Quality of Judicial Process Indicators*.
36. Laws, Edward. 2016. "Addressing case delays caused by multiple adjournments." Governance and Social Development Resource Centre. Helpdesk Research Report.
37. Computerizing the courts is not something that happens overnight. In Korea, where courts are now fully computerized, the process started in the late 1970s with the creation of a database of cases flowing through the courts. In the early 1980s word processing software was introduced to support judges in writing judgments. In 1986 a case management system was launched. Soon after, a master plan for creating e-courts was conceived—and this was followed by steps to make the case management system accessible to external users, add electronic signatures and digital certificates to the system and make real-time national data on court activities available. Finally, in 2010 Korea launched an electronic case filing system. The system enables some judges to adjudicate up to 3,000 cases a year, manage up to 400 a month and hear up to 100 pleas a month. Sources: *Doing Business* research; interview with Korean Judge Hoshin Won, Daegu District Court, Seoul.
38. Ramadhani 2010.
39. Courts with limited resources will rarely be able to advance their own ICT solutions unless they can build on government-wide ICT infrastructure.
40. Article 24 of Law 7/2009 of March 11, as amended by Law 3/2011 of January 11, approving the Judicial Magistrates Charter, sets forth that transfer and placement of judges shall be effected with preference for official service needs and minimum disruption to the personal and family life of the person concerned. Article 43 of the Charter lists judges' rights and benefits.
41. Court Strategic Plan 2016-2020, Republic of Mozambique. 2016. See also Resolution 6/CSMJ/P/95 of November 20, 1995.





# Trading across borders

## MAIN FINDINGS

- High border compliance costs are the main obstacles for traders in Mozambique, particularly when it comes to importing. Fees related to the electronic single window system for international trade and the scanning inspections impose a heavy burden for traders.
- While port and border handling times tend to compare favorably at the regional level, exporters face long waits to complete customs and non-customs procedures.
- Trading through the Ressano Garcia land border crossing is the easiest and compares favorably with trading across neighboring countries' land borders, reflecting the success of the one-stop border post pilot project. Deepening regional cooperation may bring further improvements to Mozambique's land border crossings.
- Six years after the implementation of the electronic single window, the time and cost to comply with all documentary requirements for exporters and importers in Mozambique is lower than the average for Sub-Saharan Africa, but there is still room for improvement.
- Developing the electronic single window as the main pillar of the trading process would further the transition to a fully paperless environment and move Mozambique toward integrating all the key stakeholders, removing the mandatory use of customs brokers, applying efficient risk-based management, limiting personal interactions and reducing trading costs.

Trade has always been a fundamental part of life in Mozambique, given its strategic location along Africa's southeastern coastline. More than a thousand years ago, the historical Mozambican trading ports of Chibuené and Angoche allowed Swahili and Muslim traders to develop trade routes that ran more than 1,500 kilometers inland, connecting the hinterland to the Indian Ocean trade network.<sup>1</sup> Today Mozambique's trade corridors connect its major ports to the inland provinces and neighboring countries,<sup>2</sup> integrating Southern Africa in regional and global trade networks (box 6.1).

Despite its strategic location, Mozambique has yet to realize its full trade potential. The civil war, which ended in 1992, marked a period of instability that disrupted Mozambique's role in international trade. Since then, the country has moved to position itself as a key international trade hub, adopting trade facilitation measures—including decreases in tariffs, rehabilitation of transport and border infrastructure, and implementation of several capital-intensive megaprojects linked to its rich natural resources, such as the Mozal aluminum smelter. The trade of goods and services

**To achieve its full trade potential, Mozambique must further enhance trade facilitation and create the conditions for the private sector to supply goods competitively and access new regional and global markets.**

has become increasingly important to the Mozambican economy, representing over 100% of GDP since 2012.<sup>3</sup>

However, inefficient customs procedures, high administrative fees associated with customs clearance and the high cost of doing business for transport and logistics service providers are still a burden for small and medium-size companies that want to compete globally.<sup>4</sup> Research has shown that transport delays between origin and destination, including those caused by customs, generate negative impacts on trade performance.<sup>5</sup> Studies focusing specifically on Sub-Saharan Africa observed similar impacts on the region's exports<sup>6</sup> and economic growth.<sup>7</sup> Facilitating trade not only benefits major players; it also fosters the ability of small and medium-size companies to participate in international trade, generating economies of scale and enabling their integration into regional and global value chains.<sup>8</sup> To achieve its full trade potential, Mozambique must further enhance trade

facilitation and create the conditions for the private sector to supply goods competitively and access new regional and global markets. The country's ratification of the World Trade Organization's Trade Facilitation Agreement (WTO-TFA) in January 2017, along with recent business-regulation reforms, are steps in the right direction.

### How does the process compare?

Considering trade by sea, Mozambique's measured ports tend to outperform neighboring ports in Tanzania and South Africa. The exceptions are Port Elizabeth and Ngqura in South Africa, which are cheaper and faster in complying with border requirements—especially in exports (80 and 84 hours, respectively, for a cost of \$451)—and also cheaper in complying with documentary requirements. With an average trading across borders score of 64.05, the measured ports in Mozambique surpass the ports of Durban (South Africa), at 59.64 points, and Dar es Salaam (Tanzania), at

TABLE 6.1 Case study assumptions

	Beira (seaport)	Maputo (seaport)	Nacala (seaport)	Ressano Garcia (land border crossing)	Doing Business (Maputo, seaport for exports/Ressano Garcia, land border crossing for imports)
<b>Export</b>					
Product	HS 38 – Miscellaneous chemical products (coal)	HS 17 – Sugars and sugar confectionery (sugar)	HS 07 – Edible vegetables and certain roots and tubers (pigeon peas)	HS 17 – Sugars and sugar confectionery (sugar molasses)	HS 76 – Aluminum and articles thereof (aluminum)
Trade partner	India	Portugal	India	South Africa	Netherlands
<b>Import</b>					
Product	HS 8708 - Parts and accessories of motor vehicles (auto parts)				
Trade partner	China			South Africa	
<b>Domestic transport</b>					
Business city	Beira	Maputo	Nacala	Maputo	

Source: Doing Business database.

Note: To identify the export product and trading partner for Mozambique, Doing Business collects data on trade flows for the most recent four-year period from the United Nations Commodity Trade Statistics Database (UN Comtrade). To identify the export products and trading partners for Mozambique locations in the subnational Doing Business in Mozambique 2019, data from the National Institute of Statistics (Instituto Nacional de Estatística, INE) were used. See box below—What does trading across borders measure?—for more details.



**WHAT DOES TRADING ACROSS BORDERS MEASURE?**

*Doing Business* measures the time and cost (excluding tariffs) associated with the logistical process of exporting and importing goods. It assesses three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods (see figure). The methodology accounts for good practices in trade facilitation such as the use of customs unions and trade agreements.

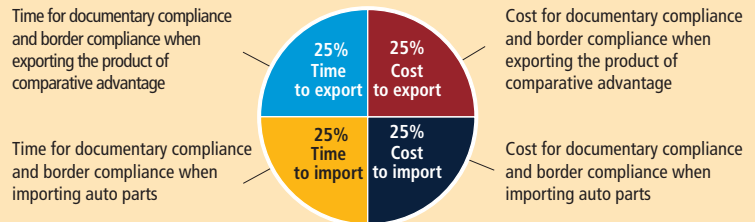
*Doing Business in Mozambique 2019* adopts the *Doing Business* approach to measuring trade processes and applies it to Mozambique’s three major seaports—Beira, Maputo and Nacala—and the most important land border crossing in terms of volume and value of traded goods, Ressano Garcia (table 6.1). It measures the ease of trading across borders based on an import and export case study for each of these locations.

The *Doing Business* methodology assumes that each economy exports the product of its comparative advantage to its natural export partner—the economy to which it sells the largest value of such goods. *Doing Business* assesses Mozambique’s most exported product (HS 76 - aluminum and articles thereof, under the Harmonized System classification code), traded with the Netherlands via a dedicated terminal at Maputo port. To complement this analysis and show a more comprehensive picture of that port’s performance, this subnational report uses data based on Maputo port’s second most exported product (HS 17 - sugars and sugar confectionery), traded with Portugal. The other benchmarked locations are measured based on their leading export product (table 6.1).

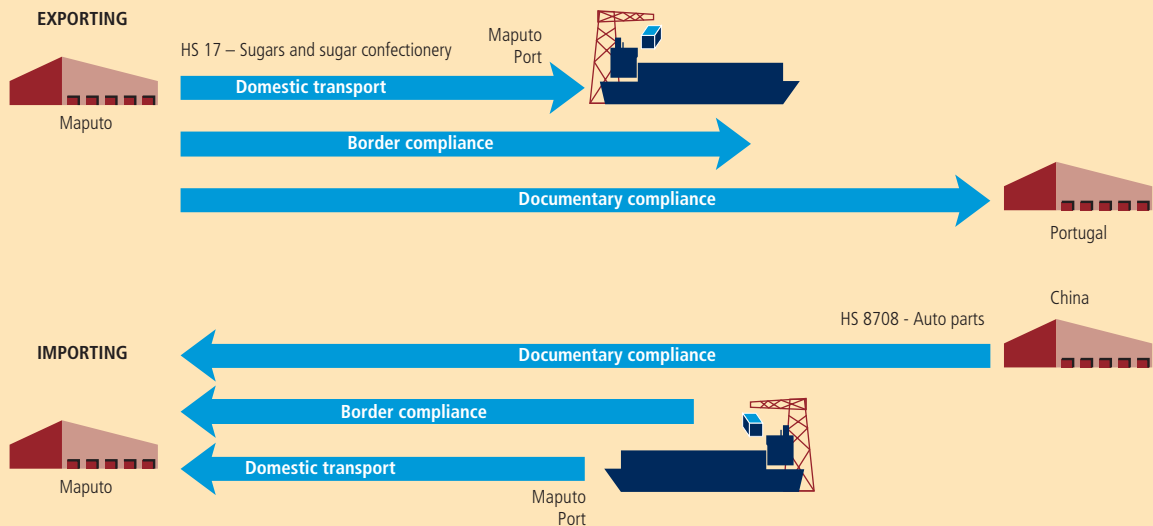
For imports, the case study assumes that traders are bringing in a standardized shipment of 15 metric tons of containerized auto parts (HS 8708) from each location’s natural import partner. In the case of the three measured seaports, that is China; in the case of Ressano Garcia, the natural import partner is South Africa. (On an economy-wide level, *Doing Business* assumes that Mozambique is importing auto parts from South Africa through Ressano Garcia, so the case studies on imports through this border crossing are similar for the *Doing Business* report and this subnational report.)

**Trading across borders: time and cost to export and import**

Rankings are based on scores for eight indicators



**The process of exporting and importing goods—the case of Maputo port in *Doing Business in Mozambique 2019***



Source: *Doing Business* database.

### BOX 6.1 MOZAMBIQUE'S TRADE CORRIDORS ARE KEY ASSETS FOR THE REGION

Trade corridors support regional integration and access to global markets.<sup>a</sup> These corridors lie along transport and logistics networks—extensive road and rail systems that connect landlocked production areas to seaports.<sup>b</sup> They are shaped by coordinated investments in soft and hard infrastructure, usually anchored in megaprojects such as extractive industries.<sup>c</sup> Due to its geographical location and abundant natural resources, such as coal, Mozambique has been at the forefront of integrated trade corridors in Southern Africa. These transport networks connect production areas inland—especially Mozambique's landlocked neighbors and South Africa—to its three main seaports: Beira, Maputo and Nacala.

The Maputo Development Corridor (MDC) connects Maputo port to the Gauteng region in South Africa by railway and highway systems. Officially created in 1996, it has turned the Maputo port into the busiest multipurpose port in Mozambique, with a special emphasis on bulk cargo due to the connection to South Africa's mining regions and to the Mozal aluminum smelter, a joint venture between Mozambique and South Africa.<sup>d</sup> Likewise, the border post at Ressano Garcia has benefitted from new facilities and increased coordination between Mozambique and South Africa—including the one-stop border post project—and has become one of the busiest in Southern Africa.

The Beira Corridor connects Beira port to Mozambique's interior and to Zimbabwe. Over the past decade Beira port and its connecting railway lines have been rehabilitated, a process driven by the Moatize coal mines (Tete) and agricultural growth projects. As a multipurpose port, it has gained relevance in the container freight business to and from Zambia and Zimbabwe. However, it is a shallow tidal port with a 30-kilometer-long access channel that requires constant dredging to allow the navigation of ocean-going vessels.<sup>e</sup> These limitations generate delays, particularly for bulk cargo, and lead to higher maintenance costs.

The Nacala Corridor connects Nacala port to Malawi, Zambia and the provinces of Tete and Niassa. Nacala is the newest of the main ports and one of the deepest-water ports in East Africa, making it appropriate to handle bulk cargo for large vessels, especially coal. With no access constraints for large ocean-going vessels, Brazilian company Vale opted for Nacala as the preferential port for its coal exports. Thanks to its favorable features and its role in unlocking the economic potential of the region, the Nacala Corridor has recently received major investments.<sup>f</sup> But as the smallest of the three main Mozambican ports, Nacala has constraints in terms of expansion; it is enclosed by urban areas and existing infrastructure. It also lacks ship-to-shore container cranes. Loading and unloading operations can be conducted only by the ships' cranes, with reduced efficiency.

a. Kunaka, Charles. 2010. *Logistics in Lagging Regions: Overcoming Local Barriers to Global Connectivity. A World Bank Study*. Washington, DC: World Bank

b. Hope, Albie, and John Cox. 2015. *Topic Guide: Development Corridors*. London: Coffey International Development.

c. Domínguez-Torres, Carolina, and Cecilia Briceño-Garmendia. 2011. *Mozambique's Infrastructure: A Continental Perspective*. Policy Research Working Paper, No. 5885. Washington, DC: World Bank.

d. The port of Maputo's role was diminished during the civil war, as its infrastructure collapsed, and volumes were diverted to its competitors—mainly the ports of Durban and Richards Bay but also Ngqura and Port Elizabeth.

e. Rasagam, Ganesh, Michael Engman, Tugba Gurcanlar and Eneida Fernandess. 2014. "Mozambique's Development Corridors: Platforms for Shared Prosperity." In Ross, Doris C. (editor), *Mozambique Rising: Building a New Tomorrow*. Washington, DC: International Monetary Fund, pp. 87-97.

f. These are among the biggest infrastructure investments in Africa, amounting to more than \$3 billion in the 2013-17 period. USAID Speed Program. 2018. *Nacala Corridor and Port Performance Assessment: February 2018 Draft Final Report*. Available at: [https://www.agenceecofin.com/files/31/Hebdo/176/Ecofin-Hebdo-1-2018-02\\_-\\_USAID\\_-Nacala-Corridor-Draft-Final-Report-2018-02-12.pdf](https://www.agenceecofin.com/files/31/Hebdo/176/Ecofin-Hebdo-1-2018-02_-_USAID_-Nacala-Corridor-Draft-Final-Report-2018-02-12.pdf).





TABLE 6.2 Time and cost for border compliance and documentary compliance for Mozambique's benchmarked locations

	Trading across borders score (0-100)	Export				Import			
		Border compliance		Documentary compliance		Border compliance		Documentary compliance	
		Time (hours)	Cost (USD)	Time (hours)	Cost (USD)	Time (hours)	Cost (USD)	Time (hours)	Cost (USD)
OECD high income	94.21	13	139	2	35	8	100	3	25
Mozambique ( <i>Doing Business</i> )	73.84	66	602	36	160	9	399	16	60
Mozambique (average)	68.37	100	441	35	135	41	649	27	113
SADC	61.46	85	654	64	195	102	636	57	188
Sub-Saharan Africa	53.59	97	606	73	169	126	684	98	284
SADC (by sea)	49.91	106	896	73	206	151	1,021	84	272
Sub-Saharan Africa (by sea)	47.70	116	819	81	191	146	877	99	289
Ressano Garcia	81.31	79	245	16	70	9	399	16	60
Beira	68.40	52	335	40	170	84	710	36	140
Maputo	62.92	130	500	36	160	34	815	25	125
Nacala	60.85	140	685	48	140	36	670	30	125

Source: *Doing Business* database.

Note: Rankings are based on the average ease of doing business score associated with trading across borders. The scores are the simple average of the scores for border compliance and documentary compliance. The score is normalized to range from 0 to 100, with 100 representing the best regulatory practices (the higher the score, the better). For more information, see the chapter "About *Doing Business* and *Doing Business in Mozambique 2019*" and the "Data notes". The averages for Mozambique are based on the data for three seaports (Beira, Maputo and Nacala) and the Ressano Garcia border crossing. The averages for OECD high-income economies are based on economy-level data for 34 economies, 13 of which export by sea and 8 of which import by sea. The Sub-Saharan Africa averages are based on economy-level data for the 48 economies in Sub-Saharan Africa, 29 of which export by sea and 29 of which import by sea. The SADC averages are based on economy-level data for the 16 economies of the Southern African Development Community, 10 of which export by sea and 8 of which import by sea.

20.21— their direct competitors—with lower fees and shorter delays.

Mozambique compares favorably with the average of the Southern African Development Community (SADC) economies trading by sea and land; with cheaper and faster compliance with documentary requirements, it trails only OECD high-income economies (table 6.2). This holds true when comparing Ressano Garcia (with a trading across borders score of 81.31) with its neighbors that trade by land, such as Malawi (65.29 points), Zambia (56.88) and Zimbabwe (54.34). This reflects the success of Ressano Garcia's one-stop border post project.

A more granular look at the data, however, shows that the Mozambican ports' efficiency, as measured by *Doing Business* indicators, is held back by high border compliance time for exports and cost for imports (figure 6.1).<sup>9</sup> First, in terms of border requirements when exporting by sea—a category that includes dealing with customs regulations, inspections by

### Considering trade by sea, Mozambique's measured ports tend to outperform neighboring ports in Tanzania and South Africa.

various agencies and port and terminal handling—Mozambique's average compliance time (107 hours) is in line with the average for SADC economies exporting by sea (106 hours) and considerably longer than that of South Africa (94 hours on average) and Tanzania (96 hours).<sup>10</sup>

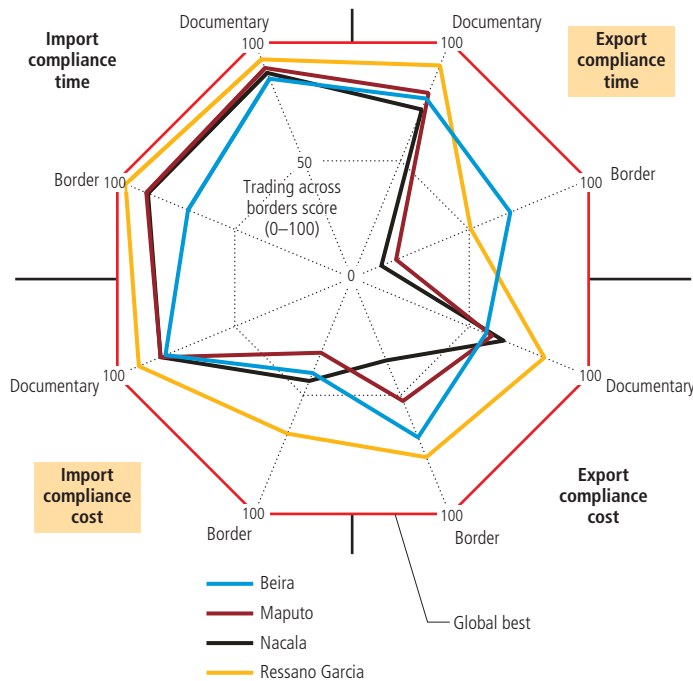
This average compliance time is also longer than for the aluminum exports from Maputo port measured by *Doing Business*. It is easier to export aluminum than sugar from Maputo port because the major exporting company, Mozal, operates its own dedicated aluminum port terminal. Additionally, aluminum does not require phytosanitary certification, unlike sugar exports.

Second, Mozambique's average border compliance costs for imports when trading by sea (\$732) are substantially higher than for the South African ports

of Cape Town, Durban, Ngqura and Port Elizabeth (\$676 for each of the four ports).<sup>11</sup> However, they are lower than the average for SADC economies importing by sea (\$1,021).

The Ressano Garcia land border crossing is also affected by the same inefficiencies in these areas; border compliance takes 79 hours and costs \$399. These figures are both above the average for SADC economies trading by land (50 hours and \$251, respectively) and considerably longer and more expensive than other economies also trading with South Africa by land—Eswatini (2 hours and \$134), Lesotho (4 hours and \$150) and Botswana<sup>12</sup> (5 hours and \$98)—except for Zimbabwe (88 hours and \$562).

**FIGURE 6.1** Mozambique has room for improvement in border requirements compliance, in the time for exports and the costs for imports



Source: *Doing Business* database.

Note: The score is normalized to range from 0 to 100, with 100 representing the best regulatory practices (the higher the score, the better).

## HOW DOES TRADING ACROSS BORDERS WORK IN MOZAMBIQUE?

Trading across borders involves multiple players from both the public and private sectors. Among the government agencies, the main role is reserved to the customs office (*Direcção Geral das Alfândegas*) within the tax authority (*Autoridade Tributaria*, AT), which enforces customs laws, levies and collects duties, classifies tariffs and investigates customs infractions. Other agencies include the Ministry of Industry and Commerce (*Ministério da Industria e Comercio*, MIC), which is responsible for licensing traders, and the National Phytosanitary Authority, under the Ministry of Agriculture and Food Security (*Ministério da Agricultura e da Segurança Alimentar*, MASA), which attests to the quality of food and agricultural goods

for export and import.<sup>13</sup> Furthermore, the state-owned company Ports and Railways of Mozambique (*Caminhos de Ferro de Moçambique*, CFM) manages Mozambican railways and both grants Mozambican port concessionaires.

Private companies hold key roles, with concessionaires acting as port operators: Maputo Port Development Company (MPDC) in Maputo port, Cornelder de Moçambique (CdM) in Beira and Corredor de Desenvolvimento do Norte (CDN) in Nacala.<sup>14</sup> Since 2011 the Mozambique Community Network, SA (MCNET) has been the concessionaire that manages the electronic single window (*Janela Única Electrónica* or JÚE), and Kudumba Investments provides border security services through scanners. All exporters and importers must have a license from the Ministry of Industry and Commerce and must use licensed customs brokers

as clearing agents,<sup>15</sup> requirements not in accordance with the principles of the WTO-TFA.<sup>16</sup> Only 61 economies out of the 190 measured by *Doing Business* have the same requirement. It means that customs brokers are the only agents that can submit export and import declarations through the electronic single window where all customs declarations are processed (box 6.2). Other relevant private sector actors include, among others, freight forwarders, carriers, shipping agents and value-added logistics service providers.

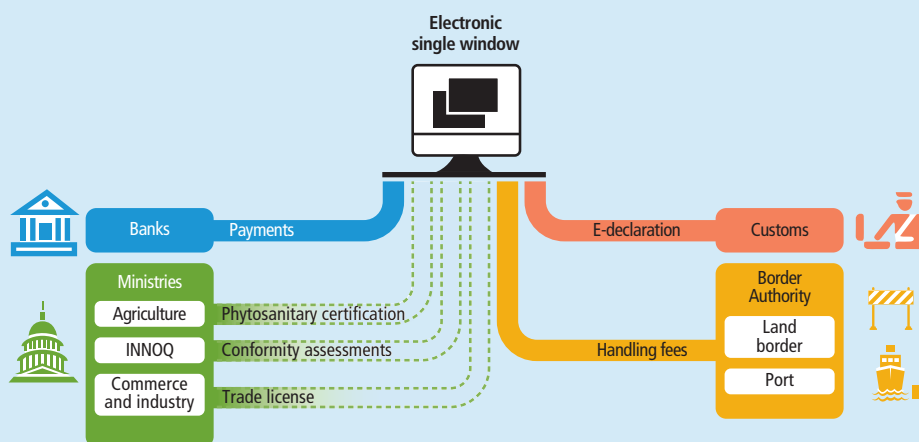
## How does exporting work in Mozambique?

To export, the customs broker scans and uploads the necessary documents to the electronic single window. Numerous documents are required throughout the export process: a customs declaration, commercial invoice, packing list, certificate of origin, bill of lading, bank commitment term, supervision of packing report for exports, customs release order, inspection report from scanner, terminal handling receipts and SOLAS (Safety of Life at Sea) certificate.<sup>17</sup> Some of these can be submitted through the electronic single window, such as the bank commitment term, certifying that the exporter is a client of the bank and the bank is acting as a broker to the transaction; the supervision of packing report and customs release order issued by customs; and the inspection report issued by Kudumba. The customs broker also presents these documents in paper format at a later stage to be stamped by customs, shipping agents and port authorities. Once the documents are submitted, the electronic single window immediately issues a payment slip for the applicable duties, taxes and other charges to be settled. The exporter or the customs broker makes this payment online and then uploads the scanned proof of payment to the electronic single window. At this point, the bank validates the commitment term through the electronic single window.<sup>18</sup> After confirming the payment, the tax

### BOX 6.2 THE ELECTRONIC SINGLE WINDOW—*JANELA ÚNICA ELECTRÓNICA*

An electronic single window is a system that electronically connects stakeholders involved in trade. It enables them to submit and process standard information and documents through a single entry point to fulfill all import, export and transit-related regulatory requirements.<sup>a</sup> Research has shown that electronic single windows reduce delays and costs, improve revenue yields and enhance predictability,<sup>b</sup> besides delivering positive impacts on international trade performance.<sup>c</sup>

Mozambique's electronic single window for trade, *Janela Única Electrónica* (JÚE), was launched in 2011<sup>d</sup> and rolled out gradually, replacing the previous manual customs system, the Trade Information Management System. The electronic single window combines two main systems: the Customs Management System (CMS) and TradeNet. All customs-related transactions—including customs declarations, manifest management, customs valuation, customs release, collection of duties and fees, and risk management, among others—fall under the CMS. TradeNet sets the electronic data interchange that links different stakeholders. These include the tax authority, customs brokers (as clearing agents), freight forwarders, shipping agents, container terminal operators, border control agencies, port authorities and commercial banks.



INNOQ = Instituto Nacional de Normalização e Qualidade

In 2012 the electronic single window became operational in the ports of Maputo, Beira and Nacala. This helped Maputo reduce the time to comply with requirements for exports by 48 hours and for imports by 72 hours, under the specific case study measured by *Doing Business* (exports of aluminum to the Netherlands). However, Mozambique has yet to reap the full benefits of the electronic single window. Despite having a built-in risk-management module that determines the clearance channel—the assessed risk category for goods to be cleared through customs—the large majority of consignments still require complete physical and documentary inspections. Additionally, the electronic single window in theory allows for a fully paperless environment, but that does not happen in practice, as different stakeholders—especially customs, shipping agents and port authorities—continue to require hard copies of all documents. Finally, a shared concern among small and medium-size companies is the electronic single window's fees, which can be high, particularly for imports: \$64 for consignments valued at \$10,000 to \$50,000, and 0.85% of the value of the consignment valued above \$50,000.<sup>e</sup>

- United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2005. Recommendations and Guidelines on establishing a Single Window to enhance the efficient exchange of information between trade and government: Recommendation No. 33. New York and Geneva: United Nations.
- United Nations Economic Commission for Europe (UNECE). 2005. "Case studies on implementing a Single Window to enhance the efficient exchange of information between trade and government." Geneva: UNECE.
- Sá Porto, Paulo C., Cristiano Morini and Otaviano Canuto. 2015. "The Impacts of Trade Facilitation Measures on International Trade Flows." Policy Research Working Paper, No. 7367. Washington, DC: World Bank.
- The electronic single window is managed by a public-private partnership, the Mozambique Community Network, SA (MCNET), composed of the Tax Authority (20%), the Mozambican Trade Association (CTA) (20%) and the Consortium Escopil Lda/SGS SA (60%), which won a concession contract for 15 years.
- These fees (established by Ministerial Order No.25/2012 of March 12) are paid immediately after the customs broker submits the necessary documentation and receives the payment slip. Unlike in Mozambique, in many economies the fees for using the electronic single window are negligible.

authority receives the export declaration electronically.

While waiting for a conditional customs release order,<sup>19</sup> the customs broker requests the supervision of packing and container sealing by a customs official, which must be scheduled 24 to 48 hours in advance.<sup>20</sup> Compulsory for all exports, this procedure is performed at the exporter's warehouse or at a terminal legally recognized by customs, such as the dry port called the Nacala Special Export Terminal (*Terminal Especial de Exportação de Nacala - TEEN*). The customs official then produces a "supervision of packing report," which is also signed by different units of the tax authority, as well as other government agencies.<sup>21</sup> Next, the forwarding agent moves the shipment to the terminal, where customs officials check all the documentation in paper format and provide the final customs release. The goods must also pass through a scanning inspection.<sup>22</sup> In a small percentage of cases—less than 20%—customs officials use their discretionary power to flag the consignment for an additional physical inspection at this stage. The shipments are then cleared to move into the terminal gates. This process applies to trading both by sea and by land.

For exporting food or agricultural products, an additional step is needed. Prior to submitting the customs declaration, the exporter must comply with health and phytosanitary requirements imposed either by the Ministry of Agriculture or by the trading partners' authorities. The phytosanitary inspection must be requested by the exporter in advance, and it is conducted at the exporter's warehouse. The phytosanitary certificate, confirming that the shipment meets the importing country's requirements for plant products, is uploaded together with the customs declaration.

### How does importing work in Mozambique?

For importing, unlike the export process, the customs broker may submit the required documentation only after the port authority issues a reference number for the arriving vessel (*contra-marca*). This reference number is communicated to the shipping agents, who then inform the clearing and forwarding agents. While Mozambican ports are working to provide these reference numbers 24 to 48 hours in advance—especially Maputo—in practice they are usually issued just a few hours before the arrival of the vessel or even after its arrival, as in Beira. customs clearance is completed inland at the customs office located in each port, which offsets any possible gains from prearrival clearance. However, importing by land has recently improved with the "single road cargo manifest," fully implemented in 2018. Carriers must introduce this reference number directly in the electronic single window as soon as the cargo is loaded. This allows Mozambican customs brokers to start the clearance process in advance.

After the customs import declaration is submitted, the process works much like the export case, though without supervision of packing or a required bank commitment term.<sup>23</sup> Only a few selected products require a preshipment inspection<sup>24</sup>; auto parts are exempt. However, it is common for customs officials to physically inspect most goods.

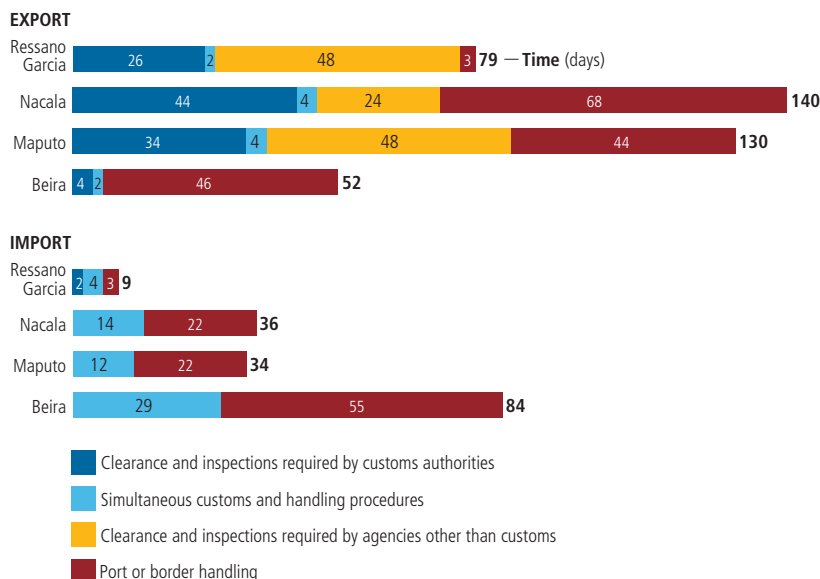
#### Border compliance time

Mozambique's long times to comply with border requirements for exports are driven mainly by the requirement to have a customs official supervise the packing and have the packing report signed. In the locations where this is required for the case study products—Maputo, Nacala and Ressano Garcia—it takes on average 30 hours from the moment this step is scheduled until the report is produced. This represents more than a quarter of the total time spent in complying with border requirements for exports.

These border compliance times range from 52 hours in Beira to 140 hours in Nacala (figure 6.2). The variation is driven mostly by differences in efficiency in customs procedures and dwelling times at the port. Nacala's delays vis-à-vis the other ports are due to the supervision of packing—this usually takes place at the Special Export Terminal, where there are long lines and high fees<sup>25</sup>—and to the bureaucratic process for the loaded container to enter the port. The latter requires a formal authorization by Nacala's local customs office, advance payment of the port terminal's fees at the port administration, stamped confirmation of the container's entry forms by the shipping agent and the inclusion of the container in the following day's "entry program" (*programa de entrada*), which causes long truck lines to enter the port.<sup>26</sup> Finally, the container will also wait at the port to be loaded onto the vessel by the ship's own cranes, as the port does not have ship-to-shore container cranes.

Times can also vary depending on the product that is exported. Nevertheless, even when similar products are considered, there are efficiency differences. Maputo, Nacala and Ressano Garcia all trade agricultural goods that require phytosanitary certification; however, the process of completing this inspection and certification is twice as fast in Nacala (24 hours) than in Maputo and Ressano Garcia. This is due to the specialization of Nacala's local MASA office in certifying exports of pigeon peas, the region's main agricultural product. Beira has the fastest border compliance time for exports, largely because the main product traded is coal, which does not require phytosanitary certificates, supervision of packing or scanning inspections.<sup>27</sup> Instead, after the customs release order is issued, customs authorities check only the information on the vessel's draft supplied by the shipping agent.<sup>28</sup> Therefore, despite having the same handling time as Maputo's (48 hours) and much longer than Ressano Garcia's (5 hours), Beira is still fastest overall for exports.

**FIGURE 6.2** Except for Ressano Garcia, on average the longest border compliance times are related to port handling efficiency



Source: Doing Business database.

The success of Ressano Garcia's one-stop border post project is reflected in faster handling times at the border terminal—5 hours for exports and 7 for imports<sup>29</sup>—when compared with other economies in the region trading by land. Ressano Garcia outperforms Malawi's Mwanza border crossing (7 hours for exports and 6 for imports) and is considerably faster than Zimbabwe's Breiteridge border (24 and 48 hours, respectively) and Zambia's Chirundu border (72 and 96 hours). However, Ressano Garcia lags behind the members of the Southern African Customs Union (SACU) that trade with South Africa via land: Eswatini's Ngwenya border (1 hour for exports and 2 for imports) and Lesotho's Maseru bridge border (4 hours for both) (figure 6.3).

Regarding border compliance times for imports, Mozambican ports outperform other ports in the region due to relatively fast customs import procedures. On average, Mozambican seaports are almost three times faster than SADC economies trading by sea (51 hours in Mozambique, 151 in the SADC),

and customs procedures at the port average 18 hours—considerably faster than SADC economies trading by sea (51 hours). Border compliance when importing through Ressano Garcia (9 hours) is also six times faster than in comparable SADC economies importing by land (54 hours).

This is mainly due to the electronic single window's impact on the submission of documents and issuance of the conditional customs release order. With the electronic single window, all the necessary information for the goods to be cleared is immediately available. However, the largest bottlenecks occur after the conditional customs release order is issued. Under the clearance process, customs brokers must formally request the local customs office and port administration to retrieve the goods and issue a port gate pass; the goods then go

through scanning and physical inspections by customs. These inspections apply to imports at all four Mozambican locations measured and delay the final clearance of the consignment.

Port handling times vary widely, ranging from 34 hours in Maputo to 84 hours in Beira. Maputo and Nacala are deep-water ports that do not face vessel congestion issues. Nacala performs slightly worse than Maputo, despite lower volumes, due to infrastructure constraints such as the absence of ship-to-shore container cranes. Unlike Maputo and Nacala, Beira is a shallow tidal port, and it is common for vessels to wait at sea for the high tide to clear the necessary draft to berth. The usual waiting times may reach several days, especially for bulk cargo vessels. This vessel congestion entering the port constrains operations, resulting in longer waiting and handling times.

#### Border compliance cost

Traders pay up to twice as much to comply with border procedures when importing than when exporting—except in Nacala, where costs are equally high (figure 6.4). Higher fees charged by customs brokers, forwarding agents and shipping agents, as well as steeper costs for the use of the electronic single window and scanner, are to blame. The high fees are partly a response to increased risk: customs brokers and freight forwarders can be held liable for the importer's infractions of regulations, such as tariff misdeclarations, undervaluation of goods and smuggling.

Fees charged by the shipping agents—including import service, tracking and cleaning fees—are 40% higher for imports than for exports. The total of terminal handling fees, including shipping agent's fees, comes to \$345

***The success of Ressano Garcia's one-stop border post project is reflected in faster handling times at the border terminal when compared with other economies in the region trading by land.***



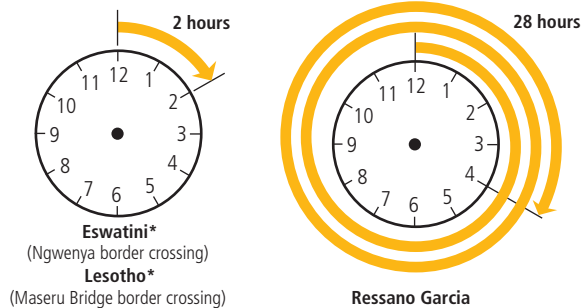
on average for imports by sea. Despite these fees, Mozambique's average port handling fees for imports remain below the average for SADC economies importing by sea (\$446). The costs associated with complying with border requirements for imports range from \$670 in Nacala to \$815 in Maputo, where customs brokers and shipping agents' fees are the highest.

Meanwhile, the costs associated with complying with border requirements for exports by sea vary from \$335 in Beira to \$685 in Nacala. This variation signals the difference between an expedited, low-risk process with no supervision of packing—as with coal exports from Beira—and the cumbersome customs and port procedures associated with exports of pigeon peas from Nacala. The supervision of packing in Nacala occurs at the Special Export Terminal, whose fees (\$132) represent 19% of all the costs to comply with border requirements for exports. In Nacala the shipping agent also charges a fee to obtain an empty container for exports, which accounts for the difference in port handling fees between Nacala (\$355) and Beira (\$175).

Ressano Garcia has the lowest costs associated with complying with border requirements for both exports (\$245) and imports (\$399). On the export front, expenses in Ressano Garcia are on par with the average of SADC economies trading by land (\$250), but they are substantially higher for imports (\$251 average in the SADC economies). customs procedures for imports (scanner, electronic single window fees and broker fees) account for the difference. These costs are higher in Ressano Garcia (\$285) than in any of the neighboring countries trading by land—Malawi (\$132), Zimbabwe (\$148) and Zambia (\$180)—or than in other SACU economies importing from South Africa by land—Eswatini (\$134) and Lesotho (\$150).

**FIGURE 6.3** Trading with a partner within the same customs union is an advantage

Time for customs procedures when exporting to South Africa by land



\* Members of the Southern African Customs Union (SACU), which also includes South Africa

Source: *Doing Business* database.

Note: The five members of the Southern African Customs Union (SACU) are Botswana, Eswatini, Lesotho, Namibia and South Africa. Botswana and Namibia are not included here as they trade by sea via Durban and Walvis Bay ports, respectively.

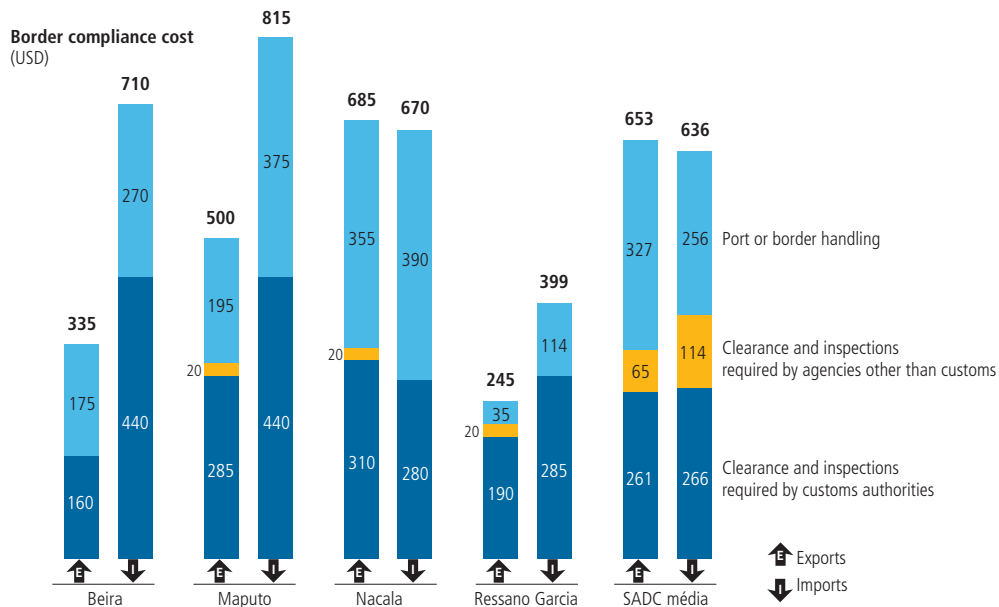
### Documentary compliance time

With the implementation of the electronic single window at the national level, the time to obtain and prepare all documents for both exports and imports is relatively low in Mozambique and faster than the SADC average when trading by sea—including for South African ports. Mozambican traders spend on average 35 hours to complete all documentary requirements for exports and 27 hours for imports. On exports by sea, the times range from 36 hours in Maputo to 48 hours in Nacala (figure 6.5). This difference points to the more bureaucratic process in Nacala, where documents—especially the bill of lading and the mate's receipt (*recibo de bordo*)—must be stamped several times by customs, shipping agents and the port authority before the container may be brought into the port and loaded onto the vessel. In Maputo the documents must also be presented in paper format at some point, but the process is more streamlined.

The time to obtain all documents for imports is fastest in Maputo (25 hours) and slowest in Beira (36 hours). In Beira the release of the bill of lading by the shipping agents takes slightly longer. Shipping agents release it only after the local charges are paid; the bill of lading must then be submitted electronically and in hard copy to the local customs office. This process is similar across all ports, making this the most cumbersome document overall.

Completing documentary requirements when trading by land via Ressano Garcia is much faster, as it does not require the use of a bill of lading. In Ressano Garcia these requirements take only 16 hours for both exports and imports, much faster than in SADC economies trading by land (49 hours for exports and 29 for imports). Ressano Garcia, however, underperforms other economies trading with South Africa by land within the SACU—Lesotho (1 hour for both exports

**Port handling times vary widely, ranging from 34 hours in Maputo to 84 hours in Beira. Maputo and Nacala are deep-water ports that do not face vessel congestion issues.**

**FIGURE 6.4** Importing is more expensive in Mozambique than exporting—except in Nacala, where costs are similar

SADC = Southern African Development Community

Source: *Doing Business* database.

Note: Globally, the average costs associated with complying with border requirements are \$396 for exports and \$450 for imports.

and imports) and Eswatini (2 hours and 4 hours, respectively).

#### Documentary compliance cost

There is not much variation across Mozambican ports regarding the costs to complete all necessary documents. The least expensive port is Nacala—\$140 for exports and \$125 for imports<sup>30</sup>—and the most expensive is Beira—\$170 for exports and \$140 for imports. The main driver of documentary costs in Mozambique—representing 85% of the total documentary compliance cost of trading by sea—is the cost to obtain the bill of lading from the shipping agent. This also accounts for the differences among Mozambican ports, as shipping agents charge different fees for the bill of lading in different ports. Overall, the average documentary costs in Mozambican ports (\$157 for exports and \$130 for imports) compare favorably with the average for SADC economies trading by sea (\$206 and \$272, respectively) and with that of neighboring Tanzania (\$275 and \$375) but are more expensive than those

***The main driver of documentary costs in Mozambique — representing 85% of the total documentary compliance cost of trading by sea—is the cost to obtain the bill of lading from the shipping agent.***

incurred in all South African ports (\$60 for exports and \$73 for imports). The cost to obtain the bill of lading from the shipping agent in South African ports is considerably lower due to the automation of documents and to higher cargo volumes.

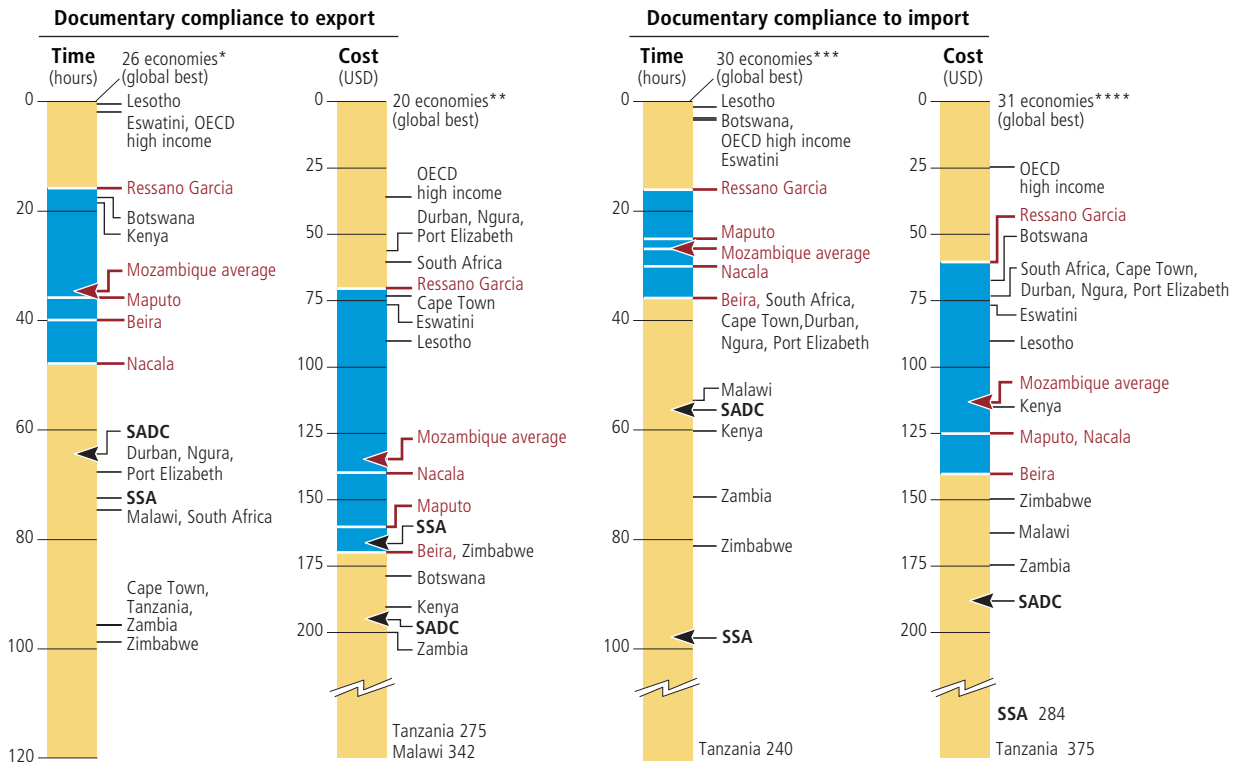
The documentary costs when trading by land via Ressano Garcia (\$70 for exports and \$60 for imports) are much lower than in the Mozambican seaports because no bill of lading is needed. These costs are also considerably lower than those in other SADC economies trading by land (\$176 for exports and \$105 for imports) and lower than for those economies trading with South Africa by land, despite all being part of the SACU—Eswatini (\$76 for both exports and imports) and Lesotho (\$90 for both). The higher

documentary costs in these economies are due to higher fees associated with the inland bill of lading.

#### Overall performance with same export product

Maputo port is slower in terms of border compliance than Fiji—the other economy exporting sugar by sea—especially due to longer times for customs and phytosanitary procedures. This also holds true when comparing Ressano Garcia with Azerbaijan, the other economy exporting sugar via land crossing. Nacala lags Myanmar in the cost of border compliance when exporting edible vegetables, particularly due to the fees associated with customs procedures and port handling. Beira, on the other hand, is slower than the other economies exporting coal—Libya

**FIGURE 6.5** Mozambique’s strong performance in documentary compliance showcases the benefits of the electronic single window



South Africa = Average for Cape Town, Durban, Ngqura and Port Elizabeth

SADC = Southern African Development Community

Source: *Doing Business* database.

\* Top performers, time to export: Austria; Belgium; Canada; Croatia; Czech Republic; Denmark; Estonia; France; Germany; Greece; Hong Kong SAR, China; Hungary; Ireland; Italy; Republic of Korea; Lesotho; Luxembourg; Netherlands; Poland; Portugal; Romania; San Marino; Slovak Republic; Slovenia; Spain; and Sweden.

\*\* Top performers, cost to export: Austria; Belgium; Croatia; Czech Republic; Denmark; Estonia; France; Georgia; Hungary; Italy; Luxembourg; Netherlands; Norway; Poland; Portugal; Romania; San Marino; Slovak Republic; Slovenia and Spain.

\*\*\* Top performers, time to import: Austria; Belgium; Bulgaria; Canada; Croatia; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hong Kong SAR, China; Hungary; Ireland; Italy; Republic of Korea; Latvia; Lesotho; Lithuania; Luxembourg; Malta; Netherlands; New Zealand; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain and Sweden.

\*\*\*\* Top performers, cost to import: Austria; Belarus; Belgium; Bulgaria; Croatia; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Iceland; Italy; Kazakhstan; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Norway; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden and the United Kingdom.

and Puerto Rico—due to longer customs procedures (figure 6.6).

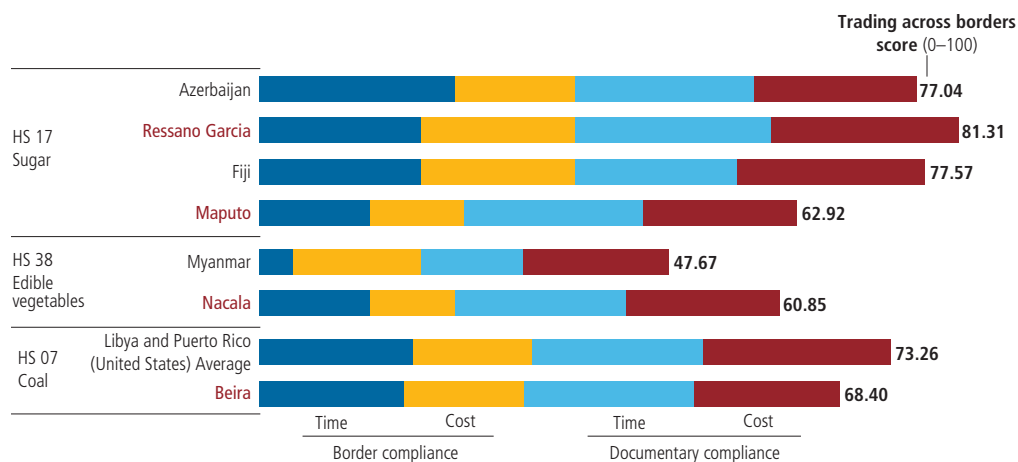
In terms of documentary compliance, all Mozambique’s locations are faster than their respective counterparts, but compliance in Beira and Maputo costs considerably more. Beira’s \$310 in total documentary compliance cost contrasts with Libya’s \$110 and Puerto Rico’s \$150; in Maputo, meanwhile, the cost is \$285, as opposed to \$134 in Fiji. These differences are mainly due to the higher costs associated with processing the bill of lading in Mozambican ports.

### Domestic transport time and cost

All benchmarked Mozambican locations have similar domestic transportation times,<sup>31</sup> all taking four hours for both exports and imports regardless of the distances from the warehouse to the ports or land crossing. These times are similar due to poor road conditions and congested access to the ports. Ressano Garcia is farther away from a warehouse than the port in Maputo, but the N4 toll road is in better condition and the roads leading to the border terminal are not as congested.

The wait times on the road to and from the ports, as well as the downtime for trucks awaiting supervision of packing, translate into inefficiencies in the trucking sector and high transport costs. The costs in all locations are the same for both exports and imports, varying from \$185 in Beira to \$400 in Ressano Garcia, which is outside Maputo’s city limits. However, Nacala (\$350) is the most expensive port when measured in US\$ per kilometer; at \$35/km it costs more than 10 times the average for SADC economies (\$3/km) for both exports and imports. These higher domestic transport costs reflect

**FIGURE 6.6** Among economies exporting the same product, Maputo lags because of the time and cost of complying with border procedures, Beira because of high costs to obtain documents



Source: *Doing Business* database.

Note: The trading across borders score is normalized to range from 0 to 100, with 100 representing the best practices (the higher the score, the better). For more information, see the chapter “About *Doing Business* and *Doing Business in Mozambique 2019*” and the “Data notes”.

The only economy in *Doing Business* that exports goods classified as HS 07 (edible vegetables and certain roots and tubers) by sea is Myanmar. The only economies that export goods classified as HS 17 (sugars and sugar confectionery) in *Doing Business* are Azerbaijan, by land, and Fiji, by sea; these compare, respectively, with Ressano Garcia and Maputo. The economies that export goods classified as HS 38 (miscellaneous chemical products) by sea in *Doing Business* are Libya and Puerto Rico.

the usual long queues of trucks waiting to enter and leave Nacala port.

## WHAT CAN BE IMPROVED?

For more than two decades, the Mozambican government has enacted business regulation reforms to facilitate trade, and others are ongoing. Nonetheless, Mozambique should keep on reforming in areas that would lead to efficiency gains for traders (box 6.3).

### Streamline customs procedures and apply efficient risk-based management

Customs procedures in Mozambique are not based on efficient risk-based management; physical inspections apply to practically all consignments. When it comes to exports, the supervision of packing requirement adds an unnecessary burden for all exporters. In terms of imports, most consignments are physically inspected by customs before the final customs clearance.

While there are known compliance issues with traders, customs brokers and forwarding agents in Mozambique—including tariff misdeclarations, under-invoicing, undervaluation of goods, misclassification and smuggling<sup>32</sup>—it is essential to devise a balance between enforcement and trade facilitation. To do so, the tax authority could improve its automated risk-management system by more precisely defining the criteria used to assess risk within the electronic single window. Using an efficient risk-based approach would enable customs to conduct physical inspections only in a minority of cases, both for exports and imports, thus speeding up customs clearance. If a consignment is not flagged for risks, the conditional customs release order would become final and allow the consignment to be quickly cleared. This scenario would be similar to what already occurs with streamlined customs clearance of coal consignments in Beira, which is six times faster than the average of the other locations. Such an initiative would also reduce the risks that are factored into customs

broker fees and may lead to a decrease in cost. In addition, applying risk-based inspections would further limit personal interactions and reduce the opportunities for bribes.

Mozambique can find inspiration from other regional players for ways to streamline customs procedures and adopt risk-based management. In 2017 Mauritius amended its Customs Act to introduce a risk-management mechanism to streamline customs clearance and inspections. The new system has since reduced physical inspections and scanning for exports, expediting the clearance of declarations. As a result, the time required for export customs clearance and border compliance decreased by 16 hours, more than halving the time associated with customs procedures. Rwanda implemented, among other initiatives, a risk-based inspection system for exports. As a result, coffee and tea are now classified as low-risk goods and are cleared without physical inspections by customs in most cases.

### BOX 6.3 INITIATIVES FOR FACILITATING TRADE IN MOZAMBIQUE

Beyond the implementation of the electronic single window, Mozambique has undertaken other reforms in the past two years. These include the rehabilitation and upgrade of infrastructure at the Maputo port and Ressano Garcia border crossing; the full implementation of the single road cargo manifest, which carriers submit through the electronic single window; and the simplification of export documentary compliance requirements. Moreover, in cooperation with the South African Revenue Service (SARS), Mozambique's tax authority has gradually rolled out the project for the one-stop border post at Ressano Garcia.

In 2013 the tax authority also launched the Authorized Economic Operator (AEO) program, which allows trusted traders to benefit from streamlined customs clearance—so-called “blue channels.” While the adoption of the program and the share of declarations processed through blue channels remains limited,<sup>a</sup> this initiative reduces physical and documentary checks. By engaging customs officials, customs brokers, forwarders and importers in a relationship based on partnership and compliance, the AEO scheme may produce notable impacts in the future.

<sup>a</sup> AEO programs are usually restricted to a limited number of trusted larger companies. While recognized as a good practice, such programs are acknowledged by *Doing Business* as a reform making it easier to do business only when they encompass the majority of traders or when they create positive spillover benefits for the trading community as a whole. In Mozambique there were only nine approved AEOs as of October 2016. World Trade Organization. 2017. Trade Policy Review. WT/TPR/S/354/Rev.1. Geneva: World Trade Organization.

**Despite having a working electronic single window, Mozambique falls short of reaping its full benefits.**

#### Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform

Despite having a working electronic single window, Mozambique falls short of reaping its full benefits. While all documents are currently uploaded electronically, resulting in a performance that compares favorably with the region, traders (or their agents) are still required to present hard copies of all documents—most of them redundantly stamped by customs, shipping agents or port authorities. Mozambique would make better use of the electronic single window by transitioning to a paperless environment, limiting the use of hard-copy requirements. These practices are also in line with the principles of the WTO-TFA, ratified by Mozambique in 2017. Moving toward a paperless trade environment would avoid long waits for the relevant paper documentation, such as those currently seen in Nacala.

Furthermore, to take full advantage of the electronic single window, Mozambique could electronically link the remaining stakeholders to the platform. These include government agencies as well as the traders themselves. This would allow the platform to work as a true single window where all trade-related transactions are processed electronically and information provided in real time, further streamlining procedures. With all stakeholders connected, there would be increased coordination among them, allowing different agencies to schedule simultaneous inspections when required and enabling consignments to be seamlessly managed electronically, from the submission of the customs declaration to the final customs and port or border clearance. Ultimately, the increased coordination would increase efficiency, reducing the associated time and cost.

Oman shows the benefits of enhancing an existing electronic single window. In 2017 the Directorate General of

customs of Oman integrated 28 government bodies—including the Ministry of Agriculture and Fisheries, the Ministry of Health and the Ministry of Industry and Commerce—into its electronic single window, the Bayan system. It also incorporated a risk-management module and brought the number of electronic services it offers to 92. The Bayan system allows the online submission and electronic processing of declarations, licenses and permits by the different stakeholders, which has reduced the time required to comply with documentary requirements for both exports and imports.

#### Remove the mandatory use of customs brokers and foster competition in the brokerage profession

According to WTO-TFA principles, the use of customs brokers should not be mandatory as it currently is in Mozambique. Decree No.18/2011 and Article 82 of the Chamber of customs Brokers Statute establish that licensed customs brokers must conduct all import, export and transit operations. By removing that requirement, Mozambique could enable traders to be registered as users of the electronic single window and provide training so they can input the relevant data for their transactions directly into the system. While customs brokers will remain relevant due to their expertise in the industry, the costs associated with complying with border requirements are likely to be reduced. *Doing Business* data show that in economies where the use of customs brokers is not mandatory, these costs are more than 40% lower than in economies where their use is required.

Decree No.18/2011 also imposes limits on the licensing of customs brokers, which constrains competition in this sector. There is no defined schedule for the license examination for customs brokers; it is a civil service exam offered by the tax authority when deemed necessary to increase the pool of brokers.<sup>33</sup> These limits keep a tight control on the supply of customs brokers in the market. Easing

those limits and enhancing competition in the brokerage profession may also lead to lower fees and higher quality of service.

### **Strengthen regional integration through the effective implementation of border cooperation and customs union agreements**

Mozambique's trade corridors connect its landlocked neighbors and the Gauteng region in South Africa to the Indian Ocean. Despite its strategic location, Mozambique has yet to achieve a high level of regional cooperation and regional trade.<sup>34</sup> Among all Mozambique's land border crossings with its neighbors, Ressano Garcia is the only one with a one-stop border post. This project resulted in a more effective management of the border under the cooperation of both Mozambican and South African authorities. Sharing information, avoiding duplicate procedures and conducting joint inspections are among the benefits of border cooperation, resulting in faster clearance times at the border. Similar projects, which are under negotiation,<sup>35</sup> would also deliver results in border crossings with other neighbors.

Uganda is an example of how border cooperation leads to strong improvements. The Malaba one-stop border post is shared by Uganda and Kenya and aims to harmonize transit clearance between the two countries. It houses several government agencies on both sides of the border, including customs. Although the development of the Malaba one-stop border post is still being finalized, in 2017 it had already improved the flow of goods from Uganda into Kenya thanks to faster customs processing and automation as well as more clearance lanes. customs clearance and terminal handling procedures at the Malaba border crossing have improved, reducing the time for export border compliance.

Furthermore, Mozambique may strengthen regional integration by

### ***Among all Mozambique's land border crossings with its neighbors, Ressano Garcia is the only one with a one-stop border post.***

participating in customs union agreements. Mozambique is a founding member of the SADC and has signed regional trade agreements with the other SADC members, establishing a free trade area for most goods (SADC-FTA).<sup>36</sup> Customs unions entail deeper integration, usually through a "whole-of-government" approach that addresses issues on and behind the border—among others, common standards, sanitary and phytosanitary measures, restrictive rules of origin and regional infrastructure. As the examples of Eswatini and Lesotho show, being in a customs union, the SACU, has enabled these economies to reduce the time and cost when trading with fellow SACU member South Africa. Participating in such an agreement with its neighbors—whether by deepening the SADC-FTA or expanding SACU membership—could bring about important gains for Mozambique. Customs unions render border compliance procedures more efficient, decreasing the time and cost associated with completing them. The data for Eswatini and Lesotho are corroborated at the global level, as exporting to a partner in a customs union via a land border takes on average 13.3 hours—just over a third of the 35.5 hours it takes to export by land to a partner not in a customs union. Deeper regional integration may also lead to the creation of regional markets, generating economies of scale for local firms and increasing trade flows between cooperating partners.<sup>37</sup> Strengthening regional integration is a step toward improving efficiency at the borders and expanding and diversifying trade.

### **Upgrade trade logistics infrastructure with a special focus on access roads to the ports**

Mozambique's trade logistics infrastructure was shattered during the civil war. Since then there have been

substantial rehabilitation and upgrading efforts, especially along the trade corridors—including the major ports and the roads and railways that connect them to the interior. The port of Maputo has undergone significant improvements, including the expansion of several terminals, the addition of a new terminal, the dredging of the access channel to the port and an increase in warehouse storage capacity. Six berths were also rehabilitated, as was the access to the port via roads and railways. As a result, terminal handling at the Maputo port complex has improved, reducing the time for export border compliance. The Nacala and Sena railway lines have also been rehabilitated.

Despite these improvements, trade logistics infrastructure remains a significant constraint.<sup>38</sup> For example, in November 2017 Beira port had to do emergency dredging to allow the port to remain in operation. It also recently added a new gate, but access roads through Munhava are still in extremely poor condition. The latter is a common concern to all the ports analyzed. Indeed, the long times recorded for domestic transport are related to truck congestion due to poorly maintained access roads and entrances. Truck congestion generates inefficiencies and higher transport costs. It is important to note that the road connecting Maputo port to Ressano Garcia has been recently rehabilitated and while there are still lines, these have been reduced.

Among the three seaports, Nacala has received the most investment in the past few years. Although this has brought benefits, the transport network connecting to Nacala port—including rail lines and roads—requires further upgrades to reduce transport times and increase the area from which the port draws business; this would enable an increase in cargo volumes and generate economies of scale. Additionally,



Nacala has limited space for handling and storage facilities, due to the port's narrow location. This constraint has been partially solved by the new coal terminal on the opposite side of Nacala Bay, but expanding handling and storage facilities is still a priority. Nacala also faces a severe constraint in its loading and offloading operations, as the port does not have any ship-to-shore container cranes and is completely dependent on the vessels' own equipment. By upgrading its infrastructure Mozambique could reduce delays in accessing the ports, cut transaction costs and increase traffic volumes, enhancing competitiveness.

### Consider reducing administrative fees

Traders in Mozambique must pay heavy administrative fees, specifically those charged by the electronic single window and scanner. These fees are considerably higher than those incurred in comparable economies. They hinder the competitiveness of exporting companies and raise domestic prices for both final consumers and companies importing inputs from overseas. Reducing these fees would enable cost savings that could be passed on to consumers and could strengthen competitiveness.

Mozambique could take into consideration the recent example of China. In 2018—as part of its Streamline Administration, Delegate Power and Improve Public Service Initiative—the government of China streamlined import and export procedures, eliminating all administrative charges from government authorities involved in the international trade process. For both Beijing and Shanghai, this measure led to a reduction in the costs associated with customs procedures.

## NOTES

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2. These include landlocked neighbors, such as Malawi, Zambia, Zimbabwe and Eswatini, as well as the industrial Gauteng region in South Africa. It is important to note that Maputo is the closest port to Johannesburg (540 kilometers), closer than the ports of Durban (570 km) or Richards Bay (610 km).

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9. Border compliance captures the time and cost associated with compliance with a) the economy's customs regulations; b) inspections required by agencies other than customs that are mandatory in order for the shipment to cross the economy's border; and c) the time and cost for handling that takes place at its port. If customs clearance or inspections take place at the port at the same time, the time estimate for border compliance takes this simultaneity into account.

10. Beira is the only port that performs better on border compliance times for exports due to the facilitated process to export coal.

11. Ports in South Africa have similar performances as they are all managed by the same state-owned freight transport and handling company, Transnet. By contrast, each port in Mozambique is managed by its own concessionaire, thus resulting in different performances between the ports.

12. The export case study assumes an export of HS 75 (nickel and articles thereof) to Norway, via Durban port. The border analyzed by *Doing Business* in the transit to South Africa is the Ramatlabama border crossing.

13. The *Instituto Nacional de Normalização e Qualidade* (INNOQ) is also responsible for

setting standards and conducting conformity assessments on imported goods.

14. These concessionaires are also jointly owned by the CFM with varying degrees of participation.
15. Decree No.18/2011 and Article 82 of the Chamber of Customs Brokers Statute establish the requirement of licensed customs brokers to conduct all import, export and transit operations.
16. Article 10(6), WTO-TFA.
17. The bill of lading and the SOLAS certificate apply to trade by sea.
18. There are still some cases where the trader may be required to pay by check directly at the bank and get a hard copy of the stamped payment receipt. These steps are no longer common but add delays to the process when they occur.
19. The customs administration issues a release order once customs formalities have been completed. In Mozambique a conditional customs release order is issued after a customs official assesses the information submitted through the electronic single window; it is conditional on additional physical and documentary checks. The final customs release order is only issued after supervision of packing and scanning inspections for exports, and after scanning and physical inspections for imports.
20. If exporting containerized goods via a seaport, as in the Maputo and Nacala case studies, the trader (or its forwarding agent) must also request an empty container from the shipping agent, to be loaded at the exporter's warehouse.
21. The tax authority has mobile units, "Brigadas Móveis" (FAST and BRT), while other agencies may include units from MASA (including agriculture and forestry officials) and the police, depending on the product under assessment.
22. Most consignments are instructed to go through the scanner, and all shipments must pay the scanner fees, even if not going through the scanning inspection.
23. The bank commitment term is now being implemented for imports through a pilot project. The rollout is scheduled for March 2019.
24. A preshipment inspection (PSI) refers to a physical inspection and verification of documents for the goods to be imported at the point of supply, before shipping, to ensure that these comply with local regulations. In Mozambique the products subject to a PSI are listed in Service Order No. 05/DGA/2016 of April 27.
25. Small and medium-size exporters in Nacala usually do not have the facilities to receive customs officials at their warehouse or factory, and the TEEN is one of the only terminals legally recognized by the government in the region. Additionally, until 2017 it was mandatory for Nacala's exporters to use the TEEN, a requirement that was withdrawn by the tax authority's Service Order No. 37/2017. The government is also trying to curb TEEN-related costs by moving to incorporate the terminal into the port of Nacala.

26. Trucks line up overnight at the entrance of the port, in hopes that their containers will be included in the following day's "entry program," issued between 9 a.m. and 10 a.m. daily. If a container is not included, the truck must wait in line an additional 24 hours.
27. Coal is transported by rail from Tete (Moatize) directly to terminal No. 8 at the Beira port, via the Sena line. The oceangoing vessels with coal cargo do not berth at the Beira port but remain anchored at the transshipment deep-water area located about 25 nautical miles from the loading berth and are loaded by two transshipment feeder vessels. A customs official may be present while these feeder vessels successively load the cargo, but that person's focus is to receive and confirm the information on the difference in the vessel's draft, supplied by the shipping agent, in order to ascertain the total load of the shipment.
28. A vessel's draft is the distance between the water surface and the lowest point of the vessel.
29. These include 2 hours of customs procedures taking place simultaneously for exports and 4 hours of customs procedures taking place simultaneously for imports.
30. The costs associated with documentary requirements for imports is also the same in Maputo (\$125).
31. The times and costs also include those for loading and unloading the shipment at the warehouse. The distances to and from the warehouse in the business cities to the ports are around 10 kilometers, while the distance from Ressano Garcia to Maputo is around 85 kilometers.
32. Baker, Raymond, Christine Clough, Dev Kar, Brian LeBlanc and Joshua Simmons. 2014. *Hiding in Plain Sight: Trade Misinvoicing and the Impact of Revenue Loss in Ghana, Kenya, Mozambique, Tanzania, and Uganda: 2002-2011*. Washington DC: Global Financial Integrity.
33. The Chamber of Customs Brokers is also consulted in this regard.
34. In 2015 exports from Mozambique to other economies in Sub-Saharan Africa (SSA) amounted to 24.8% (South Africa alone representing 18.3%), while imports from SSA economies amounted to 33.6% ((South Africa alone representing 30.10%). World Bank Group. World Integrated Trade Solution.
35. Mozambique has already signed memoranda of understanding with its neighbors, facilitating the sharing of information and mutual assistance on customs issues. World Trade Organization. 2017. Trade Policy Review. WT/TPR/S/354/Rev.1. Geneva: World Trade Organization.
36. The SADC-FTA was signed in 2000 and entered into force in 2008. Mozambique had a transition period until 2012 for imports of goods from all SADC members except South Africa. The transition period for imports of goods from South Africa ended in 2015.
37. Chauffour, Jean-Pierre, and Jean-Christophe Maur (editors). 2011. *Preferential Trade Agreement Policies for Development: A Handbook*. Washington, DC: The World Bank.
38. According to the World Economic Forum, Mozambique is ranked 125 out of 138 countries in infrastructure, 75 in the quality of railway infrastructure and 88 in quality of port infrastructure. Schwab, Klaus, and Xavier Sala-i-Martin (editors). 2017. *The Global Competitiveness Report 2017-2018*. Geneva: World Economic Forum.

## Data notes

The indicators presented and analyzed in *Doing Business in Mozambique 2019* measure business regulation and the protection of property rights as well as their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the complexity of regulation, such as the number of procedures to open a company or to register a transfer of commercial property. Second, they gauge the time and cost to achieve a regulatory goal or comply with regulation, such as the time and cost to enforce a contract. Third, they measure the extent of legal protections, for example, the protections of property rights.

This report presents *Doing Business* indicators for 10 provinces, three ports and one border crossing in Mozambique. The data for all sets of indicators in *Doing Business in Mozambique 2019* are current as of September 1, 2018. The data for the 189 other economies used for comparison are based on the indicators in *Doing Business 2019: Training for Reform*, the 16th in a series of annual reports published by the World Bank Group.

### METHODOLOGY

The data for *Doing Business in Mozambique 2019* were collected in a standardized way. To start, the team customized the *Doing Business* questionnaires for the specific study in Mozambique. The questionnaires use a simple business case to ensure comparability across locations

and economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Questionnaires were administered to local experts, including lawyers, notaries, clearing agents and freight forwarders, public officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts had several rounds of interaction with the project team, involving conference calls, written correspondence and visits by the team. The data from questionnaires were subjected to numerous rounds of verification, leading to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; *Doing Business* is not a statistical survey, and the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is easily replicable, so data can be collected in a large sample of locations and economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across locations. Finally, the data not only highlight the extent of specific regulatory obstacles to business but also identify their source and point to what might be reformed.

### LIMITS TO WHAT IS MEASURED

The *Doing Business* methodology has four limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representative of the regulation on other businesses (for example, sole proprietorships). Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues that a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business* would differ from the recollection of entrepreneurs reported in the World Bank Enterprise Surveys or other firm-level surveys.

## Economy characteristics

### Gross national income per capita

*Doing Business in Mozambique 2019* relies on 2017 income per capita data as published in the World Bank's *World Development Indicators 2018*. Income is calculated using the Atlas method (in current U.S. dollars). For cost indicators expressed as a percentage of income per capita, 2017 gross national income (GNI) per capita in current U.S. dollars is used as the denominator. Mozambique's income per capita for 2017 is \$420 (MZN 25,797).

### Region and income group

*Doing Business* uses the World Bank regional and income group classifications, available at <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>. Regional averages presented in figures and tables in *Doing Business in Mozambique 2019* include economies from all income groups (low, lower middle, upper middle and high income), though high-income OECD economies are assigned the "regional" classification OECD high income.

### Exchange rate

The exchange rate for the U.S. dollar used in this report is: \$1 = 61.42 Mozambican Metical (MZN).

## STARTING A BUSINESS

*Doing Business* records all procedures officially required, or commonly done in practice, for an entrepreneur to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement (figure 7.1). These procedures include the processes entrepreneurs undergo when obtaining all necessary approvals, licenses, permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities. The ranking of locations on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators (figure 7.2).

Two types of local limited liability companies are considered under the starting a business methodology. They are identical in all aspects, except that one company is owned by five married women and the other by five married men. The score for each indicator is the average of the scores obtained for each of the component indicators for both of these standardized companies.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost to comply with each procedure under normal circumstances and the paid-in minimum capital requirement. Subsequently, local incorporation lawyers, notaries and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes. If answers

by local experts differ, inquiries continue until the data are reconciled.

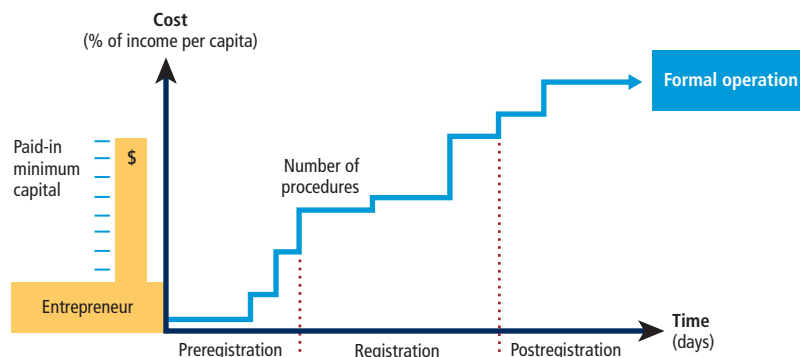
To make the data comparable across locations, several assumptions about the businesses and the procedures are used.

### Assumptions about the business

The business:

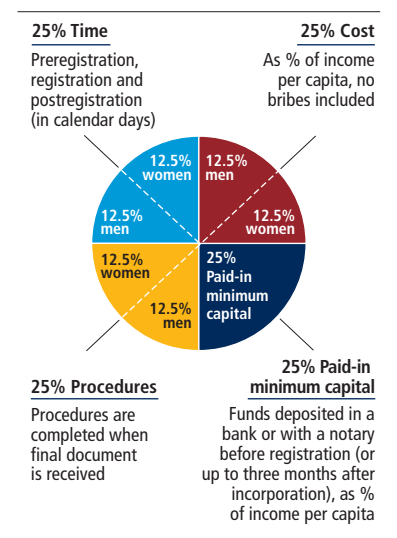
- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.

**FIGURE 7.1** What are the time, cost, paid-in minimum capital and number of procedures to get a local limited liability company up and running?



**FIGURE 7.2** Starting a business: getting a local limited liability company up and running

Rankings are based on scores for four indicators



- Operates in the selected location.
- Is 100% domestically owned and has five owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale to the public of products or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate.
- The amount of the annual lease for the office space is equivalent to one income per capita.
- The size of the entire office space is approximately 929 square meters (10,000 square feet).
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of them domestic nationals.

- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

The owners:

- Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent and in good health and have no criminal record.
- Are married and their marriages are monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

### Procedures

A procedure is defined as any interaction of the company founders with external parties (for example, government agencies, lawyers, auditors or notaries) or spouses (if legally required). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices or at different counters are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law or solicited by the majority of entrepreneurs. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted as separate procedures. Each electronic procedure is counted as a separate procedure. Approvals from spouses to own a business or leave the home are considered procedures if required by law or if by failing to obtain such approval the spouse will suffer

consequences under the law, such as the loss of right to financial maintenance. Obtaining permissions only required by one gender for company registration and operation, or getting additional documents only required by one gender for a national identification card are considered additional procedures. In that case, only procedures required for one spouse but not the other are counted. Both pre- and postincorporation procedures that are officially required or commonly done in practice for an entrepreneur to formally operate a business are recorded (table 7.1).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account in order to complete any subsequent procedure—such as registering for value added tax or showing proof of minimum capital deposit—this transaction is included as a procedure. Shortcuts are counted only if they fulfill four criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes delays.

Only procedures required of all businesses are included. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas or waste disposal services are not included in the starting a business indicators.

## Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers or notaries indicate is necessary in practice to complete a procedure with minimum follow-up with government agencies and no unofficial payments. It is assumed that the minimum time required for each procedure is one day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the

**TABLE 7.1** What do the starting a business indicators measure?

### Procedures to legally start and formally operate a company (number)

Preregistration (for example, name verification or reservation, notarization)

Registration in the selected location

Postregistration (for example, social security registration, company seal)

Obtaining approval from spouse to start a business, to leave the home to register the company, or to open a bank account

Obtaining any gender-specific document for company registration and operation, national identification card or the opening of a bank account

### Time required to complete each procedure (calendar days)

Does not include time spent gathering information

Each procedure starts on a separate day (two procedures cannot start on the same day)—though procedures that can be fully completed online are an exception to this rule

Registration process considered completed once final incorporation document is received or company can officially start operating

No prior contact with officials takes place

### Cost required to complete each procedure (% of income per capita)

Official costs only, no bribes

No professional fees unless services required by law or commonly used in practice

### Paid-in minimum capital (% of income per capita)

Funds deposited in a bank or with a notary before registration (or up to three months after incorporation)

same day (that is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. A registration process is considered completed once the company has received the final incorporation document or can officially commence business operations. If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen if that option is more beneficial to the location's score. When obtaining a spouse's approval, it is assumed that permission is granted at no additional cost unless the permission needs to be notarized. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is not measured. It is assumed that the entrepreneur is aware of all entry requirements and their sequence from the beginning but has had no prior contact with any of the officials involved.

## Cost

Cost is recorded as a percentage of the economy's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law or commonly used in practice. Fees for purchasing and legalizing company books are included if these transactions are required by law. Although value added tax registration can be counted as a separate procedure, value added tax is not part of the incorporation cost. The company law, the commercial code, and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates by incorporation lawyers are used. If several incorporation experts provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

## Paid-in minimum capital

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a third party (for example, a notary) before registration or up to three months after incorporation. It is recorded as a percentage of the economy's income per capita. The amount is typically specified in the commercial code or the company law. The legal provision needs to be adopted, enforced and fully implemented. Any legal limitation of the company's operations or decisions related to the payment of the minimum capital requirement is recorded. In case the legal minimum capital is provided per share, it is multiplied by the number of shareholders owning the company. Many economies require minimum capital but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In El Salvador in May 2018, for example, the minimum capital requirement was \$2,000, of which 5% needed to be paid before registration. Therefore, the paid-in minimum capital recorded for El Salvador is \$100, or 2.7% of income per capita.

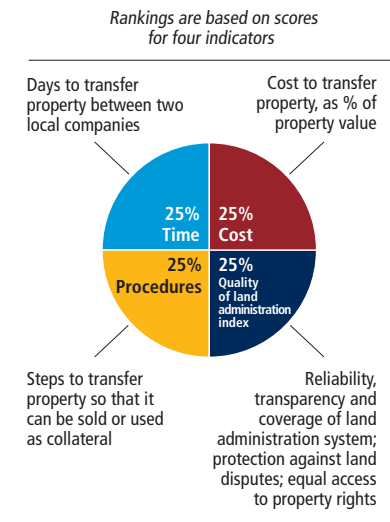
*This methodology was developed by Djankov and others (2002) and is adopted here with minor changes. The data details on starting a business can be found at <http://www.doingbusiness.org>.*

## REGISTERING PROPERTY

*Doing Business* records the full sequence of procedures necessary for a business (the buyer) to purchase a property from another business (the seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, use the property as collateral in taking new loans or, if necessary, sell the property to another business. It also measures the time and cost to complete each of these procedures. *Doing Business* also measures the quality of the land administration



**FIGURE 7.3** Registering property: efficiency and quality of the land administration system



system in each economy or location. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights.

The ranking of locations on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of scores for each of the component indicators (figure 7.3).

### EFFICIENCY OF TRANSFERRING PROPERTY

As recorded by *Doing Business*, the process of transferring property starts with obtaining the necessary documents, such as a copy of the seller’s title if necessary, and conducting due diligence if required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property, use it as collateral for a bank loan or resell it (figure 7.4). Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide

information on procedures as well as the time and cost to complete each of them.

To make the data comparable across locations, several assumptions about the parties to the transaction, the property and the procedures are used.

### Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the selected location.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.

Perform general commercial activities.

### Assumptions about the property

The property:

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the

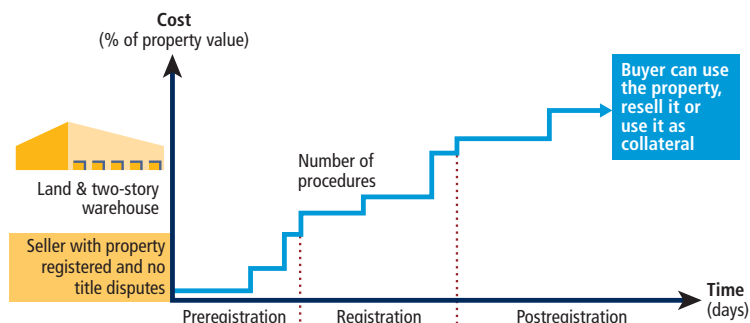
land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and other legal requirements. The property, consisting of land and building, will be transferred in its entirety. Will not be subject to renovations or additional building following the purchase.

- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

### Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases (table 7.2). If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen if that option is more beneficial to the economy’s score and if it is used by the majority of property owners. Although the buyer

**FIGURE 7.4** What are the time, cost and number of procedures required to transfer property between two local companies?



**TABLE 7.2** What do the indicators on the efficiency of transferring property measure?

**Procedures to legally transfer title on immovable property (number)**

Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)

Registration procedures in the selected location

Postregistration procedures (for example, filing title with municipality)

**Time required to complete each procedure (calendar days)**

Does not include time spent gathering information

Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule

Procedure considered completed once final document is received

No prior contact with officials

**Cost required to complete each procedure (% of property value)**

Official costs only (such as administrative fees, duties and taxes)

Value added tax, capital gains tax and illicit payments are excluded

may use lawyers or other professionals where necessary in the registration process, it is assumed that the buyer does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

### Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is one day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (again except for procedures that can be fully completed online). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority

of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all requirements and their sequence from the beginning. Time spent on gathering information is not considered. If time estimates differ among sources, the median reported value is used.

### Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

## QUALITY OF LAND ADMINISTRATION

The quality of land administration index is composed of five other indices: the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights indices (table 7.3). Data are collected for each of the selected locations.

### Reliability of infrastructure index

The reliability of infrastructure index has six components:

- How land titles are kept at the registry of the selected location. A score of 2 is assigned if the majority of land titles are fully digital; 1 if the majority are scanned; 0 if the majority are kept in paper format.
- Whether there is an electronic database for checking for encumbrances. A score of 1 is assigned if yes; 0 if no.
- How maps of land plots are kept at the mapping agency of the selected location. A score of 2 is assigned if

the majority of maps are fully digital; 1 if the majority are scanned; 0 if the majority are kept in paper format.

- Whether there is a geographic information system—an electronic database for recording boundaries, checking plans and providing cadastral information. A score of 1 is assigned if yes; 0 if no.
- How the land ownership registry and mapping agency are linked. A score of 1 is assigned if information about land ownership and maps are kept in a single database or in linked databases; 0 if there is no connection between the different databases.
- How immovable property is identified. A score of 1 is assigned if there is a unique number to identify property for the majority of land plots; 0 if there are multiple identifiers.

The index ranges from 0 to 8, with higher values indicating a higher quality of infrastructure for ensuring the reliability of information on property titles and boundaries. In Turkey, for example, the land registry offices in Istanbul maintain titles in a fully digital format (a score of 2) and have a fully electronic database to check for encumbrances (a score of 1). The Cadastral Directorate offices in Istanbul have digital maps (a score of 2), and the Geographical Information Directorate has a public portal allowing users to check the plans and cadastral information on parcels along with satellite images (a score of 1). Databases about land ownership and maps are linked through the TAKBIS system, an integrated information system for the land registry offices and cadastral offices (a score of 1). Finally, there is a unique identifying number for properties (a score of 1). Adding these numbers gives Turkey a score of 8 on the reliability of infrastructure index.

### Transparency of information index

The transparency of information index has 10 components:

**TABLE 7.3** What do the indicators on the quality of land administration measure?

<b>Reliability of infrastructure index (0–8)</b>
Type of system for archiving information on land ownership (0–2)
Availability of electronic database to check for encumbrances (0–1)
Type of system for archiving maps (0–2)
Availability of geographic information system (0–1)
Link between property ownership registry and mapping system (0–2)
<b>Transparency of information index (0–6)</b>
Accessibility of information on land ownership (0–1)
Accessibility of maps of land plots (0–0.5)
Publication of fee schedules, lists of registration documents, service standards (0–2.5)
Availability of a specific and separate mechanism for complaints (0–1.5)
Publication of statistics about the number of property transactions (0–0.5)
<b>Geographic coverage index (0–8)</b>
Coverage of land registry at the level of the selected location and the economy (0–4)
Coverage of mapping agency at the level of the selected location and the economy (0–4)
<b>Land dispute resolution index (0–8)</b>
Legal framework for immovable property registration (0–2)
Mechanisms to prevent and resolve land disputes (0–6)
<b>Equal access to property rights index (-2–0)</b>
Unequal ownership rights to property between unmarried men and women
Unequal ownership rights to property between married men and women
<b>Quality of land administration index (0–30)</b>
Sum of the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights indices

- Whether information on land ownership is made publicly available. A score of 1 is assigned if information on land ownership is accessible by anyone; 0 if access is restricted.
- Whether the list of documents required for completing any type of property transaction is made publicly available. A score of 0.5 is assigned if the list of documents is accessible online or on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the fee schedule for completing any type of property transaction is made publicly available. A score of 0.5 is assigned if the fee schedule is accessible online or on a public board, free of charge; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the agency in charge of immovable property registration commits to delivering a legally binding document that proves property ownership within a specific time frame. A score of 0.5 is assigned if the service standard is accessible online or on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether there is a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration. A score of 1 is assigned if there is a specific and separate mechanism for filing a complaint; 0 if there is only a general mechanism or no mechanism.
- Whether there are publicly available official statistics tracking the number of transactions at the immovable property registration agency. A score of 0.5 is assigned if statistics are published about property transfers

in the selected location in the past calendar year; 0 if no such statistics are made publicly available.

- Whether maps of land plots are made publicly available. A score of 0.5 is assigned if maps are accessible by anyone; 0 if access is restricted.
- Whether the fee schedule for accessing maps is made publicly available. A score of 0.5 is assigned if the fee schedule is accessible online or on a public board, free of charge; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the mapping agency commits to delivering an updated map within a specific time frame. A score of 0.5 is assigned if the service standard is accessible online or on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether there is a specific and separate mechanism for filing complaints about a problem that occurred at the mapping agency. A score of 0.5 is assigned if there is a specific and separate mechanism for filing a complaint; 0 if there is only a general mechanism or no mechanism.

The index ranges from 0 to 6, with higher values indicating greater transparency in the land administration system. In the Netherlands, for example, anyone who pays a fee can consult the land ownership database (a score of 1). Information can be obtained at the office, by mail or online using the Kadaster website (<http://www.kadaster.nl>). Anyone can also get information online about the list of documents to submit for property registration (a score of 0.5), the fee schedule for registration (a score of 0.5) and the service standards (a score of 0.5). And anyone facing a problem at the land registry can file a complaint or report an error by filling in a specific form online (a score of 1). In addition, the Kadaster makes statistics about land transactions available to the public, reporting a total of 39,849 property transfers in Amsterdam in 2017 (a score

of 0.5). Moreover, anyone who pays a fee can consult online cadastral maps (a score of 0.5). It is also possible to get public access to the fee schedule for map consultation (a score of 0.5), the service standards for delivery of an updated plan (a score of 0.5) and a specific mechanism for filing a complaint about a map (a score of 0.5). Adding these numbers gives the Netherlands a score of 6 on the transparency of information index.

### Geographic coverage index

The geographic coverage index has four components:

- How complete the coverage of the land registry is at the level of the selected location. A score of 2 is assigned if all privately held land plots in the location are formally registered at the land registry; 0 if not.
- How complete the coverage of the land registry is at the level of the economy. A score of 2 is assigned if all privately held land plots in the economy are formally registered at the land registry; 0 if not.
- How complete the coverage of the mapping agency is at the level of the selected location. A score of 2 is assigned if all privately held land plots in the location are mapped; 0 if not.
- How complete the coverage of the mapping agency is at the level of the economy. A score of 2 is assigned if all privately held land plots in the economy are mapped; 0 if not.

The index ranges from 0 to 8, with higher values indicating greater geographic coverage in land ownership registration and cadastral mapping. In Japan, for example, all privately held land plots are formally registered at the land registry in Tokyo and Osaka (a score of 2) and the economy as a whole (a score of 2). Also, all privately held land plots are mapped in both cities (a score of 2) and the economy as a whole (a score of 2). Adding these numbers gives Japan a score of 8 on the geographic coverage index.

### Land dispute resolution index

The land dispute resolution index assesses the legal framework for immovable property registration and the accessibility of dispute resolution mechanisms. The index has eight components:

- Whether the law requires that all property sale transactions be registered at the immovable property registry to make them opposable to third parties. A score of 1.5 is assigned if yes; 0 if no.
- Whether the formal system of immovable property registration is subject to a guarantee. A score of 0.5 is assigned if either a state or a private guarantee over immovable property registration is required by law; 0 if no such guarantee is required.
- Whether there is a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry. A score of 0.5 is assigned if yes; 0 if no.
- Whether the legal system requires verification of the legal validity of the documents necessary for a property transaction. A score of 0.5 is assigned if there is a review of legal validity, either by the registrar or by a professional (such as a notary or lawyer); 0 if there is no review.
- Whether the legal system requires verification of the identity of the parties to a property transaction. A score of 0.5 is assigned if there is verification of identity, either by the registrar or by a professional (such as a notary or lawyer); 0 if there is no verification.
- Whether there is a national database to verify the accuracy of identity documents. A score of 1 is assigned if such a national database is available; 0 if not.
- How much time it takes to obtain a decision from a court of first instance (without appeal) in a standard land dispute between two local businesses

over tenure rights worth 50 times income per capita and located in the selected location. A score of 3 is assigned if it takes less than one year; 2 if it takes between one and two years; 1 if it takes between two and three years; 0 if it takes more than three years.

- Whether there are publicly available statistics on the number of land disputes in the first instance. A score of 0.5 is assigned if statistics are published about land disputes in the economy in the past calendar year; 0 if no such statistics are made publicly available.

The index ranges from 0 to 8, with higher values indicating greater protection against land disputes. In the United Kingdom, for example, according to the Land Registration Act 2002 property transactions must be registered at the land registry to make them opposable to third parties (a score of 1.5). The property transfer system is guaranteed by the state (a score of 0.5) and has a compensation mechanism to cover losses incurred by parties who engaged in good faith in a property transaction based on an error by the registry (a score of 0.5). In accordance with the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, a lawyer verifies the legal validity of the documents in a property transaction (a score of 0.5) and the identity of the parties (a score of 0.5). The United Kingdom has a national database to verify the accuracy of identity documents (a score of 1). In a land dispute between two British companies over the tenure rights of a property worth \$2,026,500, the Land Registration division of the Property Chamber (First-tier Tribunal) gives a decision in less than one year (a score of 3). Finally, statistics about land disputes are collected and published; there were a total of 1,154 land disputes in the country in 2017 (a score of 0.5). Adding these numbers gives the United Kingdom a score of 8 on the land dispute resolution index.

## Equal access to property rights index

The equal access to property rights index has two components:

- Whether unmarried men and unmarried women have equal ownership rights to property. A score of –1 is assigned if there are unequal ownership rights to property; 0 if there is equality.
- Whether married men and married women have equal ownership rights to property. A score of –1 is assigned if there are unequal ownership rights to property; 0 if there is equality.

Ownership rights cover the ability to manage, control, administer, access, encumber, receive, dispose of and transfer property. Each restriction is considered if there is a differential treatment for men and women in the law considering the default marital property regime. For customary land systems, equality is assumed unless there is a general legal provision stating a differential treatment.

The index ranges from –2 to 0, with higher values indicating greater inclusiveness of property rights. In Mali, for example, unmarried men and unmarried women have equal ownership rights to property (a score of 0). Similarly, married men and married women can use their property in the same way (a score of 0). Adding these numbers gives Mali a score of 0 on the equal access to property rights index—which indicates equal property rights between men and women. Conversely, in Tonga, according to the Land Act [Cap 132], sections 7, 45 and 82, unmarried men and unmarried women do not have equal ownership rights to property (a score of –1), and married men and married women are not permitted to use their property in the same way (a score of –1). Adding these numbers gives Tonga a score of –2 on the equal access to property rights index—which indicates unequal property rights between men and women.

## Quality of land administration index

The quality of land administration index is the sum of the scores on the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights indices. The index ranges from 0 to 30, with higher values indicating better quality of the land administration system.

If private sector entities were unable to register property transfers in an economy between June 2017 and May 2018, the economy receives a “no practice” mark on the procedures, time and cost indicators. A “no practice” economy receives a score of 0 on the quality of land administration index even if its legal framework includes provisions related to land administration.

*The data details on registering property can be found at <http://www.doingbusiness.org>.*

## ENFORCING CONTRACTS

*Doing Business* measures the time and cost for resolving a commercial dispute through a local first-instance court (table 7.4) and the quality of judicial processes index, evaluating whether each economy or location has adopted a series of good practices that promote quality and efficiency in the court system. The data are collected through study of the codes of civil procedure and other court regulations as well as questionnaires completed by local litigation lawyers and judges. The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators (figure 7.5).

## EFFICIENCY OF RESOLVING A COMMERCIAL DISPUTE

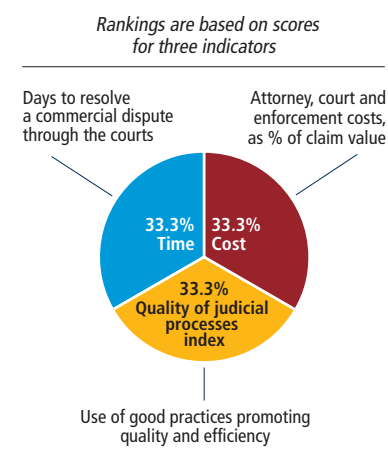
The data on time and cost are built by following the step-by-step evolution of a commercial sale dispute (figure 7.6).

TABLE 7.4 What do the indicators on the efficiency of resolving a commercial dispute measure?

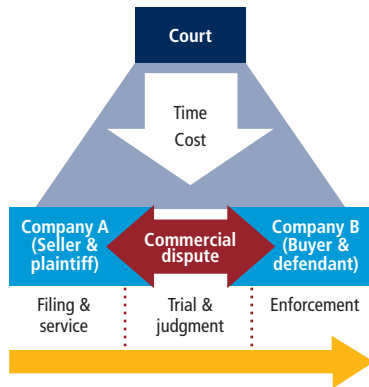
Time required to enforce a contract through the courts (calendar days)
Time to file and serve the case
Time for trial and to obtain the judgment
Time to enforce the judgment
Cost required to enforce a contract through the courts (% of claim)
Average attorney fees
Court costs
Enforcement costs

The data are collected for a specific court for each location covered, under the assumptions about the case described below. The court is the one with jurisdiction over disputes worth 200% of income per capita or \$5,000, whichever is greater. Whenever more than one court has original jurisdiction over a case comparable to the standardized case study, the data are collected based on the court that would be used by litigants in the majority of cases. The name of the relevant court in each economy is published on the *Doing Business* website at <http://www.doingbusiness.org/data/exploretopics/enforcing-contracts>.

FIGURE 7.5 Enforcing contracts: efficiency and quality of commercial dispute resolution



**FIGURE 7.6** What are the time and cost to resolve a commercial dispute through a local first-instance court?



### Assumptions about the case

- The value of the claim is equal to 200% of the economy's income per capita or \$5,000, whichever is greater.
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the selected city. Pursuant to a contract between the businesses, Seller sells some custom-made furniture to Buyer worth 200% of the economy's income per capita or \$5,000, whichever is greater. After Seller delivers the goods to Buyer, Buyer refuses to pay the contract price, alleging that the goods are not of adequate quality. Because they were custom-made, Seller is unable to sell them to anyone else.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement. The dispute is brought before the court located in the selected location with jurisdiction over commercial cases worth 200% of income per capita or \$5,000, whichever is greater.
- At the outset of the dispute, Seller decides to attach Buyer's movable assets (for example, office equipment and vehicles) because Seller fears that Buyer may hide its assets or otherwise become insolvent.
- The claim is disputed on the merits because of Buyer's allegation that the

quality of the goods was not adequate. Because the court cannot decide the case on the basis of documentary evidence or legal title alone, an expert opinion is given on the quality of the goods. If it is standard practice in the economy for each party to call its own expert witness, the parties each call one expert witness. If it is standard practice for the judge to appoint an independent expert, the judge does so. In this case the judge does not allow opposing expert testimony.

- Following the expert opinion, the judge decides that the goods delivered by Seller were of adequate quality and that Buyer must pay the contract price. The judge thus renders a final judgment that is 100% in favor of Seller.
- Buyer does not appeal the judgment. Seller decides to start enforcing the judgment as soon as the time allocated by law for appeal lapses.
- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment and vehicles). It is assumed that Buyer has no money in its bank account, making it impossible for the judgment to be enforced through a seizure of Buyer's account.

### Time

Time is recorded in calendar days, counted from the moment Seller decides to file the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods in between. The average duration of the following three stages of dispute resolution is recorded: (i) filing and service; (ii) trial and judgment; and (iii) enforcement. Time is recorded considering the case study assumptions detailed above and only as applicable to the competent court. Time is recorded in practice, regardless of time limits set by law if such time limits are not respected in the majority of cases.

The filing and service phase includes the following:

- The time for Seller to try to obtain payment out of court through a non-litigious demand letter, including the time to prepare the letter and the deadline provided to Buyer to comply.
- The time necessary for a local lawyer to write the initial complaint and gather all supporting documents needed for filing, including authenticating or notarizing them if required.
- The time necessary to file the complaint at the court.
- The time necessary for Buyer (defendant) to be served, including the processing time at the court and the waiting periods between unsuccessful attempts to serve Buyer, if more than one attempt is usually required.

The trial and judgment phase includes the following

- The time between the moment a notice of the case is served on Buyer and the moment a pretrial conference is held, if a pretrial conference is part of the case management techniques used by the competent court.
- The time between the pre-trial conference and the first hearing, if a pre-trial conference is part of the case management techniques used by the competent court. If not, the time between the moment a notice of the case is served on Buyer and the moment the first hearing is held.
- The time to conduct all trial activities, including exchanges of briefs and evidence, multiple hearings, waiting times in between hearings and the obtaining of an expert opinion.
- The time necessary for the judge to issue a written final judgment once the evidence period has closed.
- The time limit for appeal.

The enforcement phase includes the following:

- The time it takes to obtain an enforceable copy of the judgment and contact the relevant enforcement office.



- The time it takes to locate, identify, seize and transport Buyer's (losing party) movable assets (including the time necessary to obtain an order from the court to attach and seize the assets, if applicable).
- The time it takes to advertise, organize and hold the auction. If more than one auction is usually required to fully recover the value of the claim in a case comparable to the standardized case, the time between multiple auction attempts is recorded.
- The time it takes for Seller (winning party) to fully recover the value of the claim once the auction is successfully completed.

### Cost

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita or \$5,000, whichever is greater. Three types of costs are recorded: average attorney fees, court costs and enforcement costs.

Average attorney fees are the fees that Seller (plaintiff) must advance to a local attorney to represent Seller in the standardized case, regardless of final reimbursement. Court costs include all costs that Seller (plaintiff) must advance to the court, regardless of the final cost borne by Seller. Court costs include the fees that must be paid to obtain an expert opinion, regardless of whether they are paid to the court or to the expert directly. Enforcement costs are all costs that Seller (plaintiff) must advance to enforce the judgment through a public sale of Buyer's movable assets, regardless of the final cost borne by Seller. Bribes are not taken into account.

### QUALITY OF JUDICIAL PROCESSES

The quality of judicial processes index measures whether each location has adopted a series of good practices in its court system in four areas: court structure and proceedings, case management,

court automation and alternative dispute resolution (table 7.5).

### Court structure and proceedings index

The court structure and proceedings index has five components:

- Whether a specialized commercial court or a section dedicated solely to hearing commercial cases is in place. A score of 1.5 is assigned if yes; 0 if no.
- Whether a small claims court or a fast-track procedure for small claims is in place. A score of 1 is assigned if such a court or procedure is in place, it is applicable to all civil cases and the law sets a cap on the value of cases that can be handled through this court or procedure. If small claims are handled by a stand-alone court, the point is assigned only if this court applies a simplified procedure. An additional score of 0.5 is assigned if parties can represent themselves before this court or during this procedure. If no small claims court or simplified procedure is in place, a score of 0 is assigned.
- Whether plaintiffs can obtain pretrial attachment of the defendant's movable assets if they fear that the assets may be moved out of the jurisdiction or otherwise dissipated. A score of 1 is assigned if yes; 0 if no.
- Whether cases are assigned randomly and automatically to judges throughout the competent court. A score of 1 is assigned if the assignment of cases is random and automated; 0.5 if it is random but not automated; 0 if it is neither random nor automated.
- Whether a woman's testimony carries the same evidentiary weight in court as a man's. A score of -1 is assigned if the law differentiates between the evidentiary value of a woman's testimony and that of a man's testimony in any type of civil case, including family cases; 0 if it does not.

The index ranges from -1 to 5, with higher values indicating a more sophisticated and streamlined court structure. In Bosnia

**TABLE 7.5** What do the indicators on the quality of judicial processes measure?

#### Court structure and proceedings index (-1-5)

Availability of specialized commercial court, division or section (0-1.5)

Availability of small claims court or simplified procedure for small claims (0-1.5)

Availability of pretrial attachment (0-1)

Criteria used to assign cases to judges (0-1)

Evidentiary weight of a woman's testimony (-1-0)

#### Case management index (0-6)

Regulations setting time standards for key court events (0-1)

Regulations on adjournments or continuances (0-1)

Availability of performance measurement reports (0-1)

Availability of pretrial conference (0-1)

Availability of electronic case management system for judges (0-1)

Availability of electronic case management system for lawyers (0-1)

#### Court automation index (0-4)

Ability to file initial complaint electronically (0-1)

Ability to serve initial complaint electronically (0-1)

Ability to pay court fees electronically (0-1)

Publication of judgments (0-1)

#### Alternative dispute resolution index (0-3)

Arbitration (0-1.5)

Voluntary mediation or conciliation (0-1.5)

#### Quality of judicial processes index (0-18)

Sum of the court structure and proceedings, case management, court automation and alternative dispute resolution indices

and Herzegovina, for example, a specialized commercial court is in place (a score of 1.5), and small claims can be resolved through a dedicated court in which self-representation is allowed (a score of 1.5). Plaintiffs can obtain pretrial attachment of the defendant's movable assets if they fear dissipation during trial (a score of 1). Cases are assigned randomly through an electronic case management system (a score of 1). A woman's testimony carries the same evidentiary weight in court as a man's (a score of 0). Adding these numbers gives Bosnia and Herzegovina a score of 5 on the court structure and proceedings index.

### Case management index

The case management index has six components:

- Whether any of the applicable laws or regulations on civil procedure contain time standards for at least three of the following key court events: (i) service of process; (ii) first hearing; (iii) filing of the statement of defense; (iv) completion of the evidence period; (v) filing of testimony by expert; and (vi) submission of the final judgment. A score of 1 is assigned if such time standards are available and respected in more than 50% of cases; 0.5 if they are available but not respected in more than 50% of cases; 0 if there are time standards for less than three of these key court events.
- Whether there are any laws regulating the maximum number of adjournments or continuances that can be granted, whether adjournments are limited by law to unforeseen and exceptional circumstances and whether these rules are respected in more than 50% of cases. A score of 1 is assigned if all three conditions are met; 0.5 if only two of the three conditions are met; 0 if only one of the conditions is met or if none are.
- Whether there are any performance measurement reports that can be generated about the competent court to monitor the court's performance, to track the progress of cases through the court and to ensure compliance with established time standards. A score of 1 is assigned if at least two of the following four reports are made publicly available: (i) time to disposition report (measuring the time the court takes to dispose or adjudicate its cases); (ii) clearance rate report (measuring the number of cases resolved relative to the number of incoming cases); (iii) age of pending cases report (providing a snapshot of all pending cases according to case type, case age, last action held and next action scheduled); and (iv) single case progress report (providing a snapshot of the status of one case).

A score of 0 is assigned if only one of these reports is available or if none are.

- Whether a pretrial conference is among the case management techniques used before the competent court and at least three of the following issues are discussed during the pretrial conference: (i) scheduling (including the time frame for filing motions and other documents with the court); (ii) case complexity and projected length of trial; (iii) possibility of settlement or alternative dispute resolution; (iv) exchange of witness lists; (v) evidence; (vi) jurisdiction and other procedural issues; and (vii) the narrowing down of contentious issues. A score of 1 is assigned if a pretrial conference in which at least three of these events are discussed is held within the competent court; 0 if not.
- Whether judges within the competent court can use an electronic case management system for at least four of the following purposes: (i) to access laws, regulations and case law; (ii) to automatically generate a hearing schedule for all cases on their docket; (iii) to send notifications (for example, e-mails) to lawyers; (iv) to track the status of a case on their docket; (v) to view and manage case documents (briefs, motions); (vi) to assist in writing judgments; (vii) to semi-automatically generate court orders; and (viii) to view court orders and judgments in a particular case. A score of 1 is assigned if an electronic case management system is available that judges can use for at least four of these purposes; 0 if not.
- Whether lawyers can use an electronic case management system for at least four of the following purposes: (i) to access laws, regulations and case law; (ii) to access forms to be submitted to the court; (iii) to receive notifications (for example, e-mails); (iv) to track the status of a case; (v) to view and manage case documents (briefs, motions); (vi) to file briefs and documents with the court; and (vii) to view court orders

and decisions in a particular case. A score of 1 is assigned if an electronic case management system is available that lawyers can use for at least four of these purposes; 0 if not.

The index ranges from 0 to 6, with higher values indicating a higher-quality and more efficient case management system. In Australia, for example, time standards for at least three key court events are established in applicable civil procedure instruments and are respected in more than 50% of cases (a score of 1). The law stipulates that adjournments can be granted only for unforeseen and exceptional circumstances, and this rule is respected in more than 50% of cases (a score of 0.5). A time to disposition report, a clearance rate report and an age of pending cases report can be generated about the competent court (a score of 1). A pretrial conference is among the case management techniques used before the District Court of New South Wales (a score of 1). An electronic case management system satisfying the criteria outlined above is available to judges (a score of 1) and to lawyers (a score of 1). Adding these numbers gives Australia a score of 5.5 on the case management index, the highest score attained by any economy on this index.

### Court automation index

The court automation index has four components:

- Whether the initial complaint can be filed electronically through a dedicated platform (not e-mail or fax) within the relevant court. A score of 1 is assigned if such a platform is available and litigants are not required to follow up with a hard copy of the complaint; 0 if not. Electronic filing is acknowledged regardless of the percentage of users, as long as no additional in-person interactions are required and local experts have used it enough to be able to confirm that it is fully functional.

- Whether the initial complaint can be served on the defendant electronically, through a dedicated system or by e-mail, fax or SMS (short message service) for cases filed before the competent court. A score of 1 is assigned if electronic service is available and no further service of process is required; 0 if not. Electronic service is acknowledged regardless of the percentage of users, as long as no additional in-person interactions are required and local experts have used it enough to be able to confirm that it is fully functional.
- Whether court fees can be paid electronically for cases filed before the competent court, either through a dedicated platform or through online banking. A score of 1 is assigned if fees can be paid electronically and litigants are not required to follow up with a hard copy of the receipt or produce a stamped copy of the receipt; 0 if not. Electronic payment is acknowledged regardless of the percentage of users, as long as no additional in-person interactions are required and local experts have used it enough to be able to confirm that it is fully functional.
- Whether judgments rendered by local courts are made available to the general public through publication in official gazettes, in newspapers or on the internet. A score of 1 is assigned if judgments rendered in commercial cases at all levels are made available to the general public; 0.5 if only judgments rendered at the appeal and supreme court level are made available to the general public; 0 in all other instances. No points are awarded if judgments need to be individually requested from the court or if the case number or parties' details are required in order to obtain a copy of a judgment.

The index ranges from 0 to 4, with higher values indicating a more automated, efficient and transparent court system. In Estonia, for example, the initial summons can be filed online (a score of 1), it can be served on the defendant

electronically (a score of 1), and court fees can be paid electronically as well (a score of 1). In addition, judgments in commercial cases at all levels are made publicly available through the internet (a score of 1). Adding these numbers gives Estonia a score of 4 on the court automation index.

### Alternative dispute resolution index

The alternative dispute resolution index has six components:

- Whether domestic commercial arbitration is governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects. A score of 0.5 is assigned if yes; 0 if no.
- Whether commercial disputes of all kinds—aside from those dealing with public order, public policy, bankruptcy, consumer rights, employment issues or intellectual property—can be submitted to arbitration. A score of 0.5 is assigned if yes; 0 if no.
- Whether valid arbitration clauses or agreements are enforced by local courts in more than 50% of cases. A score of 0.5 is assigned if yes; 0 if no.
- Whether voluntary mediation, conciliation or both are a recognized way of resolving commercial disputes. A score of 0.5 is assigned if yes; 0 if no.
- Whether voluntary mediation, conciliation or both are governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects. A score of 0.5 is assigned if yes; 0 if no.
- Whether there are any financial incentives for parties to attempt mediation or conciliation (for example, if mediation or conciliation is successful, a refund of court filing fees, an income tax credit or the like). A score of 0.5 is assigned if yes; 0 if no.

The index ranges from 0 to 3, with higher values associated with greater availability of mechanisms of alternative dispute

resolution. In Israel, for example, arbitration is regulated through a dedicated statute (a score of 0.5), all relevant commercial disputes can be submitted to arbitration (a score of 0.5), and valid arbitration clauses are usually enforced by the courts (a score of 0.5). Voluntary mediation is a recognized way of resolving commercial disputes (a score of 0.5), it is regulated through a dedicated statute (a score of 0.5), and part of the filing fees is reimbursed if the process is successful (a score of 0.5). Adding these numbers gives Israel a score of 3 on the alternative dispute resolution index.

### Quality of judicial processes index

The quality of judicial processes index is the sum of the scores on the court structure and proceedings, case management, court automation and alternative dispute resolution indices. The index ranges from 0 to 18, with higher values indicating better and more efficient judicial processes.

*The data details on enforcing contracts can be found for each economy at <http://www.doingbusiness.org>. This methodology was initially developed by Simeon Djankov, Rafael La Porta, Florencio López-de-Silanes and Andrei Shleifer ("Courts," Quarterly Journal of Economics 118, no. 2 [2003]: 453–517) and is adopted here with several changes. The quality of judicial processes index was introduced in Doing Business 2016. The good practices tested in this index were developed on the basis of internationally recognized good practices promoting judicial efficiency.*

## TRADING ACROSS BORDERS

*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall

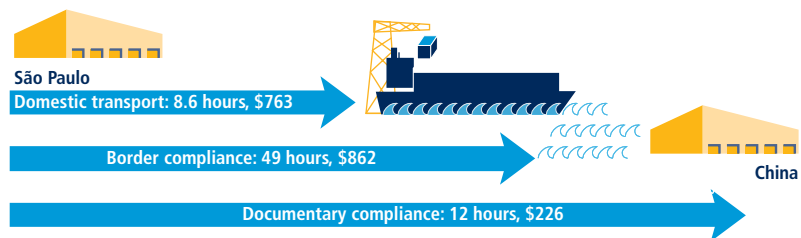
process of exporting or importing a shipment of goods. Figure 7.7, using the example of Brazil (as exporter) and China (as importer), shows the process of exporting a shipment from a warehouse in the origin economy to a warehouse in an overseas trading partner through a port. Figure 7.8, using the example of Kenya (as exporter) and Uganda (as importer), shows the process of exporting a shipment from a warehouse in the origin economy to a warehouse in a regional trading partner through a land border. The ranking of economies or trade locations on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import (figure 7.9).

Although *Doing Business* collects and publishes data on the time and cost for domestic transport, it does not use these data in calculating the score for trading across borders or the ranking on the ease of trading across borders. The main reason for this is that the time and cost for domestic transport are affected by many external factors—such as the geography and topography of the transit territory, road capacity and general infrastructure, proximity to the nearest port or border, and the location of warehouses where the traded goods are stored—and so are not directly influenced by an economy's trade policies and reforms.

The data on trading across borders are gathered through a questionnaire administered to local freight forwarders, customs brokers, port authorities and traders.

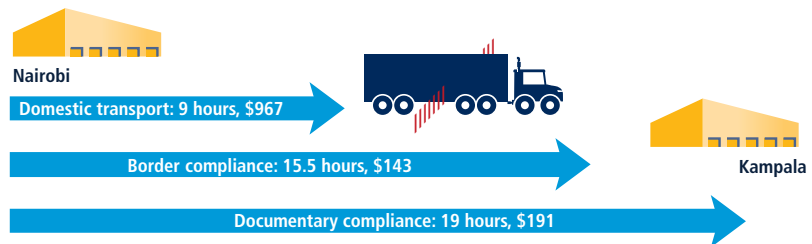
If an economy has no formal, large-scale, private sector cross-border trade taking place as a result of government restrictions, armed conflict or a natural disaster, it is considered a “no practice” economy. A “no practice” economy receives a score

**FIGURE 7.7** What makes up the time and cost to export to an overseas trading partner?



Source: *Doing Business* database.

**FIGURE 7.8** What makes up the time and cost to export to a regional trading partner?



Source: *Doing Business* database.

of 0 for all the trading across borders indicators.

### Assumptions of the case study

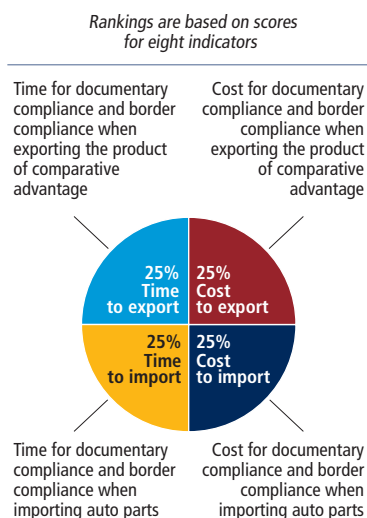
To make the data comparable across locations, several assumptions are made about the traded goods and the transactions:

- For each of the locations covered by *Doing Business in Mozambique 2019*, it is assumed that a shipment is located at a warehouse in the closest main business city of the exporting economy (Beira, Maputo, Nacala, and Ressano Garcia for border crossing) and travels to a warehouse in the largest business city of the importing economy (Mumbai, Lisbon, Mumbai and Johannesburg respectively).
- The import and export case studies assume different traded products. It is assumed that each port or border crossing imports a standardized shipment of 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest

value (price times quantity) of auto parts.

- With the exception of Maputo, it is assumed that each port or border crossing exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. For Maputo, the export case study in *Doing Business in Mozambique 2019* assumes an export of the second most exported product HS 17 (Sugars and sugar confectionery) to Portugal. Maputo's most exported product HS 76 (Aluminum and articles thereof) to the Netherlands is assessed by the annual *Doing Business* report. The product of comparative advantage for Mozambique as a whole is HS 76 (Aluminum and articles thereof), and Maputo port is the main port in the country exporting this commodity to the Netherlands. Precious metal and gems, mineral fuels, oil products, live animals, residues and waste of foods and products as well as pharmaceuticals are excluded from the list of

**FIGURE 7.9** Trading across borders: time and cost to export and import



possible export products, however, and in these cases the second largest product category is considered as needed.<sup>1</sup>

- A shipment is a unit of trade. Export shipments do not necessarily need to be containerized, while import shipments of auto parts are assumed to be containerized.
- If fees are determined by the value of the shipment, the value is assumed to be \$50,000.
- The product is new, not secondhand or used merchandise.
- The exporting/importing firm hires and pays for a freight forwarder or customs broker (or both) and pays for all costs related to domestic transport, clearance and mandatory inspections by customs and other agencies, port or border handling, documentary compliance fees and the like.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic submissions of information requested by any government agency in connection with the shipment are considered to be documents

**TABLE 7.6** What do the indicators on the time and cost to export and import cover?

<b>Documentary compliance</b>
Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
Obtaining, preparing and submitting documents required by destination economy and any transit economies
Covers all documents required by law and in practice, including electronic submissions of information as well as non-shipment-specific documents necessary to complete the trade
<b>Border compliance</b>
Customs clearance and inspections by customs
Inspections by other agencies (if applied to more than 10% of shipments)
Port or border handling at most widely used port or border of economy
<b>Domestic transport</b>
Loading and unloading of shipment at warehouse, dry port or border
Transport by most widely used mode between warehouse and terminal or dry port
Transport by most widely used mode between terminal or dry port and most widely used border or port
Traffic delays and road police checks while shipment is en route

obtained, prepared and submitted during the export or import process.

- A port or border is defined as a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Government agencies considered relevant are agencies such as customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies, central banks and any other government authorities.

**Time**

Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as 22 × 24 = 528 hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose that documents are submitted to a customs agency at 8:00 a.m., are processed overnight and can be picked up at 8:00 a.m. the next day. In this case the time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

**Cost**

Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are

reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates and their movements.

**Documentary compliance**

Documentary compliance captures the time and cost associated with compliance with the documentary requirements of all government agencies of the origin economy, the destination economy and any transit economies (table 7.6). The aim is to measure the total burden of preparing the bundle of documents that will enable completion of the international trade for the product and partner pair assumed in the case study. As a shipment moves from Mumbai to New York City, for example, the freight forwarder must prepare and submit documents to the customs agency in India, to the port authorities in Mumbai and to the customs agency in the United States.

The time and cost for documentary compliance include the time and cost for obtaining documents (such as time spent to get the document issued and stamped); preparing documents (such

as time spent gathering information to complete the customs declaration or certificate of origin); processing documents (such as time spent waiting for the relevant authority to issue a phytosanitary certificate); presenting documents (such as time spent showing a port terminal receipt to port authorities); and submitting documents (such as time spent submitting a customs declaration to the customs agency in person or electronically).

All electronic or paper submissions of information requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. All documents prepared by the freight forwarder or customs broker for the product and partner pair assumed in the case study are included regardless of whether they are required by law or in practice. Any documents prepared and submitted so as to get access to preferential treatment—for example, a certificate of origin—are included in the calculation of the time and cost for documentary compliance. Any documents prepared and submitted because of a perception that they ease the passage of the shipment are also included (for example, freight forwarders may prepare a packing list because in their experience this reduces the probability of physical or other intrusive inspections).

In addition, any documents that are mandatory for exporting or importing are included in the calculation of time and cost. Documents that need to be obtained only once are not counted, however. And *Doing Business* does not include documents needed to produce and sell in the domestic market—such as certificates of third-party safety standards testing that may be required to sell toys domestically—unless a government agency needs to see these documents during the export process.

### Border compliance

Border compliance captures the time and cost associated with compliance with the economy's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the economy's border, as well as the time and cost for handling that takes place at its port or border. The time and cost for this segment include time and cost for customs clearance and inspection procedures conducted by other agencies. For example, the time and cost for conducting a phytosanitary inspection would be included here.

The computation of border compliance time and cost depends on where the border compliance procedures take place, who requires and conducts the procedures and what the probability is that inspections will be conducted. If all customs clearance and other inspections take place at the port or border at the same time, the time estimate for border compliance takes this simultaneity into account. It is entirely possible that the border compliance time and cost could be negligible or zero, as in the case of trade between members of the European Union or other customs unions.

If some or all customs or other inspections take place at other locations, the time and cost for these procedures are added to the time and cost for those that take place at the port or border. In Kazakhstan, for example, all customs clearance and inspections take place at a customs post in Almaty that is not at the land border between Kazakhstan and China. In this case border compliance time is the sum of the time spent at the terminal in Almaty and the handling time at the border.

*Doing Business* asks contributors to estimate the time and cost for clearance and inspections by customs agencies—defined as documentary and physical inspections for the purpose of calculating duties by verifying product classification, confirming quantity, determining origin

and checking the veracity of other information on the customs declaration. (This category includes all inspections aimed at preventing smuggling.) These are clearance and inspection procedures that take place in the majority of cases and thus are considered the “standard” case. The time and cost estimates capture the efficiency of the customs agency of the economy.

*Doing Business* also asks contributors to estimate the total time and cost for clearance and inspections by customs and all other agencies for the specified product. These estimates account for inspections related to health, safety, phytosanitary standards, conformity and the like, and thus capture the efficiency of agencies that require and conduct these additional inspections.

If inspections by agencies other than customs are conducted in 20% or fewer cases, the border compliance time and cost measures take into account only clearance and inspections by customs (the standard case). If inspections by other agencies take place in more than 20% of cases, the time and cost measures account for clearance and inspections by all agencies. Different types of inspections may take place with different probabilities—for example, scanning may take place in 100% of cases while physical inspection occurs in 5% of cases. In situations like this, *Doing Business* would count the time only for scanning because it happens in more than 20% of cases while physical inspection does not. The border compliance time and cost for an economy do not include the time and cost for compliance with the regulations of any other economy.

### Domestic transport

Domestic transport captures the time and cost associated with transporting the shipment from a warehouse in the location measured to the seaport or land border (if applicable). This set of procedures captures the time for (and cost of) the actual transport; any traffic delays and road police checks; as well as time spent



loading or unloading at the warehouse or border. For a coastal economy with an overseas trading partner, domestic transport captures the time and cost from the loading of the shipment at the warehouse until the shipment reaches the economy's port (figure 7.8). For an economy trading through a land border, domestic transport captures the time and cost from the loading of the shipment at the warehouse until the shipment reaches the economy's land border (figure 7.9).

The time and cost estimates are based on the most widely used mode of transport (truck, train, riverboat) and the most widely used route (road, border posts) as reported by contributors. The time and cost estimates are based on the mode and route chosen by the majority of contributors.

In the export case study, as noted, *Doing Business* does not assume a containerized shipment, and time and cost estimates may be based on the transport of 15 tons of noncontainerized products. In the import case study, auto parts are assumed to be containerized. In the cases where cargo is containerized, the time and cost for transport and other procedures are based on a shipment consisting of homogeneous cargo belonging to a single Harmonized System (HS) classification code. This assumption is particularly important for inspections, because shipments of homogeneous products are often subject to fewer and shorter inspections than shipments of products belonging to various HS codes.

In some cases, the shipment travels from the warehouse to a customs post or terminal for clearance or inspections and then travels onward to the port or border. In these cases, the domestic transport time is the sum of the time for both transport segments. The time and cost for clearance or inspections are included in the measures for border compliance, however, not in those for domestic transport.

*The data details on trading across borders can be found for each economy at <http://www.doingbusiness.org>. This methodology was initially developed by Djankov and others (2008) and was revised in 2015.*

## NOTE

1. To identify the trading partners and export product for each economy, *Doing Business* collected data on trade flows for the most recent four-year period from international databases such as the United Nations Commodity Trade Statistics Database (UN Comtrade). For economies for which trade flow data were not available, data from ancillary government sources (various ministries and departments) and World Bank Group country offices were used to identify the export product and natural trading partners.



# Provinces profiles

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## CABO DELGADO (Pemba)

Starting a business (rank)	2	Registering property (rank)	8	Enforcing contracts (rank)	8
Score for starting a business (0–100)	67.32	Score for registering property (0–100)	52.13	Score for enforcing contracts (0–100)	51.53
Procedures (number)	11	Procedures (number)	8	Time (days)	612
Time (days)	38	Time (days)	39	Cost (% of claim value)	39.2
Cost (% of income per capita)	68.4	Cost (% of property value)	6.0	Quality of judicial processes index (0–18)	7.0
		Quality of land administration index(0–30)	7.5		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)  
Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Tax authority

Time: 7 days

Cost: No cost

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 7 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100

(for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for registration of the transfer of property

Agency: Property registry

Time: 5 days

Cost: MZN 10,759 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 2,100 (for registration certificate of a property transfer, 3 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

## CABO DELGADO

### Procedure 7. Submit the updated ownership certificate to update the land use title to update the land use title

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** MZN 10,000

### Procedure 8\*. Apply for the update of the property tax certificate

**Agency:** Tax authority

**Time:** 7 days

**Cost:** No cost

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>7.5</b>
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.5
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## CABO DELGADO

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	72
Trial and judgement	320
Enforcement of judgement	220
<b>Total time</b>	<b>612</b>
	Cost (% of claim value)
Attorney fees	25.0
Court fees	6.0
Enforcement fees	8.2
<b>Total cost</b>	<b>39.2</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.



## GAZA (Xai-Xai)

Starting a business (rank)	3	Registering property (rank)	2	Enforcing contracts (rank)	9
Score for starting a business (0–100)	66.65	Score for registering property (0–100)	54.78	Score for enforcing contracts (0–100)	50.34
Procedures (number)	11	Procedures (number)	7	Time (days)	610
Time (days)	36	Time (days)	41	Cost (% of claim value)	42.5
Cost (% of income per capita)	77.8	Cost (% of property value)	5.5	Quality of judicial processes index (0–18)	7.0
		Quality of land administration index(0–30)	7.5		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Improve the implementation of the license by simple notice at the one-stop shop	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

*Note:* "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 2. Obtain property tax certificate

Agency: Municipal tax office

Time: 7 days

Cost: No cost

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 5 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 7 days

## GAZA

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

**Procedure 7. Submit the updated ownership certificate to update the land use title**

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** MZN 4,500

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

QUALITY OF LAND ADMINISTRATION INDEX	
	Score
<b>Quality of land administration index (0–30)</b>	<b>7.5</b>
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.5
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## GAZA

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	45
Trial and judgement	359
Enforcement of judgement	206
<b>Total time</b>	<b>610</b>
	Cost (% of claim value)
Attorney fees	30.0
Court fees	6.0
Enforcement fees	6.5
<b>Total cost</b>	<b>42.5</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## INHAMBANE (Inhambane)

Starting a business (rank)	6	Registering property (rank)	3	Enforcing contracts (rank)	4
Score for starting a business (0–100)	61.07	Score for registering property (0–100)	54.77	Score for enforcing contracts (0–100)	57.05
Procedures (number)	11	Procedures (number)	7	Time (days)	483
Time (days)	35	Time (days)	37	Cost (% of claim value)	33.9
Cost (% of income per capita)	124.5	Cost (% of property value)	5.6	Quality of judicial processes index (0–18)	7.0
		Quality of land administration index(0–30)	7.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio (MIC)</li> <li>• National printing press</li> <li>• BAÚ</li> <li>• Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>• Company registrars and notaries</li> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Municipal tax office

Time: 10 days

Cost: MZN 500

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 3 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 4 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 3 days

## INHAMBANE

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** MZN 4,500

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

QUALITY OF LAND ADMINISTRATION INDEX	
	Score
<b>Quality of land administration index (0–30)</b>	<b>7.0</b>
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## INHAMBANE

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	68
Trial and judgement	190
Enforcement of judgement	225
<b>Total time</b>	<b>483</b>
	Cost (% of claim value)
Attorney fees	20.0
Court fees	6.0
Enforcement fees	7.9
<b>Total cost</b>	<b>33.9</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

Note: For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

Note: “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.



## MANICA (Chimoio)

Starting a business (rank)	7	Registering property (rank)	5	Enforcing contracts (rank)	1
Score for starting a business (0–100)	60.38	Score for registering property (0–100)	53.61	Score for enforcing contracts (0–100)	64.40
Procedures (number)	11	Procedures (number)	7	Time (days)	380
Time (days)	38	Time (days)	47	Cost (% of claim value)	21.8
Cost (% of income per capita)	124.0	Cost (% of property value)	5.5	Quality of judicial processes index (0–18)	7.0
		Quality of land administration index(0–30)	7.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio (MIC)</li> <li>• National printing press</li> <li>• BAÚ</li> <li>• Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>• Company registrars and notaries</li> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Municipal tax office

Time: 10 days

Cost: MZN 2,000

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 15 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 3 days

## MANICA

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** MZN 2,785

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>7.0</b>
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## MANICA

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	58
Trial and judgement	167
Enforcement of judgement	155
<b>Total time</b>	<b>380</b>
	Cost (% of claim value)
Attorney fees	10.0
Court fees	5.0
Enforcement fees	6.8
<b>Total cost</b>	<b>21.8</b>

QUALITY OF JUDICIAL PROCESSES INDEX	
	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## MAPUTO CITY (Maputo)

Starting a business (rank)	1	Registering property (rank)	6	Enforcing contracts (rank)	10
Score for starting a business (0–100)	67.56	Score for registering property (0–100)	52.94	Score for enforcing contracts (0–100)	39.78
Procedures (number)	10	Procedures (number)	8	Time (days)	950
Time (days)	17	Time (days)	43	Cost (% of claim value)	53.3
Cost (% of income per capita)	120.5	Cost (% of property value)	5.2	Quality of judicial processes index (0–18)	8.5
		Quality of land administration index(0–30)	7.5		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio (MIC)</li> <li>• National printing press</li> <li>• BAÚ</li> <li>• Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>• Company registrars and notaries</li> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 2. Obtain property tax certificate

Agency: Municipal tax office

Time: 7 days

Cost: No cost

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 7 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 7 days

## MAPUTO CITY

**Cost:** MZN 10,759 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 3 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** No cost

### Procedure 8\*. Submit the updated ownership certificate for property tax purposes

**Agency:** Municipal tax office

**Time:** 1 day

**Cost:** No cost

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>7.5</b>
Reliability of infrastructure index (0–8)	2.0
Transparency of information index (0–6)	1.5
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	4.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## MAPUTO CITY

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	90
Trial and judgement	640
Enforcement of judgement	220
<b>Total time</b>	<b>950</b>
	Cost (% of claim value)
Attorney fees	35.0
Court fees	9.4
Enforcement fees	8.9
<b>Total cost</b>	<b>53.3</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>8.5</b>
Court structure and proceedings (-1–5)	4.0
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.



## NAMPULA (Nampula)

Starting a business (rank)	10	Registering property (rank)	9	Enforcing contracts (rank)	2
Score for starting a business (0–100)	59.01	Score for registering property (0–100)	50.92	Score for enforcing contracts (0–100)	58.45
Procedures (number)	11	Procedures (number)	8	Time (days)	673
Time (days)	40	Time (days)	47	Cost (% of claim value)	23.7
Cost (% of income per capita)	130.9	Cost (% of property value)	6.1	Quality of judicial processes index (0–18)	8.5
		Quality of land administration index(0–30)	7.5		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Improve the implementation of the license by simple notice at the one-stop shop	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

*Note:* "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Tax authority

Time: 10 days

Cost: No cost

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 7 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 3 days

## NAMPULA

**Cost:** MZN 10,759 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer; 3 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 15 days

**Cost:** MZN 11,956

### Procedure 8\*. Apply for the update of the property tax certificate

**Agency:** Tax authority

**Time:** 7 days

**Cost:** No cost

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

QUALITY OF LAND ADMINISTRATION INDEX	
	Score
<b>Quality of land administration index (0–30)</b>	7.5
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.5
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## NAMPULA

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	<b>Time (days)</b>
Filing and service	65
Trial and judgement	337
Enforcement of judgement	271
<b>Total time</b>	<b>673</b>
	<b>Cost (% of claim value)</b>
Attorney fees	11.0
Court fees	4.0
Enforcement fees	8.7
<b>Total cost</b>	<b>23.7</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	<b>Score</b>
<b>Quality of judicial processes index (0–18)</b>	<b>8.5</b>
Court structure and proceedings (-1–5)	4.0
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## NIASSA (Lichinga)

Starting a business (rank)	5	Registering property (rank)	4	Enforcing contracts (rank)	3
Score for starting a business (0–100)	61.33	Score for registering property (0–100)	54.18	Score for enforcing contracts (0–100)	57.37
Procedures (number)	11	Procedures (number)	7	Time (days)	571
Time (days)	34	Time (days)	42	Cost (% of claim value)	26.6
Cost (% of income per capita)	124.4	Cost (% of property value)	5.6	Quality of judicial processes index (0–18)	7
		Quality of land administration index(0–30)	7.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio (MIC)</li> <li>• National printing press</li> <li>• BAÚ</li> <li>• Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>• Company registrars and notaries</li> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>• Ministério da Indústria e Comércio</li> <li>• BAÚ</li> <li>• Company registrars and notaries</li> <li>• Tax authority</li> <li>• Provincial Directorate of Labor</li> <li>• National Social Security Institute</li> <li>• National printing press</li> </ul>	Long term

Note: "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Municipal tax office

Time: 7 days

Cost: No cost

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 5 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 2 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 3 days

## NIASSA

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer; 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 15 days

**Cost:** MZN 5,000

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>7.0</b>
Reliability of infrastructure index (0–8)	0.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## NIASSA

### ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	85
Trial and judgement	271
Enforcement of judgement	215
<b>Total time</b>	<b>571</b>
	Cost (% of claim value)
Attorney fees	15.0
Court fees	4.0
Enforcement fees	7.6
<b>Total cost</b>	<b>26.6</b>

QUALITY OF JUDICIAL PROCESSES INDEX	
	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.



## SOFALA (Beira)

Starting a business (rank)	9	Registering property (rank)	10	Enforcing contracts (rank)	5
Score for starting a business (0–100)	59.04	Score for registering property (0–100)	49.94	Score for enforcing contracts (0–100)	56.52
Procedures (number)	11	Procedures (number)	7	Time (days)	708
Time (days)	39	Time (days)	83	Cost (% of claim value)	26.3
Cost (% of income per capita)	132.6	Cost (% of property value)	6.2	Quality of judicial processes index (0–18)	8.5
		Quality of land administration index(0–30)	9.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Improve the implementation of the license by simple notice at the one-stop shop	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

*Note:* "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain ownership certificate

Agency: Property registry

Time: 7 days

Cost: MZN 700

#### Procedure 2. Obtain property tax certificate

Agency: Municipal tax office

Time: 7 days

Cost: MZN 750

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 10 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 4 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 15 days

## SOFALA

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 30 days

**Cost:** MZN 12,000

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>9.0</b>
Reliability of infrastructure index (0–8)	3.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	5.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## SOFALA

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	<b>Time (days)</b>
Filing and service	55
Trial and judgement	365
Enforcement of judgement	288
<b>Total time</b>	<b>708</b>
	<b>Cost (% of claim value)</b>
Attorney fees	13.5
Court fees	4.0
Enforcement fees	8.8
<b>Total cost</b>	<b>26.3</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	<b>Score</b>
<b>Quality of judicial processes index (0–18)</b>	<b>8.5</b>
Court structure and proceedings (-1–5)	4.0
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## TETE (Tete)

Starting a business (rank) 4		Registering property (rank) 7		Enforcing contracts (rank) 6	
Score for starting a business (0–100)	66.16	Score for registering property (0–100)	52.61	Score for enforcing contracts (0–100)	53.38
Procedures (number)	11	Procedures (number)	8	Time (days)	348
Time (days)	39	Time (days)	47	Cost (% of claim value)	60.9
Cost (% of income per capita)	75.7	Cost (% of property value)	6.4	Quality of judicial processes index (0–18)	8.5
		Quality of land administration index(0–30)	10.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Improve the implementation of the license by simple notice at the one-stop shop	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

*Note:* "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Tax authority

Time: 7 days

Cost: No cost

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 5 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 5 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 5 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 5 days

## TETE

**Cost:** MZN 10,759 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 3 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 15 days

**Cost:** MZN 15,000

### Procedure 8\*. Apply for the update of the property tax certificate

**Agency:** Tax authority

**Time:** 7 days

**Cost:** No cost

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>10.0</b>
Reliability of infrastructure index (0–8)	3.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	6.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## TETE

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	38
Trial and judgement	130
Enforcement of judgement	180
<b>Total time</b>	<b>348</b>
	Cost (% of claim value)
Attorney fees	49.0
Court fees	4.0
Enforcement fees	7.9
<b>Total cost</b>	<b>60.9</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>8.5</b>
Court structure and proceedings (-1–5)	4.0
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.



## ZAMBEZIA (Quelimane)

Starting a business (rank)	8	Registering property (rank)	1	Enforcing contracts (rank)	7
Score for starting a business (0–100)	59.77	Score for registering property (0–100)	56.72	Score for enforcing contracts (0–100)	52.74
Procedures (number)	11	Procedures (number)	7	Time (days)	791
Time (days)	36	Time (days)	39	Cost (% of claim value)	23.0
Cost (% of income per capita)	132.8	Cost (% of property value)	5.2	Quality of judicial processes index (0–18)	7.0
		Quality of land administration index(0–30)	9.0		

### STARTING A BUSINESS *Please refer to the List of procedures for starting a business on page 140*

#### REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF STARTING A BUSINESS

Suggested reform	Key players to champion the reform	Implementation timeframe
Improve the implementation of the license by simple notice at the one-stop shop	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Short term
Reduce the cost and remove or streamline the process of publishing the articles of association in the official gazette	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio (MIC)</li> <li>National printing press</li> <li>BAÚ</li> <li>Company registry</li> </ul>	Short to medium term
Simplify the current fee schedules for company incorporation and make them publicly available at the company registries and online	<ul style="list-style-type: none"> <li>Company registrars and notaries</li> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> </ul>	Creating a table with fees in the short term; simplifying legislation in the medium to long term.
Improve coordination among stakeholders and enhance back-office workflow in one-stop shops	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Medium to long term
Increase efficiency by improving the implementation of the e-BAÚ and introducing online procedures	<ul style="list-style-type: none"> <li>Ministério da Indústria e Comércio</li> <li>BAÚ</li> <li>Company registrars and notaries</li> <li>Tax authority</li> <li>Provincial Directorate of Labor</li> <li>National Social Security Institute</li> <li>National printing press</li> </ul>	Long term

*Note:* "Short term" refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the "What can be improved?" section of each indicator chapter and the table 1.3 of the executive summary.

## REGISTERING PROPERTY

### LIST OF PROCEDURES

Property value: MZN 1,289,850 (USD 21,000)

Data as of: September 30, 2018

#### Procedure 1. Obtain property tax certificate

Agency: Municipal tax office

Time: 7 days

Cost: MZN 500

#### Procedure 2\*. Obtain ownership certificate

Agency: Property registry

Time: 3 days

Cost: MZN 700

#### Procedure 3. Lawyer prepares the draft sale and purchase agreement

Agency: Lawyer's office

Time: 10 days

Cost: MZN 21,400 (ranges vary from MZN 12,000 to MZN 30,800)

#### Procedure 4. Payment of local transfer tax (SISA)

Agency: Municipal tax office

Time: 3 days

Cost: MZN 25,797 (2% of property value)

#### Procedure 5. Submit the draft sale and purchase agreement to verify and issue the notarial deed of purchase (notarize the sales agreement)

Agency: Notary's office

Time: 5 days

Cost: MZN 8,659 [MZN 2,580 (0.2% of property value for stamp duty) + MZN 250 (for notarial deed stamp duty) + MZN 5,159 (notarial fees of 0.4% of property value up to the first MZN 5 million; 0.03% for the amounts exceeding MZN 5 million) + MZN 150 (for each one-act deed, MZN 50 for each page, 3 pages) + MZN 100 (for the application) + MZN 100 (for notarial deeds, MZN 50 for each copy, one for the seller and one for the buyer) + MZN 120 (for each additional page, MZN 20 for 3 pages for 2 copies) + MZN 50 (for each entry in the notarial registration book)]

#### Procedure 6. Apply for ownership registration of the property

Agency: Property registry

Time: 7 days

## ZAMBEZIA

**Cost:** MZN 10,059 [MZN 5,159 (0.4% of property value up to the first MZN 5 million; 0.03% of property value above MZN 5 million) + MZN 250 (for each entry in the registration book) + MZN 1,500 (for each inscription in the Registry) + MZN 1,400 (for registration certificate of a property transfer, 2 copies, MZN 700 each) + MZN 1,000 (for the pre-registration process study and organization) + MZN 500 (for the application) + MZN 250 (for property titles verification)]

### Procedure 7. Submit the updated ownership certificate to update the land use title

**Agency:** Municipal urban planning department

**Time:** 7 days

**Cost:** MZN 500

*Note:* For additional details on each procedure, please visit <http://doingbusiness.org/mozambique>.

\*Simultaneous with previous procedure

## QUALITY OF LAND ADMINISTRATION INDEX

	Score
<b>Quality of land administration index (0–30)</b>	<b>9.0</b>
Reliability of infrastructure index (0–8)	3.0
Transparency of information index (0–6)	1.0
Geographic coverage index (0–8)	0.0
Land dispute resolution index (0–8)	5.0
Equal access to property rights index (-2–0)	0.0

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF REGISTERING PROPERTY

Suggested reform	Key players to champion the reform	Implementation timeframe
Reinforce transparency in the land administration system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> </ul>	Producing a brochure with compiled information as well as producing a report with annual statistics in the short term; making cadastral information public in the medium to long term.
Provide clarity on fee schedules for registration and notary services at the property registries and online	<ul style="list-style-type: none"> <li>Property registrars and notaries</li> </ul>	Creating a table with fees in the short term; simplify legislation, in the medium to long term.
Streamline the transfer tax payment process	<ul style="list-style-type: none"> <li>Ministério da Justiça, Assuntos Constitucionais e Religiosos</li> <li>Autarquias</li> </ul>	Delegation to urban land officials in the short term; amending legislation in the medium to long term.
Improve coordination among stakeholders by establishing communication systems between the property registries and the municipalities	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars and notaries</li> <li>Municipalities</li> </ul>	Short to medium/long term
Increase digitization of cadastral plans and ownership records	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Property registrars</li> <li>Municipalities</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## ZAMBEZIA

## ENFORCING CONTRACTS

INDICATOR DETAILS	
	Time (days)
Filing and service	80
Trial and judgement	483
Enforcement of judgement	228
<b>Total time</b>	<b>790</b>
	Cost (% of claim value)
Attorney fees	15.0
Court fees	3.0
Enforcement fees	5.0
<b>Total cost</b>	<b>23.0</b>

## QUALITY OF JUDICIAL PROCESSES INDEX

	Score
<b>Quality of judicial processes index (0–18)</b>	<b>7.0</b>
Court structure and proceedings (-1–5)	2.5
Case management (0–6)	2.0
Court automation (0–4)	0.0
Alternative dispute resolution (0–3)	2.5

*Note:* For a list of all components questions and results on this index, refer to the “Details on the quality indexes” section.

## REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF ENFORCING CONTRACTS

Suggested reform	Key players to champion the reform	Implementation timeframe
Publish laws and judgments	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>National printing press</li> <li>Provincial courts</li> </ul>	Short term
Enhance training for judges and judiciary support staff	<ul style="list-style-type: none"> <li>Supreme Court</li> <li>Superior appeal courts</li> <li>Provincial courts</li> </ul>	While a training plan could start being implemented in the short term, the effects of such could be felt from the medium to the long term.
Consider limiting adjournments and enforcing time limits	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Supreme Court</li> <li>Superior Council of the Judiciary</li> </ul>	Short term
Increase judge’s accountability through periodic judicial inspections and performance statistics	<ul style="list-style-type: none"> <li>Superior Council of the Judiciary</li> <li>Provincial courts</li> </ul>	Short term
Use process mapping to identify bottlenecks in the court system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Process mapping in the short term; the relevant reforms to the Code of Civil Procedure in the medium to long term.
Streamline the case management system	<ul style="list-style-type: none"> <li>Ministry of Justice, Constitutional and Religious Affairs</li> <li>Provincial courts</li> </ul>	Medium to long term. Approaches to electronic or web-based tools depend on the priorities of the judiciary and budget allocation and a gradual approach could be considered.

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## PROCEDURES REQUIRED TO START A BUSINESS, BY LOCATION

Company legal form: Closely held limited liability company Minimum capital requirement: MZN 0 Data as of: September 30, 2018		Cabo Delgado	Gaza	Inhambane	Manica	Maputo City	Nampula	Niassa
1. Obtain a certificate of name reservation (certidão de Reserva de Nome)	Time (days)	2	1	2	2	1	2	1
	Cost (MZN)	300	300	300	300	300	300	300
	Agency	Company registry of Cabo Delgado (Conservatória do Registo das Entidades Legais)	Company registry of Gaza (Conservatória do Registo das Entidades Legais)	Company registry of Inhambane (Conservatória do Registo das Entidades Legais)	Company registry of Manica (Conservatória do Registo das Entidades Legais)	Legal Entities Registry of Maputo City (Conservatória do Registo das Entidades Legais)	Company registry of Nampula (Conservatória do Registo das Entidades Legais)	Company registry of Niassa (Conservatória do Registo das Entidades Legais)
2. Sign the company deed before a notary/Authenticate the signatures of the company deed (1)	Time (days)	2	1	1	1	1	1	1
	Cost (MZN)	100	250	100	250	100	100	100
	Agency	One-stop shop (Balcão de Atendimento Único)/ Notary (Cartório Notarial)	Notary (Cartório Notarial)	One-stop shop (Balcão de Atendimento Único)	Notary (Cartório Notarial)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)/ Notary (Cartório Notarial)
3. Open a bank account and pay the company registration fees	Time (days)	1	1	1	1	1	1	1
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	Bank	Bank	Bank	Bank	Bank	Bank	Bank
4. Register the company (2)	Time (days)	2	3	2	4	5	3	2
	Cost (MZN)	2,707	2,832	3,062	2,782	30,682	2,582	3,032
	Agency	Company registry of Cabo Delgado (Conservatória do Registo das Entidades Legais)	Company registry of Gaza (Conservatória do Registo das Entidades Legais)	Company registry of Inhambane (Conservatória do Registo das Entidades Legais)	Company registry of Manica (Conservatória do Registo das Entidades Legais)	Company registry of Maputo City (Conservatória do Registo das Entidades Legais)	Company registry of Nampula (Conservatória do Registo das Entidades Legais)	Company registry of Niassa (Conservatória do Registo das Entidades Legais)
5. Request the publication of the articles of association in the official gazette (Boletim da República)	Time (days)	21	21	21	21	n.a	21	21
	Cost (MZN)	14,550	14,550	28,650	28,650	n.a	28,650	28,650
	Agency	National printing press (Cabo Delgado)	National printing press (Maputo City)	National printing press (Maputo City)	National printing press (Maputo City)	n.a	National printing press (Maputo City)	National printing press (Maputo City)
6. Register for taxes and obtain a unique tax identification number (NUIIT)	Time (days)	3	2	2	2	3	3	2
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority
7. Apply for a simplified operating license/ Notify the commencement of business (3)	Time (days)	1	2	1	2	1	3	1
	Cost (MZN)	no cost	2,128	no cost	no cost	no cost	2,128	no cost
	Agency	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)
8/9. Declare the commencement of activity	See note (4)	Procedure 8	Procedure 9	Procedure 8	Procedure 9	Procedure 8	Procedure 9	Procedure 8
	Time (days)	3	2 (*)	2	1 (*)	1 (*)	3 (*)	2
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority	Tax authority
8/9. Declare the beginning of activity and register employees	See note (4)	Procedure 9	Procedure 8	Procedure 9	Procedure 8	Procedure 7	Procedure 8	Procedure 9
	Time (days)	3 (*)	3	2 (*)	3	3	4	2 (*)
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security
10. Register the company and the employees	Time (days)	1	1	1	1	1	2	1
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)
11. Obtain workers' compensation insurance coverage	Time (days)	1 (*)	1 (*)	1 (*)	1 (*)	1 (*)	1 (*)	1 (*)
	Cost (MZN)	no cost	no cost	no cost	no cost	no cost	no cost	no cost
	Agency	Insurance company	Insurance company	Insurance company	Insurance company	Insurance company	Insurance company	Insurance company

(1) In Gaza, Inhambane, Manica, Maputo City and Niassa, it is still necessary to sign the company deed before a notary.

(2) In Maputo City, entrepreneurs can complete both procedures—registering the company and publishing its articles of association in the official gazette—at the company registry. In other provinces these procedures must be done separately at the company registry and the national printing press. Inhambane, Manica, Maputo City, Nampula, Niassa, Sofala and Zambezia have not yet implemented the simplified abstract of publication and publish all the pages of their articles of association in the official gazette.

(3) In Gaza, Nampula, Sofala, Tete and Zambezia it is still necessary to apply for a simplified operating license which has a fee of 50% of the minimum monthly salary of a public servant.

(4) Procedures 8 and 9 are simultaneous in all provinces except in Tete. In Gaza, Manica, Maputo City, Nampula and Zambezia the procedure in the Provincial Directorate of Labor, Employment and Social Security is placed before the procedure of declaration of commencement of activity in the Tax authority because according to the Doing Business methodology, when two procedures are simultaneous, the procedure with the longest associated time is recorded first.

Sofala	Tete	Zambezia	
2	1	1	One must verify the availability of the company name. Depending on the province the certificate of name reservation can be obtained at the company registry (Conservatória do Registo das Entidades Legais) or at the one-stop shop (Balcão de Atendimento Único). The fee charged can be found in the fee schedules of the company registry (Tabela de Emolumentos do Registo das Entidades Legais) in Ministerial Order No. 2/2016 of January 6.
300	300	400	
Company registry of Sofala (Conservatória do Registo das Entidades Legais)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	
1	1	1	According to Decree No. 1/2018 of May 4, which recently reformed Article 90 of the Commercial Code, partners are no longer required to sign the articles of association in the presence of a notary. The articles of association are issued in written form and may be signed and submitted along with the partners' identification documents for subsequent authentication of their signatures by the relevant authority. There is no need for a public deed. Depending on the province this procedure can be done at the notary's office (Cartório Notarial), the one-stop-shop (Balcão de Atendimento Único) or the company registry (Conservatória do Registo das Entidades Legais). The fee charged can be found in the fee schedules of the company registry (Tabela de Emolumentos do Registo das Entidades Legais) in Ministerial Order No. 2/2016 of January 6.
100	100	250	
One-stop shop (Balcão de Atendimento Único)/ Notary (Cartório Notarial)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	
1	1	1	The registration fees can be paid through a bank deposit. For companies with annual sales (or volume de negócios) above MZN 2,500,000, the tax authority requires a bank account in the company's name for tax registration purposes.
no cost	no cost	no cost	
Bank	Bank	Bank	
4	3	2	In order to register the company, the signed articles of association must be submitted at the company registry. Registration fees vary according to the share capital of the company, the company's capital up to MZN 5 million are taxable at a 0.4% rate, and amounts exceeding MZN 5 million are taxable at a 0.03% rate.
3,032	2,457	2,832	
Company registry of Sofala (Conservatória do Registo das Entidades Legais)	One-stop shop (Balcão de Atendimento Único)	Company registry of Zambezia (Conservatória do Registo das Entidades Legais)	In order to complete the registration process, it is necessary to publish the company's articles of association in the official gazette (Boletim da República). A recent modification of the Commercial Code (Decree No. 1/2018 of May 4) allows the publication of a simplified abstract of the articles of association. This abstract contains the basic information of the articles of association and can be done by the company registry (Conservatória do Registo das Entidades Legais). The fees charged can be found in the fee schedules of the company registry (Tabela de Emolumentos do Registo das Entidades Legais) in Ministerial Order No. 2/2016 of January 6.
21	21	21	The company's articles of association must be published in the official gazette (Boletim da República). The national printing press of Mozambique (Imprensa Nacional) is the institution in charge of the gazette. Applicants must submit a hard copy as well as a digital copy of the publication abstract to the national printing press in Maputo. The total amount payable for publishing the articles of association varies according to the number of pages of the publication abstract and is estimated by the national printing press. The fee for publication of the articles of association is MZN 2,820 per 25-line page (Ministerial Order No. 79/2017 of December 27). The fee to send the articles of association to the national printing press in Maputo is MZN 450. Applicants must make the corresponding payment to the national printing press's bank account and submit a copy of the payment receipt to the national printing press. The articles of association are also published online at: <a href="http://www.portaldogoverno.gov.mz/por/Governo/Legislacao/Boletins-da-Republica">http://www.portaldogoverno.gov.mz/por/Governo/Legislacao/Boletins-da-Republica</a> .
28,650	14,550	28,650	
National printing press (Sofala)	National printing press (Maputo City)	National printing press (Zambezia)	
3	2	2	The company must be registered at the tax authority (Autoridade Tributária). In order to apply for a unique tax identification number (Número Único de Identificação Tributária or NUIT), two copies of form M/01C must be filled out and submitted to the tax authority. In addition, the following documents must be submitted: the partners' personal NUIT, the certificate of name reservation and the company's registration certificate.
no cost	no cost	no cost	
Tax authority	Tax authority	Tax authority	
1	2	3	Depending on its sector of activity, a newly established company would be required to submit a simple notice for commencement of operations or to obtain the customary simplified business license. Companies in sectors such as clothing, shoes, office supplies, or accounting, engineering and legal services, can submit a simple notice to the one-stop shop (Balcão de Atendimento Único) at no cost. The requirements for submitting a simple notice are: 1. Application form; 2. A copy of a valid identification document: Passport, Driver's License, Professional Registration Card or Voter Registration Card (for Mozambican citizens); 3. A legal entity registration certificate or copy of the publication of the articles of association in the official gazette (Boletim da República) and proof of the quality of the applicant, for legal persons; 4. Copy of the proof of issuance of the unique tax identification number. For some other sectors, a customary simplified business license must be obtained at the one-stop shop with payment of a fee of 50% of the minimum monthly salary of a public servant.
2,128	2,128	2,128	
One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	One-stop shop (Balcão de Atendimento Único)	
Procedure 8	Procedure 8	Procedure 9	For VAT and corporate income tax purposes, the beginning of business activity must be notified at least 15 days before the actual starting date. After the documentation is submitted and registered, the applicant receives the original stamped M/02 form and a letter signed by the Director of the tax authority indicating the date of start of activity.
3	3	2 (*)	
no cost	no cost	no cost	
Tax authority	Tax authority	Tax authority	
Procedure 9	Procedure 9	Procedure 8	The company must notify the beginning of any activity, admission of employees and the work schedules at the Provincial Directorate of Labor, Employment and Social Security. These three documents can be submitted together. In addition, the company must complete and submit a form listing all employees (Folha de Relação Nominal) on the website of the Ministry of Labour, Employment and Social Security ( <a href="http://www.miteess.gov.mz:7081/FolhaNominal/RG/RegistrarEmpresa.aspx">http://www.miteess.gov.mz:7081/FolhaNominal/RG/RegistrarEmpresa.aspx</a> ). This form contains detailed information on each worker and must be updated every April based on March data. When the start of business activity occurs after April, the employer must complete the form within 30 days (Ministerial Order No. 104/2015 of November 27). The following documents must be attached to complete this procedure: business license, declaration of commencement of activity, assignment statement of unique tax identification number (NUIT) and declaration of attribution of the taxpayer number by the INSS (National Social Security Institute).
3 (*)	3	3	
Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	Provincial Directorate of Labor, Employment and Social Security	
1	1	1	The applicant must register the company and those employees who are still not registered with the social security system within 15 days of the start of business activity, as per Decree No. 51/2017 of October 9. The company's registration must be done in person and the following information should be submitted: an approved copy of the M/02 form for tax registration, identity documentation, birth certificate or DIRE, unique tax identification number (Número Único de Identificação Tributária or NUIT) and the business license. These documents can be submitted within 30 days of their date of issuance. Once the company is registered a password is provided, and employees can be registered online by completing an electronic form available on the Social Security website ( <a href="http://www3.inss.gov.mz/Seguranca/Acesso/Login?ReturnUrl=%2f">http://www3.inss.gov.mz/Seguranca/Acesso/Login?ReturnUrl=%2f</a> ). In order to confirm and issue each beneficiary's identity card, the company is required to submit the following documents within 30 days of registering the employees: 1. Valid identity documentation, birth certificate or DIRE; 2. Unique tax identification number (Número Único de Identificação Tributária or NUIT).
no cost	no cost	no cost	
National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	National Social Security Institute (Instituto Nacional de Segurança Social, INSS)	
1 (*)	1 (*)	1 (*)	The company must have a group insurance plan (seguro colectivo) covering every employee for workplace accidents and occupational illnesses that are not covered by the social security health system, as per Article 231 of Labor Law 23/2007 of August 1. Submission of insurance documents is not required. However, the company must have the documents available in case of inspection or of an employee's accident or illness.
no cost	no cost	no cost	
Insurance company	Insurance company	Insurance company	

(\*) Simultaneous with previous procedure.  
Source: Doing Business database.  
Note: n.a. = not applicable.

## DETAILS ON THE QUALITY INDEXES

	Inhambane, Manica, Niassa	
	Answer	Score
Quality of the land administration index (0-30)		7
<b>Reliability of infrastructure index (0-8)</b>		<b>0</b>
In what format are the majority of title or deed records kept—in a paper format or in a computerized format (scanned or fully digital)? (0-2)	Paper	0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)? (0-1)	No	0
In what format are the majority of maps of land plots kept—in a paper format or in a computerized format (scanned or fully digital)? (0-2)	Paper	0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)? (0-1)	No	0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases? (0-1)	Separate databases	0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties? (0-1)	No	0
<b>Transparency of information index (0-6)</b>		<b>1</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration? (0-1)	Anyone who pays the official fee	1
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how? (0-0.5)	Yes, in person	0
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration made publicly available—and if so, how? (0-0.5)	Yes, in person	0
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard? (0-0.5)?	Yes, in person	0
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration? (0-1)	No	0
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency? (0-0.5)	No	0
Who is able to consult maps of land plots? (0-0.5)	Only intermediaries and interested parties	0
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how? (0-0.5)	Yes, in person	0
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard? (0-0.5)	Yes, in person	0
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency? (0-0.5)	No	0
<b>Geographic coverage index (0-8)</b>		<b>0</b>
Are all privately held land plots in the economy formally registered at the immovable property registry? (0-2)	No	0
Are all privately held land plots in the city formally registered at the immovable property registry? (0-2)	No	0
Are all privately held land plots in the economy mapped? (0-2)	No	0
Are all privately held land plots in the city mapped? (0-2)	No	0
<b>Land dispute resolution index (0-8)</b>		<b>6</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties? (0-1.5)	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee? (0-0.5)	Yes	0.5
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry? (0-0.5)	No	0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)? (0-0.5)	Yes (registrar; notary)	0.5
Does the legal system require verification of the identity of the parties to a property transaction? (0-0.5)	Yes (registrar; notary)	0.5
Does the legal system require verification of the identity of the parties to a property transaction? (0-0.5)	Yes	1
Is there a national database to verify the accuracy of identity documents? (0-1)	Between 1 and 2 years	2
How long does it take on average to obtain a decision from the first-instance court for a standard land dispute between two local businesses over tenure rights of a property worth NGN 26,969,050 (without appeal)? (0-3)	No	0
<b>Are there any statistics on the number of land disputes in the first instance? (0-0.5)</b>		<b>0</b>
Equal access to property rights index (-2-0)	Yes	0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0

Source: Doing Business database.



Maputo City		Cabo Delgado, Gaza, Nampula		Sofala, Zambezia		Tete	
Answer	Score	Answer	Score	Answer	Score	Answer	Score
	7.5		7.5		9		10
	<b>2</b>		<b>0</b>		<b>3</b>		<b>3</b>
Computer/scanned	1	Paper	0	Paper	0	Paper	0
No	0	No	0	No	0	No	0
Computer/scanned	1	Paper	0	Fully digital	2	Fully digital	2
No	0	No	0	Yes	1	Yes	1
Separate databases	0	Separate databases	0	Separate databases	0	Separate databases	0
No	0	No	0	No	0	No	0
	<b>1.5</b>		<b>1.5</b>		<b>1</b>		<b>1</b>
Anyone who pays the official fee	1	Anyone who pays the official fee	1	Anyone who pays the official fee	1	Anyone who pays the official fee	1
Yes, in person	0	Yes, in person	0	Yes, in person	0	Yes, in person	0
Yes, in person	0	Yes, in person	0	Yes, in person	0	Yes, in person	0
Yes, on public boards	0.5	Yes, on public boards	0.5	Yes, in person	0	Yes, in person	0
No	0	No	0	No	0	No	0
No	0	No	0	No	0	No	0
Only intermediaries and interested parties	0	Only intermediaries and interested parties	0	Only intermediaries and interested parties	0	Only intermediaries and interested parties	0
Yes, in person	0	Yes, in person	0	Yes, in person	0	Yes, in person	0
Yes, in person	0	Yes, in person	0	Yes, in person	0	Yes, in person	0
No	0	No	0	No	0	No	0
	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
No	0	No	0	No	0	No	0
No	0	No	0	No	0	No	0
No	0	No	0	No	0	No	0
No	0	No	0	No	0	No	0
	<b>4</b>		<b>6</b>		<b>5</b>		<b>6</b>
Yes	1.5	Yes	1.5	Yes	1.5	Yes	1.5
Yes	0.5	Yes	0.5	Yes	0.5	Yes	0.5
No	0	No	0	No	0	No	0
Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5
Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5	Yes (registrar; notary)	0.5
Yes	1	Yes	1	Yes	1	Yes	1
More than 3 years	0	Between 1 and 2 years	2	Between 2 and 3 years	1	Between 1 and 2 years	2
No	0	No	0	No	0	No	0
	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
Yes	0	Yes	0	Yes	0	Yes	0
Yes	0	Yes	0	Yes	0	Yes	0

## DETAILS ON THE QUALITY INDEXES

	Maputo City, Nampula, Sofala, Tete		Cabo Delgado, Gaza, Inhambane, Manica, Niassa, Zambezia	
	Answer	Score	Answer	Score
<b>Quality of judicial processes index (0-18)</b>	<b>8.5</b>		<b>7</b>	
<b>Court structure and proceedings (0-5)</b>	<b>4</b>		<b>2.5</b>	
Is there a court or division of a court dedicated solely to hearing commercial cases? (0-1.5)	Yes	1.5	No	0
Small claims court (0-1.5)		1		1
a. Is there a small claims court or a fast-track procedure for small claims?	Yes		Yes	
b. If yes, is self-representation allowed?	No		No	
Is pretrial attachment available? (0-1)	Yes	1	Yes	1
Are new cases assigned randomly to judges? (0-1)	Yes, but manual	0.5	Yes, but manual	0.5
Does a woman's testimony carry the same evidentiary weight in court as a man's? (-1-0)	Yes	0	Yes	0
<b>Case management (0-6)</b>	<b>2</b>		<b>2</b>	
Time standards (0-1)		0.5		0.5
a. Are there laws setting overall time standards for key court events in a civil case?	Yes		Yes	
b. If yes, are the time standards set for at least three court events?	Yes		Yes	
c. Are these time standards respected in more than 50% of cases?	No		No	
Adjournments (0-1)		0.5		0.5
a. Does the law regulate the maximum number of adjournments that can be granted?	No		No	
b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes		Yes	
c. If rules on adjournments exist, are they respected in more than 50% of cases?	Yes		Yes	
Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report? (0-1)	No	0	No	0
Is a pretrial conference among the case management techniques used before the competent court? (0-1)	Yes	1	Yes	1
Are there any electronic case management tools in place within the competent court for use by judges? (0-1)	No	0	No	0
Are there any electronic case management tools in place within the competent court for use by lawyers? (0-1)	No	0	No	0
<b>Court automation (0-4)</b>	<b>0</b>		<b>0</b>	
Can the initial complaint be filed electronically through a dedicated platform within the competent court? (0-1)	No	0	No	0
Is it possible to carry out service of process electronically for claims filed before the competent court? (0-1)	No	0	No	0
Can court fees be paid electronically within the competent court? (0-1)	No	0	No	0
Publication of judgments (0-1)		0		0
a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No		No	
b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No		No	
<b>Alternative dispute resolution (0-3)</b>	<b>2.5</b>		<b>2.5</b>	
Arbitration (0-1.5)		1.5		1.5
a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes		Yes	
b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No		No	
c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes		Yes	
Mediation/Conciliation (0-1.5)		1		1
a. Is voluntary mediation or conciliation available?	Yes		Yes	
b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes		Yes	
c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No		No	

Source: *Doing Business* database.

Note: According to the *Doing Business* case study, the competent court is the civil division of the specific provincial court.

# Trade location profiles

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## PORT OF BEIRA

### TRADING ACROSS BORDERS

Trading across borders score (0-100)

68.40

#### Cost to export (hours)

Documentary compliance	40
Border compliance	52

#### Time to import (hours)

Documentary compliance	36
Border compliance	84

#### Cost to export (USD)

Documentary compliance	170
Border compliance	335

#### Cost to import (USD)

Documentary compliance	140
Border compliance	710

### DETAILS

Characteristics	Export	Import
Product	HS 38: Miscellaneous chemical products (coal)	HS 8708: Parts and accessories of motor vehicles (auto parts)
Trade partner	India	China
Border	Port of Beira	Port of Beira
Distance (km)	10	10
Domestic transport time (hours)	4	4
Domestic transport cost (USD)	185	185

### COMPONENTS OF BORDER COMPLIANCE

	Time to complete (hours)	Associated costs (USD)
<b>Export</b>		
Clearance and inspections required by customs authorities	6	160
Clearance and inspections required by agencies other than customs	0	0
Port or border handling	48	175
<b>Import</b>		
Clearance and inspections required by customs authorities	29	440
Clearance and inspections required by agencies other than customs	0	0
Port or border handling	84	270

### DOCUMENTS

Export	Import
Commercial invoice	Commercial invoice
Packing list	Packing list
Certificate of origin	Bill of lading
Bill of lading	Delivery order
Customs release order	Customs release order
"Nota de Embarque"	Customs import declaration
Bank commitment term	Inspection report from scanner
Customs export declaration	Terminal handling receipts
Terminal handling receipts	VGM SOLAS certificate
VGM SOLAS certificate	

## PORT OF BEIRA

REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF TRADING ACROSS BORDERS		
Suggested reform	Key players to champion the reform	Implementation timeframe
Remove the mandatory use of customs brokers and increasing competition in the brokerage profession	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> </ul>	Short term
Streamline customs procedures and apply efficient risk-based management	<ul style="list-style-type: none"> <li>• Customs office (tax authority)</li> </ul>	Short to medium/long term
Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> </ul>	Creating a paperless environment in the short term; connecting more stakeholders in the short to medium/long term.
Strengthen regional integration through the effective implementation of border cooperation and customs union agreements	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs</li> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Gestão de Terminais S.A. (GT)</li> </ul>	Medium to long term
Upgrade trade logistics infrastructure with a special focus on access roads to the ports	<ul style="list-style-type: none"> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Cornelder de Mozambique (CdM)</li> <li>• Maputo Port Development Company (MPDC)</li> <li>• Corredor de Desenvolvimento do Norte (CDN)</li> </ul>	Medium to long term
Consider reducing administrative fees	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Kudumba Investments</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## PORT OF MAPUTO

### TRADING ACROSS BORDERS

Trading across borders score (0-100)

62.92

#### Time to export (hours)

Documentary compliance	36
Border compliance	130

#### Time to import (hours)

Documentary compliance	25
Border compliance	34

#### Cost to export (USD)

Documentary compliance	160
Border compliance	500

#### Cost to import (USD)

Documentary compliance	125
Border compliance	815

### DETAILS

Characteristics	Export	Import
Product	HS 17: Sugars and sugar confectionery (sugar)	HS 8708: Parts and accessories of motor vehicles (auto parts)
Trade partner	Portugal	China
Border	Port of Maputo	Port of Maputo
Distance (km)	10	10
Domestic transport time (hours)	4	4
Domestic transport cost (USD)	300	300

### COMPONENTS OF BORDER COMPLIANCE

	Time to complete (hours)	Associated costs (USD)
<b>Export</b>		
Clearance and inspections required by customs authorities	38	285
Clearance and inspections required by agencies other than customs	48	20
Port or border handling	48	195
<b>Import</b>		
Clearance and inspections required by customs authorities	12	440
Clearance and inspections required by agencies other than customs	0	0
Port or border handling	34	375

### DOCUMENTS

Export	Import
Commercial invoice	Commercial invoice
Packing list	Packing list
Phytosanitary certificate	Bill of lading
Certificate of origin	Delivery order
Bill of lading	Customs release order
Bank commitment term	Customs import declaration
Supervision of packing report	Inspection report from scanner
Customs release order	Terminal handling receipts
Customs export declaration	VGM SOLAS certificate
Inspection report from scanner	
Terminal handling receipts	
VGM SOLAS certificate	



## PORT OF MAPUTO

REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF TRADING ACROSS BORDERS		
Suggested reform	Key players to champion the reform	Implementation timeframe
Remove the mandatory use of customs brokers and increasing competition in the brokerage profession	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> </ul>	Short term
Streamline customs procedures and apply efficient risk-based management	<ul style="list-style-type: none"> <li>• Customs office (tax authority)</li> </ul>	Short to medium/long term
Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> </ul>	Creating a paperless environment in the short term; connecting more stakeholders in the short to medium/long term.
Strengthen regional integration through the effective implementation of border cooperation and customs union agreements	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs</li> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Gestão de Terminais S.A. (GT)</li> </ul>	Medium to long term
Upgrade trade logistics infrastructure with a special focus on access roads to the ports	<ul style="list-style-type: none"> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Cornelder de Mozambique (CdM)</li> <li>• Maputo Port Development Company (MPDC)</li> <li>• Corredor de Desenvolvimento do Norte (CDN)</li> </ul>	Medium to long term
Consider reducing administrative fees	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Kudumba Investments</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## PORT OF NACALA

**TRADING ACROSS BORDERS** Trading across borders score (0-100) **60.85**

Cost to export (hours)		Time to import (hours)	
Documentary compliance	48	Documentary compliance	30
Border compliance	140	Border compliance	36
Cost to export (USD)		Cost to import (USD)	
Documentary compliance	140	Documentary compliance	125
Border compliance	685	Border compliance	670

### DETAILS

Characteristics	Export	Import
Product	HS 07: Edible vegetables and certain roots and tubers (pigeon peas)	HS 8708: Parts and accessories of motor vehicles (auto parts)
Trade partner	India	China
Border	Port of Nacala	Port of Nacala
Distance (km)	10	10
Domestic transport time (hours)	4	4
Domestic transport cost (USD)	350	350

### COMPONENTS OF BORDER COMPLIANCE

Export	Time to complete (hours)	Associated costs (USD)
Clearance and inspections required by customs authorities	48	310
Clearance and inspections required by agencies other than customs	24	20
Port or border handling	72	355
Import		
Clearance and inspections required by customs authorities	14	280
Clearance and inspections required by agencies other than customs	0	0
Port or border handling	36	390

### DOCUMENTS

Export	Import
Commercial invoice	Commercial invoice
Packing list	Packing list
Phytosanitary certificate	Bill of lading
Certificate of origin	Delivery order
Bill of lading	Customs release order
Bank commitment term	Customs import declaration
Supervision of packing report	MC1 Exit Model
Customs release order	Inspection report from scanner
Customs export declaration	Terminal handling receipts
Inspection report from scanner	VGM SOLAS certificate
Terminal handling receipts	
Mate's receipt	
VGM SOLAS certificate	

## PORT OF NACALA

REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF TRADING ACROSS BORDERS		
Suggested reform	Key players to champion the reform	Implementation timeframe
Remove the mandatory use of customs brokers and increasing competition in the brokerage profession	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> </ul>	Short term
Streamline customs procedures and apply efficient risk-based management	<ul style="list-style-type: none"> <li>• Customs office (tax authority)</li> </ul>	Short to medium/long term
Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> </ul>	Creating a paperless environment in the short term; connecting more stakeholders in the short to medium/long term.
Strengthen regional integration through the effective implementation of border cooperation and customs union agreements	<ul style="list-style-type: none"> <li>• Ministry of Foreign Affairs</li> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Gestão de Terminais S.A. (GT)</li> </ul>	Medium to long term
Upgrade trade logistics infrastructure with a special focus on access roads to the ports	<ul style="list-style-type: none"> <li>• Ports and Railways of Mozambique (CFM)</li> <li>• Cornelder de Mozambique (CdM)</li> <li>• Maputo Port Development Company (MPDC)</li> <li>• Corredor de Desenvolvimento do Norte (CDN)</li> </ul>	Medium to long term
Consider reducing administrative fees	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Kudumba Investments</li> </ul>	Medium to long term

*Note:* “Short term” refers to reforms that could be implemented in less than 8 months. Most short-term reforms do not require the enactment of a new law. For more specific information on each reform, please refer to the “What can be improved?” section of each indicator chapter and the table 1.3 of the executive summary.

## RESSANO GARCIA

TRADING ACROSS BORDERS		Trading across borders score (0-100)	
		<b>81.31</b>	
Cost to export (hours)		Time to import (hours)	
Documentary compliance	16	Documentary compliance	16
Border compliance	79	Border compliance	9
Cost to export (USD)		Cost to import (USD)	
Documentary compliance	70	Documentary compliance	60
Border compliance	245	Border compliance	399

### DETAILS

Characteristics	Export	Import
Product	HS 17: Sugars and sugar confectionery (sugar molasses)	HS 8708: Parts and accessories of motor vehicles (auto parts)
Trade partner	South Africa	South Africa
Border	Border crossing of Ressano Garcia	Border crossing of Ressano Garcia
Distance (km)	85	85
Domestic transport time (hours)	3.7	3.7
Domestic transport cost (USD)	400	400

### COMPONENTS OF BORDER COMPLIANCE

Export	Time to complete (hours)	Associated costs (USD)
Clearance and inspections required by customs authorities	28	190
Clearance and inspections required by agencies other than customs	48	20
Port or border handling	5	35
Import		
Clearance and inspections required by customs authorities	6	285
Clearance and inspections required by agencies other than customs	0	0
Port or border handling	7	114

### DOCUMENTS

Export	Import
Commercial invoice	Commercial invoice
Packing list	Packing list
Phytosanitary certificate	SADC Certificate of origin
Certificate of origin	Road cargo manifest
Road cargo manifest	Bill of entry
Bank commitment term	Customs release order
Supervision of packing report	Customs import declaration
Customs release order	Inspection report from scanner
Customs export declaration	Terminal handling receipts
Inspection report from scanner	
Terminal handling receipts	
Model 14	

## RESSANO GARCIA

REFORM RECOMMENDATIONS TO IMPROVE THE EASE OF TRADING ACROSS BORDERS		
Suggested reform	Key players to champion the reform	Implementation timeframe
Remove the mandatory use of customs brokers and increasing competition in the brokerage profession	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> </ul>	Short term
Streamline customs procedures and apply efficient risk-based management	<ul style="list-style-type: none"> <li>• Customs office (tax authority)</li> </ul>	Short to medium/long term
Fully implement the electronic single window by going paperless, and connect more stakeholders to the platform	<ul style="list-style-type: none"> <li>• Customs Office (tax authority)</li> <li>• Mozambique Community Network, SA (MCNET)</li> <li>• Ministry of Agriculture and Food Security (MASA)</li> <li>• Ministry of Industry and Commerce</li> <li>• Ports and Railways of Mozambique (CFM)</li> </ul>	Creating a paperless environment in the short term; connecting more stakeholders in the short to medium/long term.
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## Acknowledgements

**D**oing Business in Mozambique 2019 was produced by the Global Indicators Group of the Development Economics Vice Presidency of the World Bank Group. The team was led by Michelle Gomes Souto, Laura Sagnori Diniz and Mariline Vieira. It included Luiza Lacerda Bogado, Iria Buxan Raposo, Nuno Mendes Dos Santos, Cristina Montoya Perez, Monique Pelloux Patron, Miguel Santana and Ana Maria Santillana. It received continued support from Adelia Chebeia, Isabela Franco Emerick Albergaria and Luisa Moises Matsinhe throughout implementation of the study. The study was prepared under the guidance of Mierta Capaul and Pilar Salgado Otónel.

The team is grateful for the valuable comments provided by colleagues across the World Bank Group. Raian Divanbeigi, Amina Khaled El Zayat and Francisco Moraes Leitão Campos reviewed the full text. Experts in each of the five indicator areas measured were consulted during the drafting process: Alvaro Federico Barra, Anna Corsi, Marie-Lily Delion, Maksym lavorskyi, Charles Kunaka, Nicholas Menzies, Frederic Meunier, Sagita Muco, Maria Antonia Quesada Gamez, Periklis Saragiotis, Erick Tjong and Ines Zabalbeitia Mugica.

Mark Lundell (World Bank Country Director), Rita Ramalho (Senior Manager, Global Indicators Group), Jumoke Jagun-Dokunmu (Director) and Carolin Geginat (Program Leader) provided guidance and leadership. Gina Cárdenas Varón, Lilla Marta Fordos, Marko Grujicic, Ryan Kenma, Madalina Papahagi, Marion

Pinto and Moussa Traoré provided valuable assistance at different stages of the project. Chisako Fukuda designed and led the communication campaign in collaboration with Mikael Ello Reventar, Mark Edgar Felsenthal, Rayna Zhang Kafu, and the Sub-Saharan Africa regional and Mozambican communication teams: Gustavo Carlos Alberto Mahoque, Aby K. Toure, Rafael Saute and Kofi Tsikata. The webpage (<http://www.doingbusiness.org/mozambique>) was developed by Varun Doiphode, Akash Pradhan and Kamalesh Sengaonkar. The report was edited by Janelle Conaway and designed by Gerry Quinn.

The study was requested by the Ministry of Industry and Commerce of Mozambique and funded by the UK Government, the Swiss State Secretariat for Economic Affairs, SECO and the World Bank Group.

Data collection was carried out in collaboration with Carlos Martins e Associados (CM &A), whose team was led Carlos Martins, Dércio Eugenio and Katia Jussub. The three port operators: the Maputo Port Development Company (MPDC), the Cornelder de Mozambique (CdM) and the Northern Development Corridor (NDC) provided statistics and allowed the visits of the ports.

About 300 lawyers, conveyancers, freight forwarders, customs brokers, logistics companies and public officials, such as registrars, notaries, judges and court clerks contributed to the Doing Business in Mozambique 2019 report. The project team extends its special thanks to the national and local government officials who

participated in the project and who made valuable comments during the consultation and data review period. Additionally, a special thanks goes to the Directorate of Private Sector Support (Direcção Nacional de Apoio ao Desenvolvimento do Sector Privado, DASP) of the Ministry of Industry and Trade of Mozambique (Ministério da Indústria e Comércio, MIC) and its dedicated team to the project: Nicolau L. Sululo, DASP Director; Oswalda Wilson, DASP Deputy Director; Fabião Fatissonne; Gilberto Mabunda and Luis Siteo. The team also wish to thank the Provincial MIC Directors; the Ministry of Justice, Constitutional and Religious Affairs (Ministério da Justiça e Assuntos Constitucionais e Religiosos); the one-stop-shops (Balcões de Atendimento Único); the Registries of Legal Entities (Conservatórias do Registo das Entidades Legais); the Land and Property Registries (Conservatórias do Registo Predial); the Notaries; the Tax Authority (Autoridade Tributária); the General Customs Directorate (Direcção Geral das Alfândegas); the Ministry of Agriculture and Food Security (Ministério da Agricultura e Segurança Alimentar); the Municipalities (Autarquias); the Supreme Court (Tribunal Supremo); the Superior Council of the Judiciary (Conselho Superior da Magistratura Judicial); the Provincial Courts (Tribunais Judiciais das Províncias) and the National Institute of Statistics (Instituto Nacional de Estatística).

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