

Doing Business 2008

Mozambique

COMPARING REGULATION IN 178 ECONOMIES

Public Disclosure Authorized

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Doing Business 2008 **Mozambique**

A Project Benchmarking the Regulatory Cost of
Doing Business in 178 Economies

Doing Business Project
World Bank Group



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Copies of *Doing Business 2008*, *Doing Business 2007: How to Reform*, *Doing Business in 2006: Creating Jobs*, *Doing Business in 2005: Removing Obstacles to Growth* and *Doing Business in 2004: Understanding Regulation* may be purchased at www.doingbusiness.org.

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Introduction

Doing Business 2008 is the fifth in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economies—from Afghanistan to Zimbabwe—and over time.

Regulations affecting 10 stages of a business's life are measured: starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2008* are current as of June 1, 2007. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The *Doing Business* methodology has limitations. Other areas important to business -- such as a country's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions, and the underlying strength of institutions -- are not studied directly by *Doing Business*. To make the data comparable across countries, the indicators refer to a specific type of business -- generally a limited liability company operating in the largest business city.

Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 178 economies: 46 in Sub-Saharan Africa, 31 in Latin America and the Caribbean, 28 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 17 in the Middle East and North Africa and 8 in South Asia—as well as 24 OECD high-income economies as benchmarks. Some of the regions have been divided into subregions to generate a total of 13 regional profiles.

The following pages present the summary *Doing Business* indicators for Mozambique along with the comparator economies selected. The data used for this country profile come from the *Doing Business* database and are summarized in graphs and tables. This report allows a comparison of the economies not only with one another but also with the “best practice” economy for each indicator.

The best-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other economies. These best-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 5.

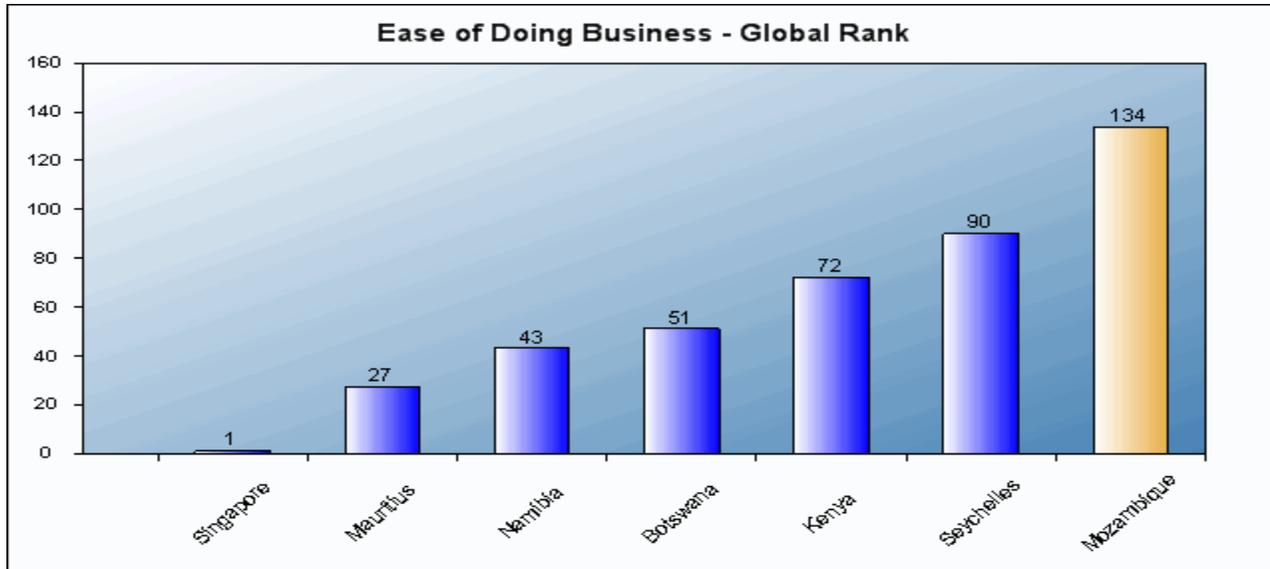
More information is available in the full report. *Doing Business 2008* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the *Doing Business* website

<http://www.doingbusiness.org>

Economy Rankings - Ease of Doing Business

Mozambique is ranked 134 out of 178 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Mozambique - Compared to Global Best / Selected Economies:



Mozambique's ranking in Doing Business 2008

Rank	Doing Business 2008
Ease of Doing Business	134
Starting a Business	125
Dealing with Licenses	147
Employing Workers	162
Registering Property	126
Getting Credit	97
Protecting Investors	33
Paying Taxes	72
Trading Across Borders	140
Enforcing Contracts	138
Closing a Business	134

Reforms - Who is reforming?

This year Egypt tops the list of reformers that are making it easier to do business. Egypt's reforms went deep with reforms in 5 of the 10 areas studied by Doing Business, and it greatly improved its position in the global rankings as a result. Besides Egypt, the other top 10 reformers are, in order, Croatia, Ghana, FYR Macedonia, Georgia, Colombia, Saudi Arabia, Kenya, China, and Bulgaria.

1. **Egypt**, the top reformer in the region and worldwide, greatly improved its position in the global rankings on the ease of doing business. Its reforms went deep. Egypt cut the minimum capital required to start a business, from 50,000 Egyptian pounds to just 1,000 and halved the time and cost of start-up. It reduced fees for registering property from 3 percent of the property value to a low, fixed amount. It eased the bureaucracy that builders face in getting construction permits. It launched new one-stop shops for traders at Egyptian ports, cutting the time to import by seven days and the time to export by five. And it established a new private credit bureau that will soon be making it easier for borrowers to get credit.

2. **Croatia** reformed in four of the 10 areas studied by Doing Business. Two years ago, registering property in Croatia took 956 days. Now it takes 174. Company start-up also became faster, with procedures consolidated at a "one-stop shop" and pension and health services registration now online. Credit became easier to access: a new credit bureau was launched, and a unified registry now records charges against movable property in one place. In its first two months, €1.4 billion in credit was registered. In addition, amendments to the country's insolvency law introduced professional requirements for bankruptcy trustees and shorter timelines.

3. **Ghana**, a top 10 reformer for the second year running, continues to increase the efficiency of its public services. It cut bottlenecks in property registration, reducing delays from six months to one. Greater efficiency at the company registry and the environment agency cut the time for business start-up to 42 days. Changes in the port authority's operations sped up imports. New civil procedure rules and mandatory arbitration and mediation reduced the time it takes to enforce contracts.

4. **FYR Macedonia** eliminated the minimum capital requirement for business start-up, sped up the process for getting construction permits, lowered the corporate income tax rate to 12 percent (with another cut to 10 percent planned for 2008), and simplified tax payment procedures. Its ranking on the ease of doing business rose from 96 to 75.

5. **Georgia** reformed in six areas. It strengthened investor protections, including through amendments to its securities law that eliminate loopholes that had allowed corporate insiders to expropriate minority investors. It adopted a new insolvency law that shortens timelines for reorganization of a distressed company or disposition of a debtor's assets. Georgia sped up approvals for construction permits and simplified procedures for registering property. It made starting a business easier by eliminating the paid-in capital requirement. In addition, the country's private credit bureau added payment information from retailers, utilities, and trade creditors to the data it collects and distributes.

6. **Colombia**, the region's top reformer, has made great strides in easing trade. By extending port operating hours and adopting more selective customs inspections, it reduced the time for port and terminal handling activities by three days. The country strengthened investor protections by increasing disclosure requirements for related-party transactions. It introduced an electronic tax filing system, cutting the average time businesses must spend on tax compliance each year by 188 hours, or 41 percent. And it is progressively reducing the corporate income tax rate, from 35 to 34 percent in 2007 and 33 percent in 2008.

7. **Saudi Arabia**, the runner-up reformer in the region, eliminated the minimum capital requirement of 1,057 percent of income per capita and reduced the days needed for company start-up from 39 to 15. It launched a commercial credit bureau whose reports include the credit exposure of companies. It also sped up trade, reducing the number of documents required for importing and cutting the time needed for handling at ports and terminals by two days for both imports and exports.

8. **Kenya**, the region's other top 10 reformer, launched an ambitious licensing reform program. So far the program has eliminated 110 business licenses and simplified eight others. The changes have streamlined business start-up and cut both the time and cost of getting building permits. The program will eventually eliminate or simplify at least 900 more of the country's 1,300 licenses. Property registration is also faster now, thanks to the introduction of competition among land valuers. And the country's private credit bureau now collects a wider range of data.

9. In **China**, a new property law put private property rights on equal footing with state property rights. The law also expanded the range of assets that can be used as collateral to include inventory and accounts receivable. The new bankruptcy law gives secured creditors priority to the proceeds from their collateral. Construction also became easier, with electronic processing of building permits reducing delays by two weeks.

10. **Bulgaria** eased the tax burden on businesses and made it easier to pay taxes online. Bulgaria also introduced private bailiffs to improve efficiency in enforcing judgments. And it made building inspections less burdensome.

Number of reforms in Doing Business 2008

Rank	Economy	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Total number of reforms
1	Egypt	✓	✓		✓	✓			✓			5
2	Croatia	✓			✓	✓					✓	4
3	Ghana	✓			✓	✓			✓	✓		5
4	Macedonia, FYR	✓	✓					✓				3
5	Colombia						✓	✓	✓			3
6	Georgia	✓	✓		✓	✓	✓				✓	6
7	Saudi Arabia	✓				✓			✓			3
8	Kenya	✓	✓		✓	✓						4
9	China		✓			✓					✓	3
10	Bulgaria		✓					✓		✓		3
	Mozambique	✓					✓			✓		3
	Botswana										✗	-1
	Mauritius	✓	✓		✓			✓	✓		✓	6
	Namibia											0
	Seychelles							✓				1

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

Summary of Indicators - Mozambique

Starting a Business	Procedures (number)	10
	Duration (days)	29
	Cost (% GNI per capita)	21.6
	Paid in Min. Capital (% of GNI per capita)	115.8
Dealing with Licenses	Procedures (number)	17
	Duration (days)	361
	Cost (% of income per capita)	705.0
Employing Workers	Difficulty of Hiring Index	83
	Rigidity of Hours Index	60
	Difficulty of Firing Index	20
	Rigidity of Employment Index	54
	Nonwage labor cost (% of salary)	4
	Firing costs (weeks of wages)	143
Registering Property	Procedures (number)	8
	Duration (days)	42
	Cost (% of property value)	8.1
Getting Credit	Legal Rights Index	3
	Credit Information Index	3
	Public registry coverage (% adults)	0.9
	Private bureau coverage (% adults)	0.0
Protecting Investors	Disclosure Index	5
	Director Liability Index	4
	Shareholder Suits Index	9
	Investor Protection Index	6.0
Paying Taxes	Payments (number)	37
	Time (hours)	230
	Profit tax (%)	27.7
	Labor tax and contributions (%)	4.5
	Other taxes (%)	2.1
	Total tax rate (% profit)	34.3

Trading Across Borders	Documents for export (number)	8
	Time for export (days)	27
	Cost to export (US\$ per container)	1155
	Documents for import (number)	10
	Time for import (days)	38
	Cost to import (US\$ per container)	1185
Enforcing Contracts	Procedures (number)	31
	Duration (days)	1010
	Cost (% of claim)	142.5
Closing a Business	Time (years)	5.0
	Cost (% of estate)	9
	Recovery rate (cents on the dollar)	13.9

Starting a Business in Mozambique: Entry Regulation

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

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

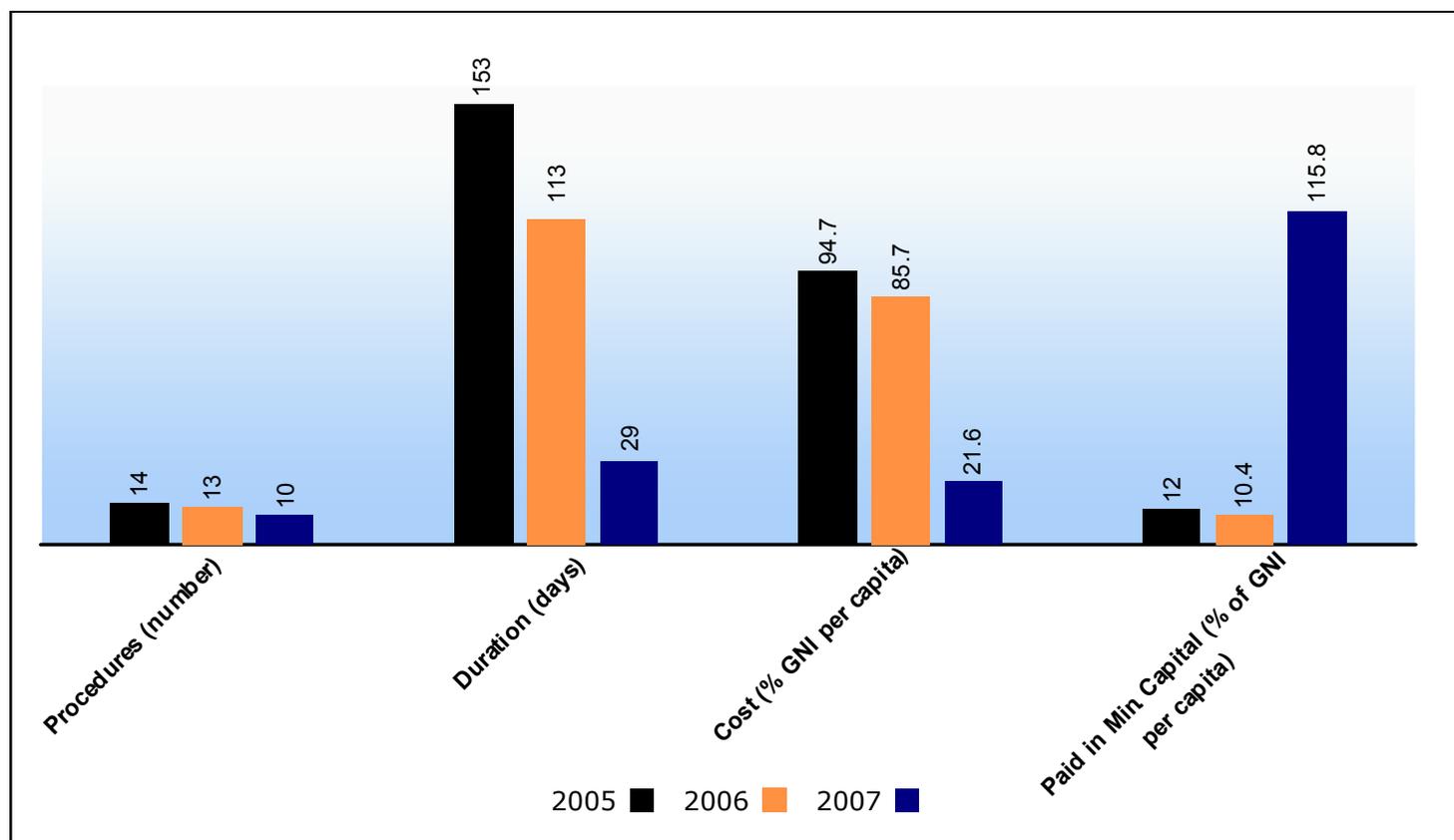
To make the data comparable across economies, detailed assumptions about the type of business are used. Among these assumptions are the following: the business is a limited liability company conducting general commercial activities in the largest business city; it is 100% domestically owned, with start-up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

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

1. Historical data: Starting a Business in Mozambique

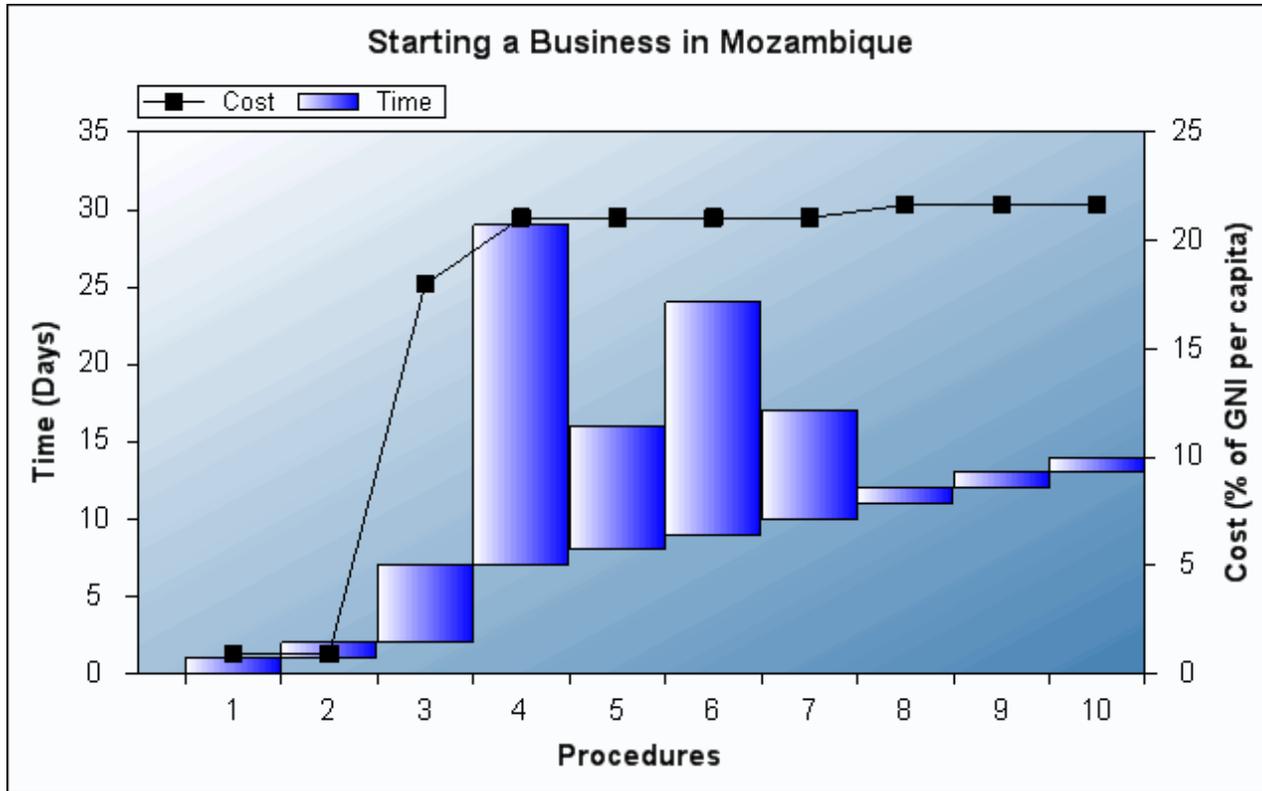
Starting a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		157	125
Procedures (number)	14	13	10
Duration (days)	153	113	29
Cost (% GNI per capita)	94.7	85.7	21.6
Paid in Min. Capital (% of GNI per capita)	12.0	10.4	115.8

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



3. Steps to Starting a Business in Mozambique

It requires 10 procedures, takes 29 days, and costs 21.63% GNI per capita to start a business in Mozambique.



List of Procedures:

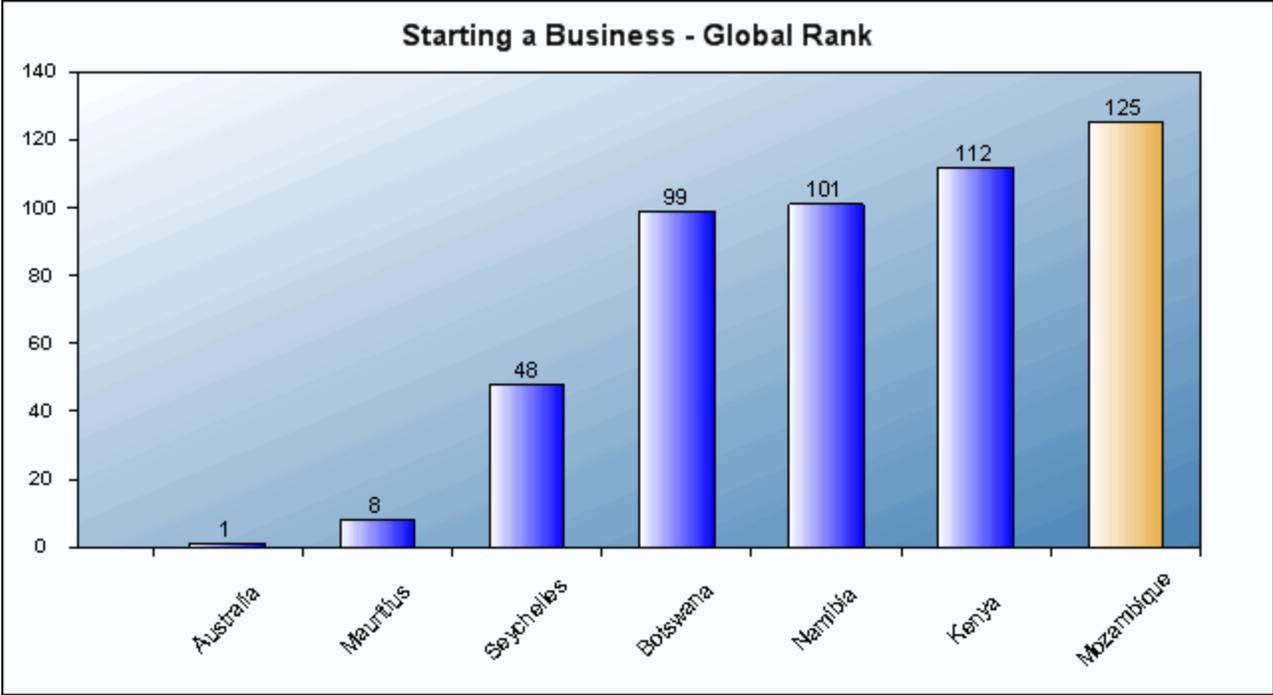
1. Obtain certification of unique name
2. Open a provisional bank account
3. Register the company
4. Apply for an operational license
5. Receive inspection from Ministry of Health
6. Register with tax department
7. Register for VAT
8. Declare the beginning of activity at the provincial Employment Center
9. Register workers with the social security system
10. Subscribe a workmen's compensation insurance coverage

More details are available in the appendix.

4. Benchmarking Starting a Business Regulations:

Mozambique is ranked 125 overall for Starting a Business. Australia is the top ranked economy followed by Canada, New Zealand and United States.

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



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

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% GNI per capita)	Paid in Min. Capital (% of GNI per
Australia*	2	2		0.0
Denmark			0.0	

Selected Economy				
Mozambique	10	29	21.6	115.8

Comparator Economies				
Botswana	11	108	9.9	0.0
Kenya	12	44	46.1	0.0
Mauritius	6	7	5.3	0.0
Namibia	10	99	22.3	0.0
Seychelles	9	38	8.7	0.0

* The following economies are also best practice economies for :

Procedures (number): Canada, New Zealand

Paid in Min. Capital (% of GNI per capita): Canada, Ireland, Israel, Mauritius, New Zealand, Puerto Rico, Thailand, Trinidad and Tobago, United Kingdom, United States

Dealing with Licenses in Mozambique: Building a Warehouse

Once entrepreneurs have registered a business, what regulations do they face in operating it? To measure such regulation, Doing Business focuses on the construction sector. Construction companies are under constant pressure—from government to comply with inspections and with licensing and safety regulations and from customers to be quick and cost-effective. These conflicting pressures point to the tradeoff in building regulation—the tradeoff between protecting people (construction workers, tenants, passersby) and keeping the cost of building affordable.

In many countries, especially poor ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally—leading to hazardous construction. In other countries compliance is simple, straightforward and inexpensive—yielding better results.

The indicators on dealing with licenses record all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include submitting project documents (building plans, site maps) to the authorities, obtaining all necessary licenses and permits, completing all required notifications and receiving all necessary inspections. They also include procedures for obtaining utility connections, such as electricity, telephone, water and sewerage. The time and cost to complete each procedure under normal circumstances are calculated. All official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes that the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures unless required to do so by law.

To make the data comparable across economies, several assumptions about the business and its operations are used. The business is a small to medium-size limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees. The warehouse to be built:

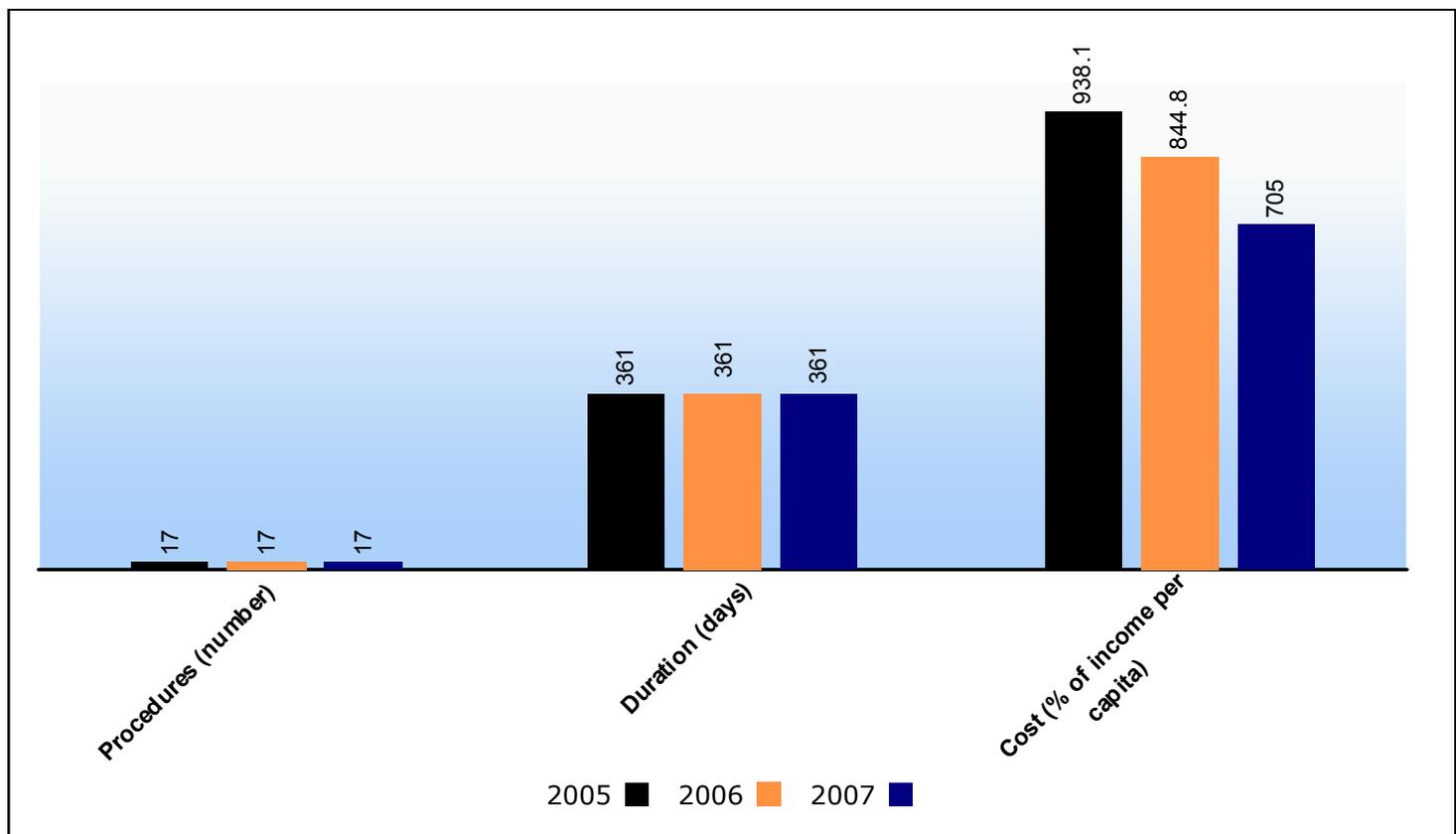
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to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

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

1. Historical data: Dealing with Licenses in Mozambique

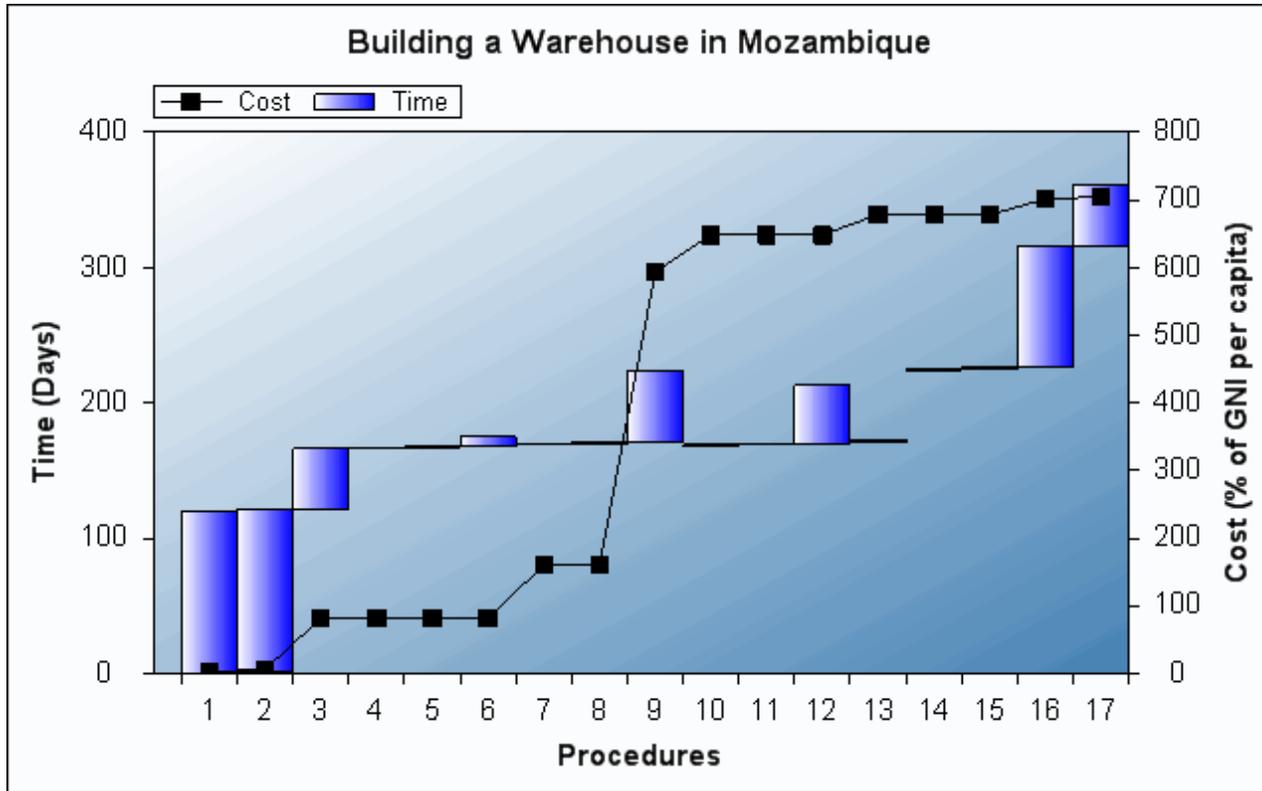
Dealing with Licenses data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		147	147
Procedures (number)	17	17	17
Duration (days)	361	361	361
Cost (% of income per capita)	938.1	844.8	705.0

2. The following graph illustrates the Dealing with Licenses indicators in Mozambique over the past 3 years:



3. Steps to Building a Warehouse in Mozambique

It requires 17 procedures, takes 361 days, and costs 705.03% GNI per capita to build a warehouse in Mozambique.



List of Procedures:

1. Request and obtain the right to the use and enjoyment of the land
2. Request and obtain the topographic plan
3. Request and obtain a building permit from Department of Construction and Urbanization
4. Receive inspection by the municipality - I
5. Receive inspection by the municipality - II
6. Request electricity connection approval from the National Directorate of Energy
7. Request power connection from Electricity of Mozambique
8. Receive inspection and obtain approval of electrical plan from the electricity department
9. Connect to electricity services of Electricity of Mozambique
10. Request water and sewage connection
11. Receive inspection and obtain approval of plumbing plan from the water department
12. Connect to water and sewage services

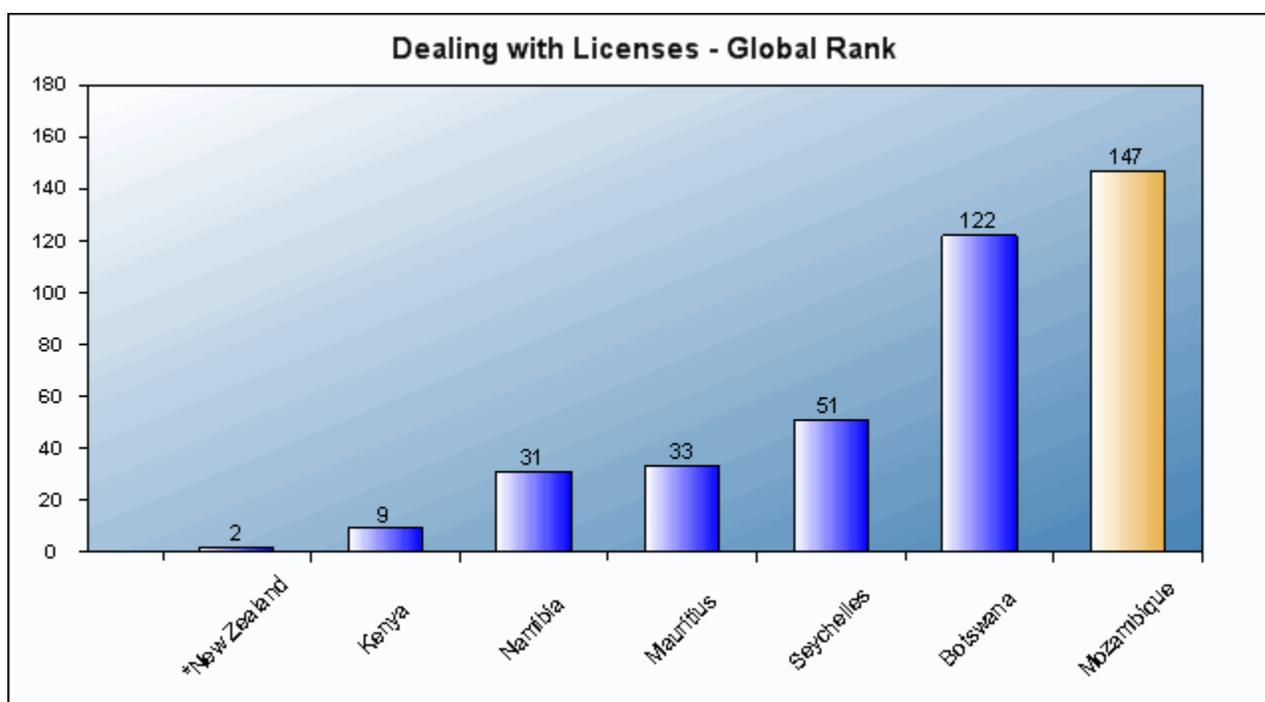
13. Request and obtain telephone connection
14. Request final inspection
15. Receive final inspection
16. Request and obtain an occupancy permit
17. Register the new building at the property registration agency

More details are available in the appendix.

4. Benchmarking Dealing with Licenses Regulations:

Mozambique is ranked 147 overall for Dealing with Licenses. St. Vincent and the Grenadines is the top ranked economy followed by New Zealand, Belize and Marshall Islands.

Ranking of Mozambique in Dealing with Licenses - Compared to best practice and selected economies:



* The following economies are also best practice economies for Building a Warehouse: St. Vincent and the Grenadines

The following table shows Dealing with Licenses data for Mozambique compared to best practice and comparator economies:

<i>Best Practice Economies</i>	Procedures (number)	Duration (days)	Cost (% of income per capita)
Denmark	6		
Korea		34	
United Arab Emirates			1.5

<i>Selected Economy</i>			
Mozambique	17	361	705.0

<i>Comparator Economies</i>			
Botswana	24	167	322.3
Kenya	10	100	58.8
Mauritius	18	107	43.3
Namibia	12	139	156.7
Seychelles	19	144	46.5

Employing Workers in Mozambique: Labor Regulations

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

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

The nonwage labor cost covers all social security payments and payroll taxes associated with hiring an employee, expressed as a percentage of the worker's salary. The firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weeks of salary.

The indicators on employment regulations are based on a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing the two areas studied. To ensure accuracy, both the actual laws and the applicable collective bargaining agreements are used. Finally, all data are verified and completed by local law firms through a detailed survey of employment regulations.

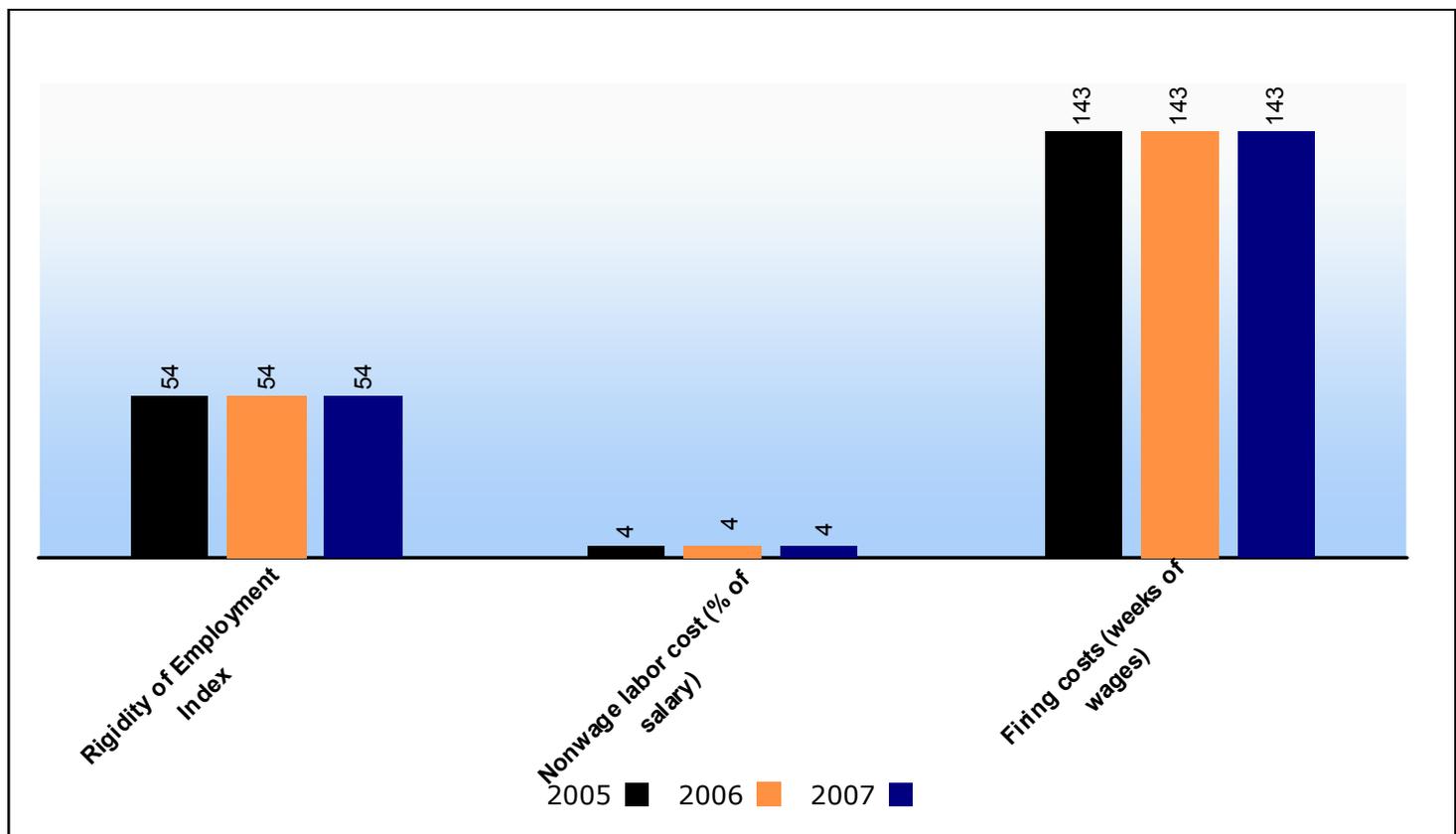
To make the data comparable across economies, a range of assumptions about the worker and the company are used. Assumptions about the worker include that he is a nonexecutive, full-time male employee who has worked in the same company for 20 years and is not a member of the labor union (unless membership is mandatory). The company is assumed to be a limited liability manufacturing corporation that operates in the country's most populous city, is 100% domestically owned and has 201 employees. The company is also assumed to be subject to collective bargaining agreements in countries where such agreements cover more than half the manufacturing sector and apply even to firms not party to them.

Most employment regulations are enacted in response to market failures. But that does not mean that today's regulations are optimal. Analysis across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, rigid regulations have many undesirable side effects. These include less job creation, smaller company size, less investment in research and development, and longer spells of unemployment and thus the obsolescence of skills—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike.

1. Historical data: Employing Workers in Mozambique

Employing Workers data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		162	162
Rigidity of Employment Index	54	54	54
Nonwage labor cost (% of salary)	4	4	4
Firing costs (weeks of wages)	143	143	143

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



3. Benchmarking Employing Workers Regulations:

Mozambique is ranked 162 overall for Employing Workers. Marshall Islands is the top ranked economy followed by Brunei, Georgia and Tonga.

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



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

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

Best Practice Economies	Rigidity of Employment Index	Nonwage labor cost (% of salary)	Firing costs (weeks of wages)
Bangladesh*		0	
Denmark*			0
Hong Kong, China*	0		

Selected Economy			
Mozambique	54	4	143

Comparator Economies			
Botswana	20	0	90
Kenya	21	4	47
Mauritius	23	6	35
Namibia	20	0	24
Seychelles	34	25	39

* The following economies are also best practice economies for :

Rigidity of Employment Index: Singapore, United States

Nonwage labor cost (% of salary): Botswana, Ethiopia, Maldives

Firing costs (weeks of wages): New Zealand, United States

Registering Property in Mozambique: Regulation of Property Transfer

Property registries were first developed to help raise tax revenue. Defining and publicizing property rights through registries has also proved to be good for entrepreneurs. Land and buildings account for between half and three-quarters of the wealth in most economies. Securing rights to this property strengthens incentives to invest and facilitates commerce. And with formal property titles, entrepreneurs can obtain mortgages on their home or land and start businesses.

Doing Business measures the ease of registering property based on a standard case of an entrepreneur who wants to purchase land and a building in the largest business city. It is assumed that the property is already registered and free of title dispute. The data cover the full sequence of procedures necessary to transfer the property title from the seller to the buyer. Every required procedure 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 and officials in property registries provide information on required procedures as well as the time and cost to complete each one. For most countries the data are based on responses from both. Based on the responses, three indicators are constructed:

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

A large share of the property in developing countries is not formally registered, limiting financing opportunities for businesses. Recognizing this constraint, some developing country governments have embarked on extensive property titling programs. Yet bringing assets into the formal sector is of little value unless they stay there.

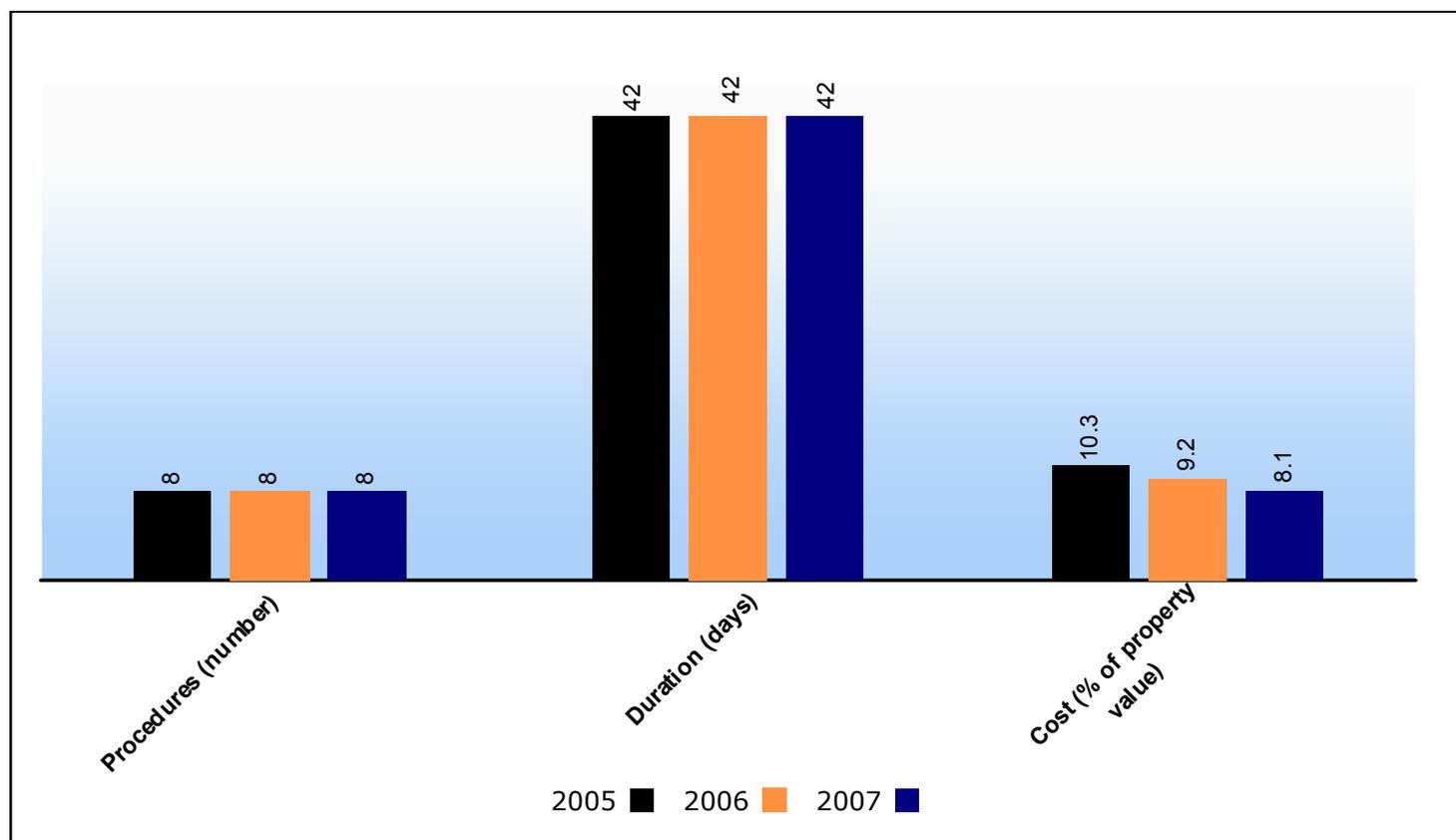
Many titling programs in Africa were futile because people bought and sold property informally—neglecting to update the title records in the property registry. Why? Doing Business shows that completing a simple formal property transfer in the largest business city of an African country costs 12% of the value of the property and takes more than 100 days on average. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

Efficient property registration reduces transaction costs and helps keep formal titles from slipping into informal status. Simple procedures to register property are also associated with greater perceived security of property rights and less corruption. That benefits all entrepreneurs, especially women, the young and the poor. The rich have few problems protecting their property rights. They can afford to invest in security systems and other measures to defend their property. But small entrepreneurs cannot. Reform can change this.

1. Historical data: Registering Property in Mozambique

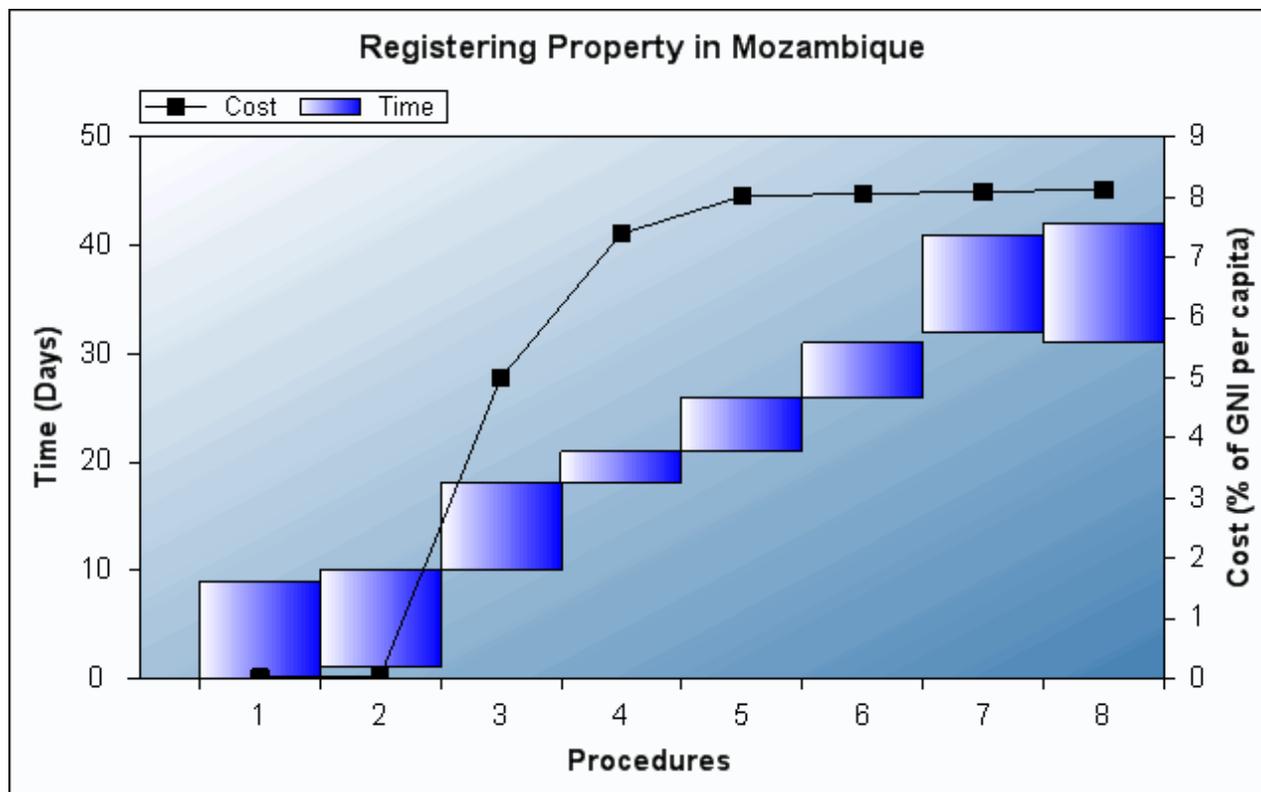
Registering Property data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		124	126
Procedures (number)	8	8	8
Duration (days)	42	42	42
Cost (% of property value)	10.3	9.2	8.1

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



3. Steps to Registering Property in Mozambique

It requires 8 procedures, takes 42 days, and costs 8.13% GNI per capita to register the property in Mozambique.



List of Procedures:

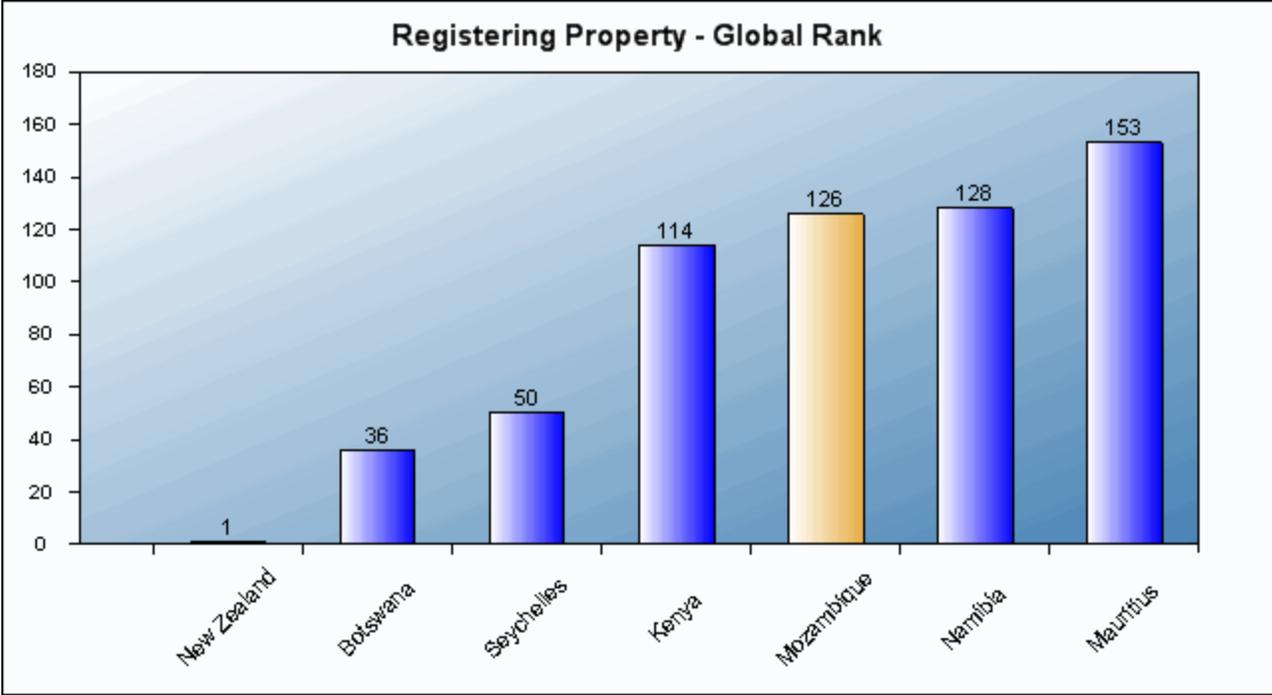
1. Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office
2. Obtain a certificate from the Tax Authority regarding the value of the property
3. Lawyer prepares the draft sale and purchase agreement
4. Payment of transfer tax (SISA) at the Municipal Tax Office
5.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

More details are available in the appendix.

4. Benchmarking Registering Property Regulations:

Mozambique is ranked 126 overall for Registering Property. New Zealand is the top ranked economy followed by Armenia, Saudi Arabia and Lithuania.

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



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

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

Selected Economy			
Mozambique	8	42	8.1

Comparator Economies			
Botswana	4	30	5.0
Kenya	8	64	4.2
Mauritius	6	210	10.8
Namibia	9	23	9.9
Seychelles	4	33	7.0

* The following economies are also best practice economies for :

Procedures (number): Sweden

Duration (days): Sweden, Thailand

Cost (% of property value): Bhutan

Getting Credit in Mozambique: Legal Rights and Credit Information

Firms consistently rate access to credit as among the greatest barriers to their operation and growth. Doing Business constructs two sets of indicators of how well credit markets function—one on credit registries and the other on legal rights of borrowers and lenders.

Credit registries—institutions that collect and distribute credit information on borrowers—can greatly expand access to credit. By sharing credit information, they help lenders assess risk and allocate credit more efficiently. And they free entrepreneurs from having to rely on personal connections alone when trying to obtain credit. Three indicators are constructed to measure the sharing of credit information:

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

The data are from surveys of public registries and the largest private credit bureau in the country.

Effective regulation of secured lending—through collateral and bankruptcy laws—can also ease credit constraints. By giving a lender the right to seize and sell a borrower’s secured assets upon default, collateral limits the lender’s potential losses and acts as a screening device for borrowers. The strength of legal rights index measures 10 aspects of the rights of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific description of assets and debt is permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security in assets.
- A unified registry operates that includes charges over movable property.
- Secured creditors have priority both within bankruptcy and outside it.
- Parties may agree on out-of-court enforcement of collateral by contract.
- Creditors may both seize and sell collateral out of court, no automatic stay or “asset freeze” applies upon bankruptcy, and the bankrupt debtor does not retain control of the firm.

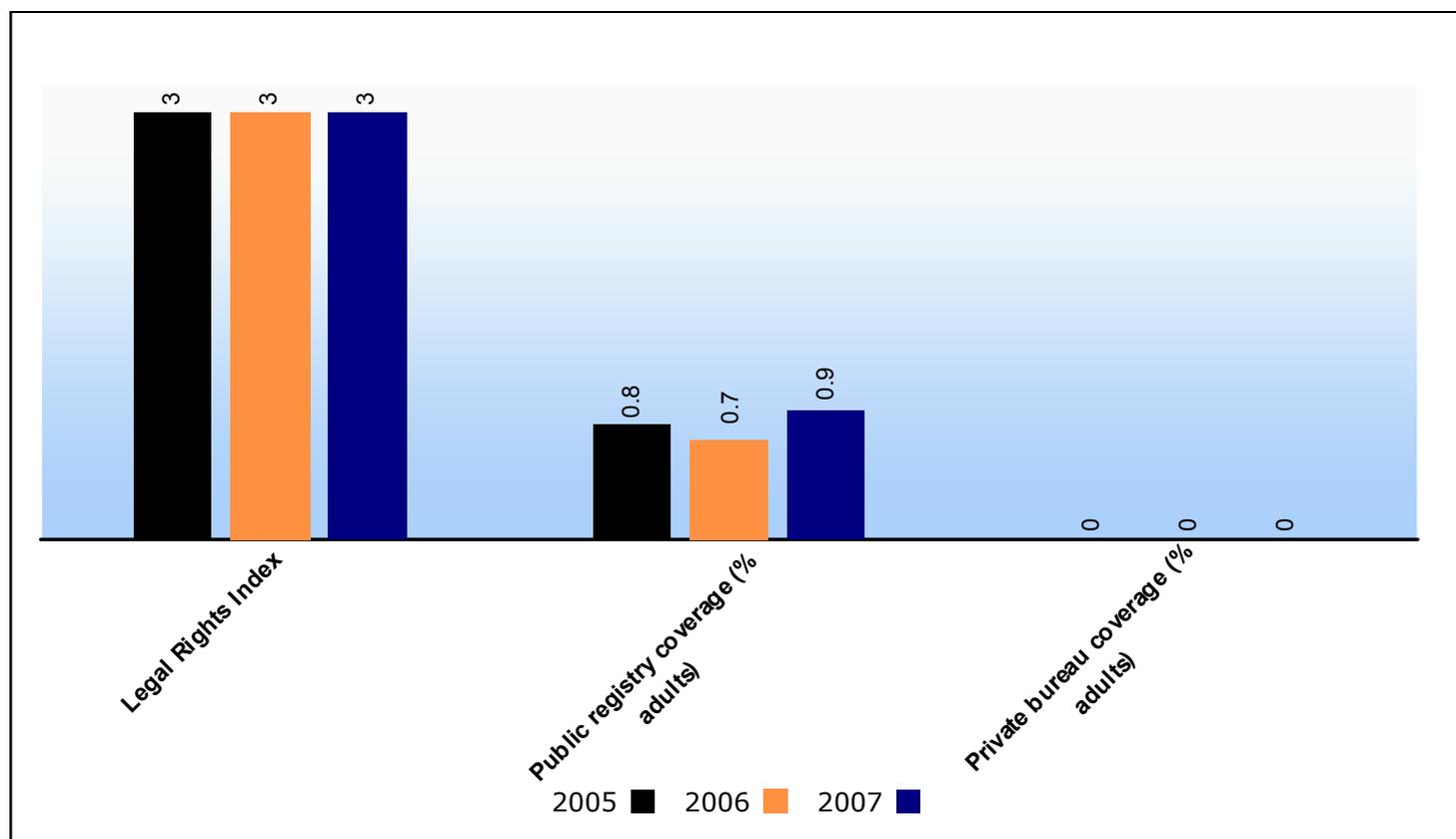
The index ranges from 0 (weak legal rights) to 10 (strong legal rights). The data were obtained by examining collateral and bankruptcy laws and legal summaries and verified through a survey of financial lawyers.

Where good-quality credit information is available and legal rights are stronger, more credit is extended. Benefits flow beyond those gaining access to credit. With better-functioning credit markets, unemployment is lower, and women and low-income people benefit the most.

1. Historical data: Getting Credit in Mozambique

Getting Credit data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		94	97
Legal Rights Index	3	3	3
Public registry coverage (% adults)	0.8	0.7	0.9
Private bureau coverage (% adults)	0.0	0.0	0.0

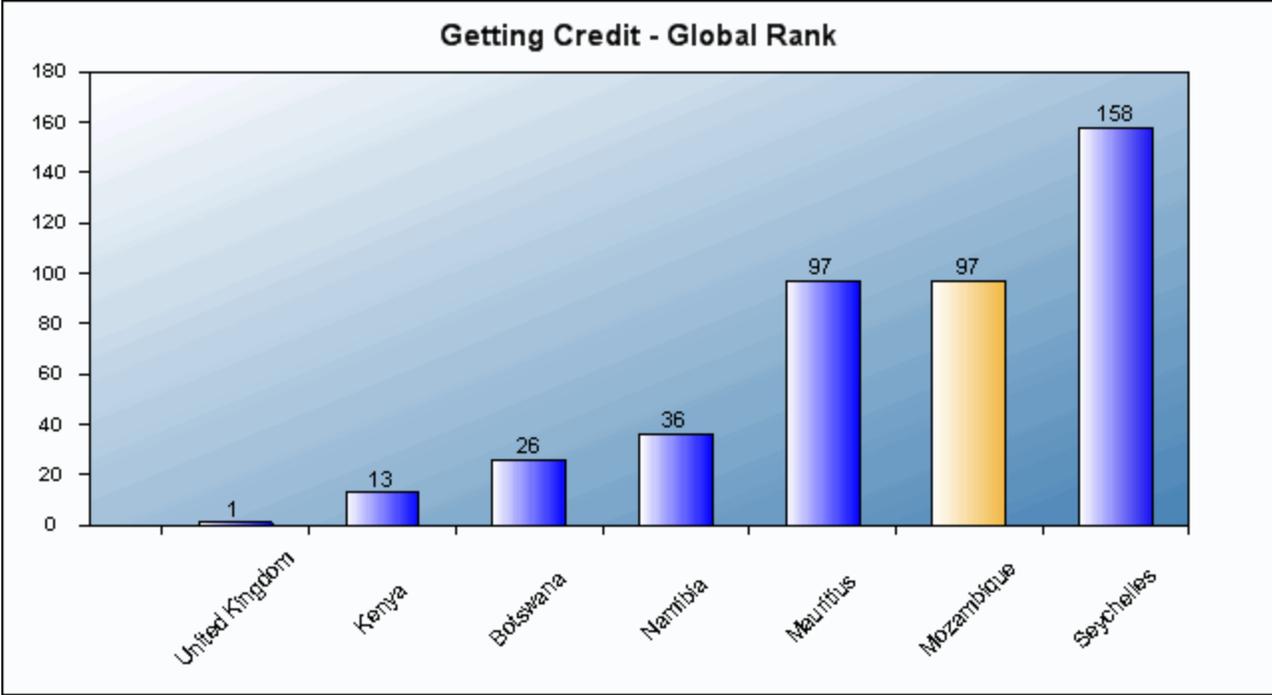
2. The following graph illustrates the Getting Credit indicators in Mozambique over the past 3 years:



3. Benchmarking Getting Credit Regulations:

Mozambique is ranked 97 overall for Getting Credit. United Kingdom is the top ranked economy followed by Hong Kong, China, Germany and Australia.

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



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

Best Practice Economies	Legal Rights Index	Public registry coverage (%)	Private bureau coverage (%)
Argentina*			100.0
Hong Kong, China*	10		
Portugal		67.1	

Selected Economy			
Mozambique	3	0.9	0.0

Comparator Economies			
Botswana	7	0.0	58.3
Kenya	8	0.0	1.5
Mauritius	5	38.6	0.0
Namibia	5	0.0	59.9
Seychelles	3	0.0	0.0

* The following economies are also best practice economies for :

Legal Rights Index: United Kingdom

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

Protecting Investors in Mozambique

Officials at Elf Aquitaine, France's largest oil company, awarded business deals in return for large side payments. Along with the extra cash, they got seven years in jail and a €2 million fine for abuse of power. Russian oil firm Gazprom purchased materials for new pipelines through intermediaries owned by company officers. The high cost raised eyebrows, but not court battles.

Big cases make headlines. But looting by corporate insiders occurs every day on a smaller scale, and often goes unnoticed. To document the protections investors have, Doing Business measures how countries regulate a standard case of self-dealing—use of corporate assets for personal gain.

The case facts are simple. Mr. James, a director and the majority shareholder of a public company, proposes that the company purchase used trucks from another company he owns. The price is higher than the going price for used trucks. The transaction goes forward. All required approvals are obtained, and all required disclosures made, though the transaction is unfair to the purchasing company. Shareholders sue the interested parties and the members of the board of directors.

Several questions arise. Who approves the transaction? What information must be disclosed? What company documents can investors access? What do minority shareholders have to prove to get the transaction stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on the answers to these and other questions. All indices range from 0 to 10, with higher values indicating more protections or greater disclosure.

The extent of disclosure index covers approval procedures, requirements for immediate disclosure to the public and shareholders of proposed transactions, requirements for disclosure in periodic filings and reports and the availability of external review of transactions before they take place.

The extent of director liability index covers the ability of investors to hold Mr. James and the board of directors liable for damages, the ability to rescind the transaction, the availability of fines and jail time associated with self-dealing, the availability of direct or derivative suits and the ability to require Mr. James to pay back his personal profits from the transaction.

The ease of shareholder suits index covers the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, shareholders' access to internal documents of the company, the appointment of an inspector to investigate the transaction and the standard of proof applicable to a civil suit against the directors.

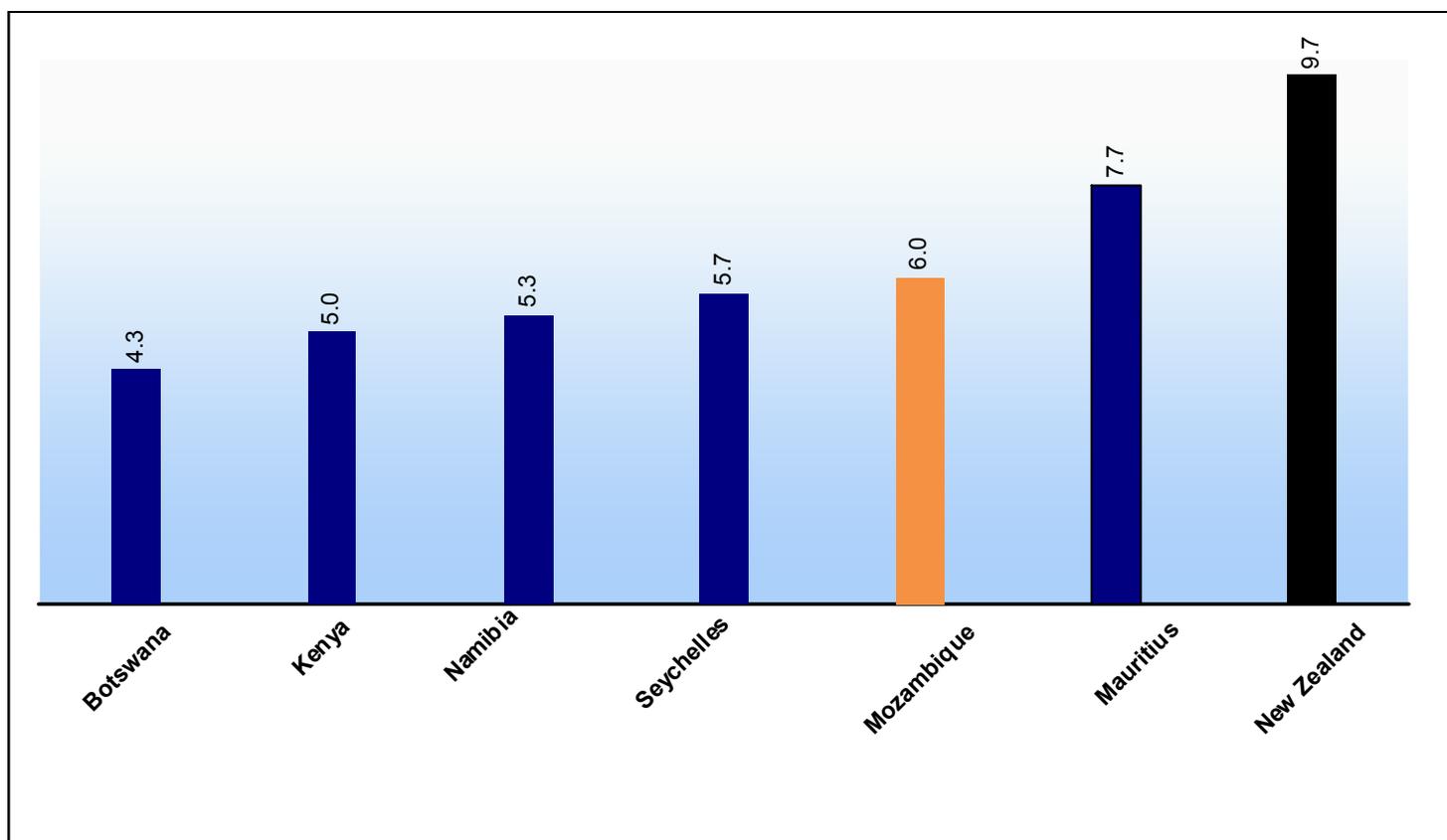
These three indices are averaged to create the strength of investor protection index. This index ranges from 0 to 10, with higher values indicating better investor protection.

If the rights of investors are not protected, majority ownership in a business is the only way to eliminate expropriation. But then investors must devote more oversight attention to fewer investments. The result: entrepreneurship is suppressed, and fewer profitable investment projects are undertaken. Where self-dealing is curbed, equity investment is higher, ownership concentration lower and trust in the business sector deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

1. Historical data: Protecting Investors in Mozambique

Protecting Investors data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		96	33
Investor Protection Index	4.7	4.7	6.0

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

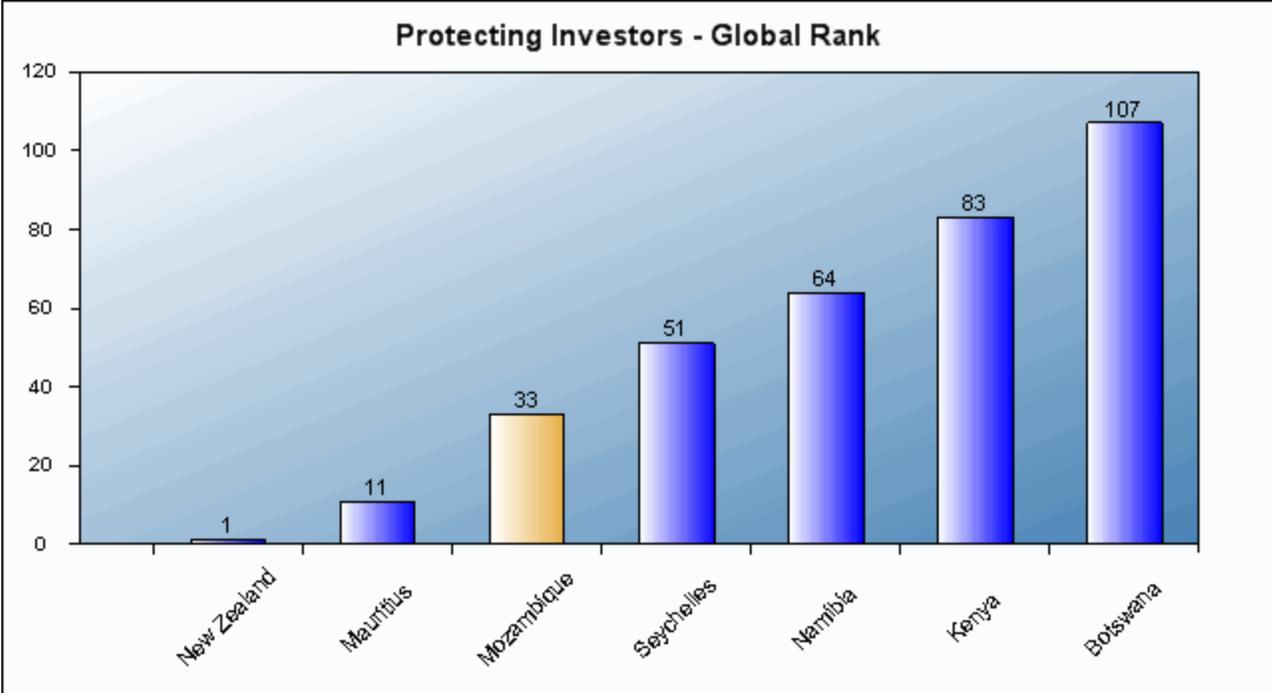


Note: The higher the score, the greater the investor protection.

3. Benchmarking Protecting Investors Regulations:

Mozambique is ranked 33 overall for Protecting Investors. New Zealand is the top ranked economy followed by Singapore, Hong Kong, China and Malaysia.

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



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

<i>Best Practice Economies</i>	Investor Protection Index
New Zealand	9.7

<i>Selected Economy</i>	
Mozambique	6.0

<i>Comparator Economies</i>	
Botswana	4.3
Kenya	5.0
Mauritius	7.7
Namibia	5.3
Seychelles	5.7

Paying Taxes: Tax Payable and Compliance in Mozambique

Taxes are essential. Without them there would be no money to fund schools, hospitals, courts, roads, water, waste collection and other public services that help businesses to be more productive. Still, there are good ways and bad ways to collect taxes.

The Doing Business tax survey records the effective tax that a company must pay and the administrative costs of doing so. Imagine a medium-size business, TaxpayerCo, that started operations last year. Doing Business asked accountants in 178 economies to review TaxpayerCo's financial statements and a standard list of transactions the company completed during the year. Respondents were asked how much tax the business must pay and what the process is for doing so.

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

Three indicators are constructed:

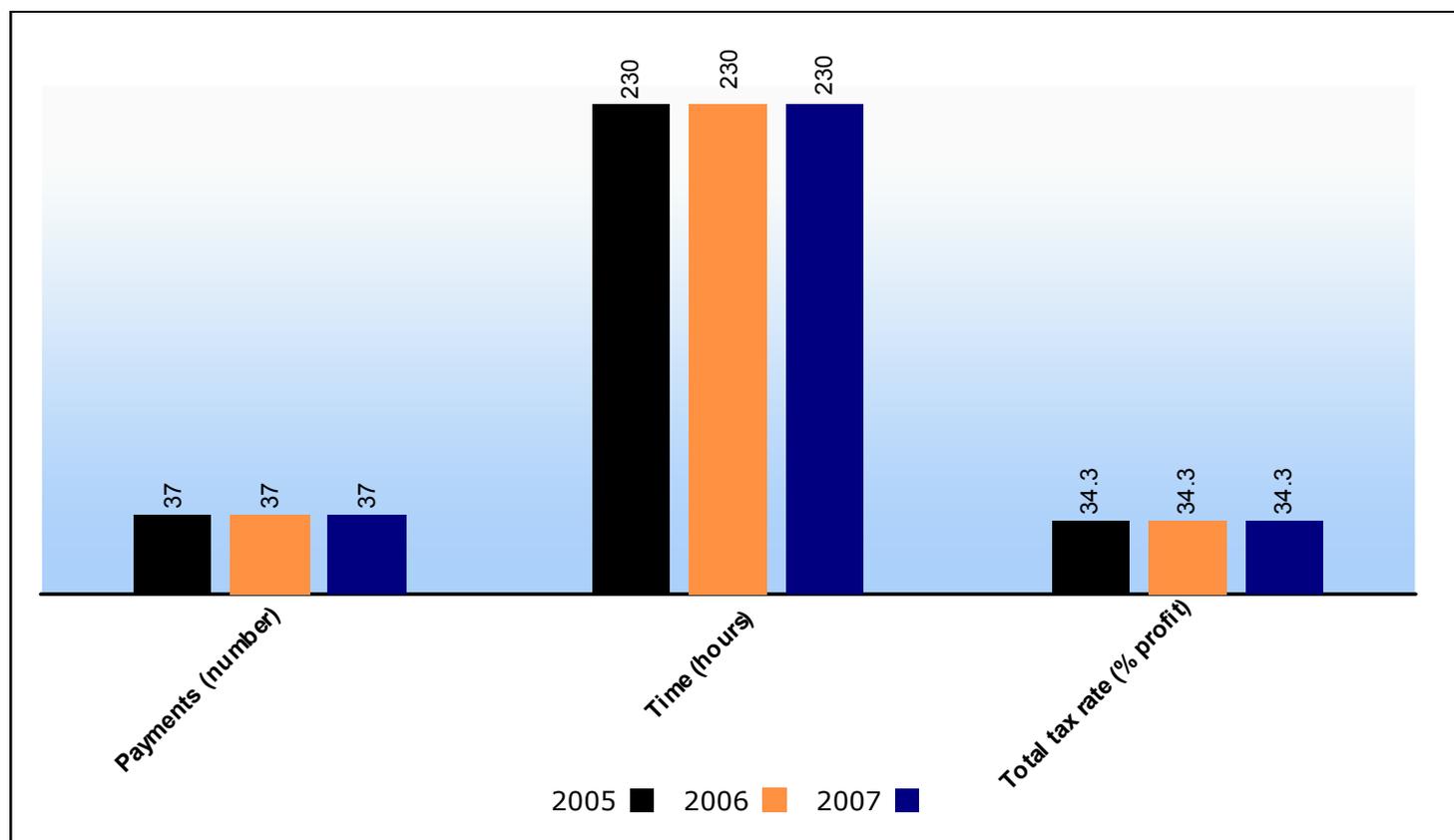
- Number of tax payments, which takes into account the method of payment or withholding, the frequency of payment or withholding and the number of agencies involved for the standard case.
- Time, which measures the hours per year necessary to prepare, file and pay the corporate income tax, value added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

Businesses care about what they get for their taxes and contributions, such as the quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes. Rich countries tend to have lower tax rates and less complex tax systems. And rich countries get more from their taxes. Simple, moderate taxes and fast, cheap administration mean less hassle for businesses—and also more revenue collected and better public services. More burdensome tax regimes create an incentive to evade taxes.

1. Historical data: Paying Taxes in Mozambique

Paying Taxes data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		66	72
Time (hours)	230	230	230
Total tax rate (% profit)	34.3	34.3	34.3
Payments (number)	37	37	37

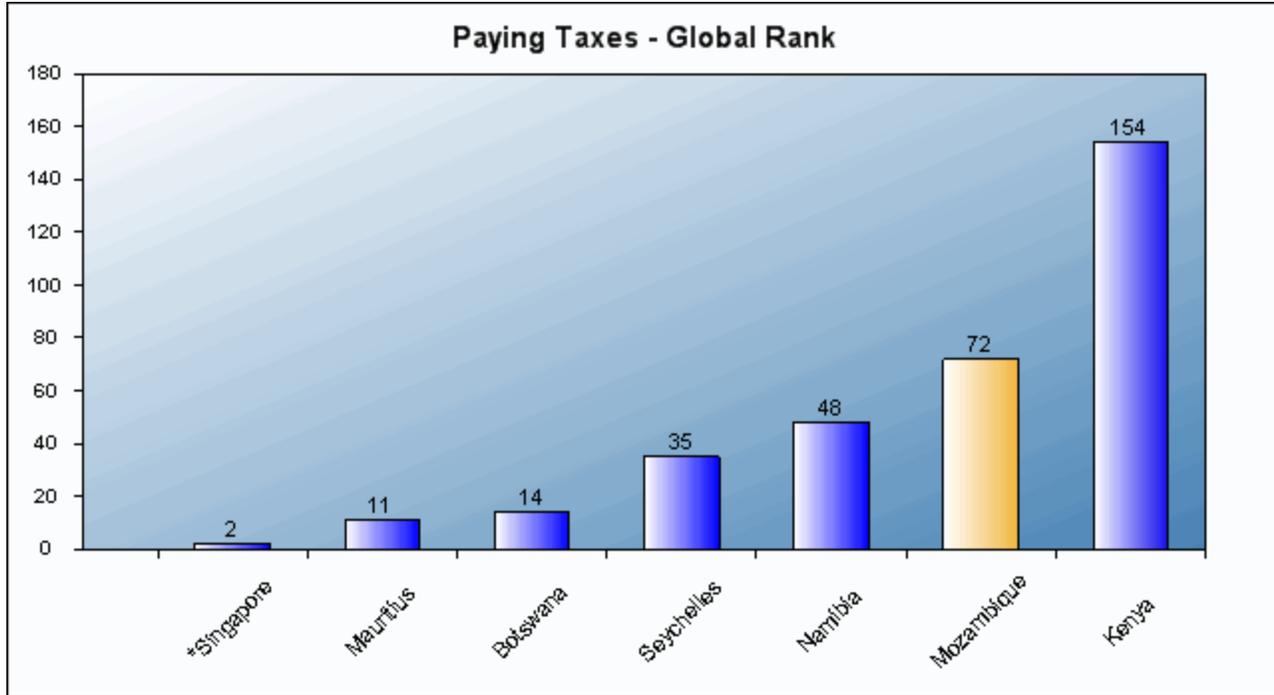
2. The following graph illustrates the Paying Taxes indicators in Mozambique over the past 3 years:



3. Benchmarking Paying Taxes Regulations:

Mozambique is ranked 72 overall for Paying Taxes. Maldives is the top ranked economy followed by Singapore, Hong Kong, China and United Arab Emirates.

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



* The following economies are also best practice economies for Paying Taxes: Maldives

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

<i>Best Practice Economies</i>	Payments (number)	Time (hours)	Total tax rate (% profit)
Sweden*	2		
United Arab Emirates*		12	
Vanuatu			8.4

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

<i>Comparator Economies</i>			
Botswana	19	140	17.2
Kenya	41	432	50.9
Mauritius	7	161	21.7
Namibia	37	not available	26.5
Seychelles	16	76	48.4

* The following economies are also best practice economies for :

Payments (number): **Maldives**

Time (hours): **Maldives**

Trading Across Borders: Importing and Exporting from Mozambique

The benefits of trade are well documented—as are the obstacles to trade. Tariffs, quotas and distance from large markets greatly increase the cost of goods or prevent trading altogether. But with faster ships and bigger planes, the world is shrinking. Global and regional agreements have brought down trade barriers. Yet Africa's share of global trade is smaller today than it was 25 years ago. So is the Middle East's, excluding oil exports. The reason is simple: many entrepreneurs face numerous hurdles to exporting or importing goods. They often give up. Others never try.

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

To make the data comparable across countries, several assumptions about the business and the traded goods are used. The business is of medium size, with 100 or more employees, and is located in the periurban area of the country's most populous city. It is a private, limited liability company, domestically owned, formally registered and operating under commercial laws and regulations of the country. The traded goods are ordinary, legally manufactured products, and they travel in a dry-cargo, 20-foot FCL (full container load) container.

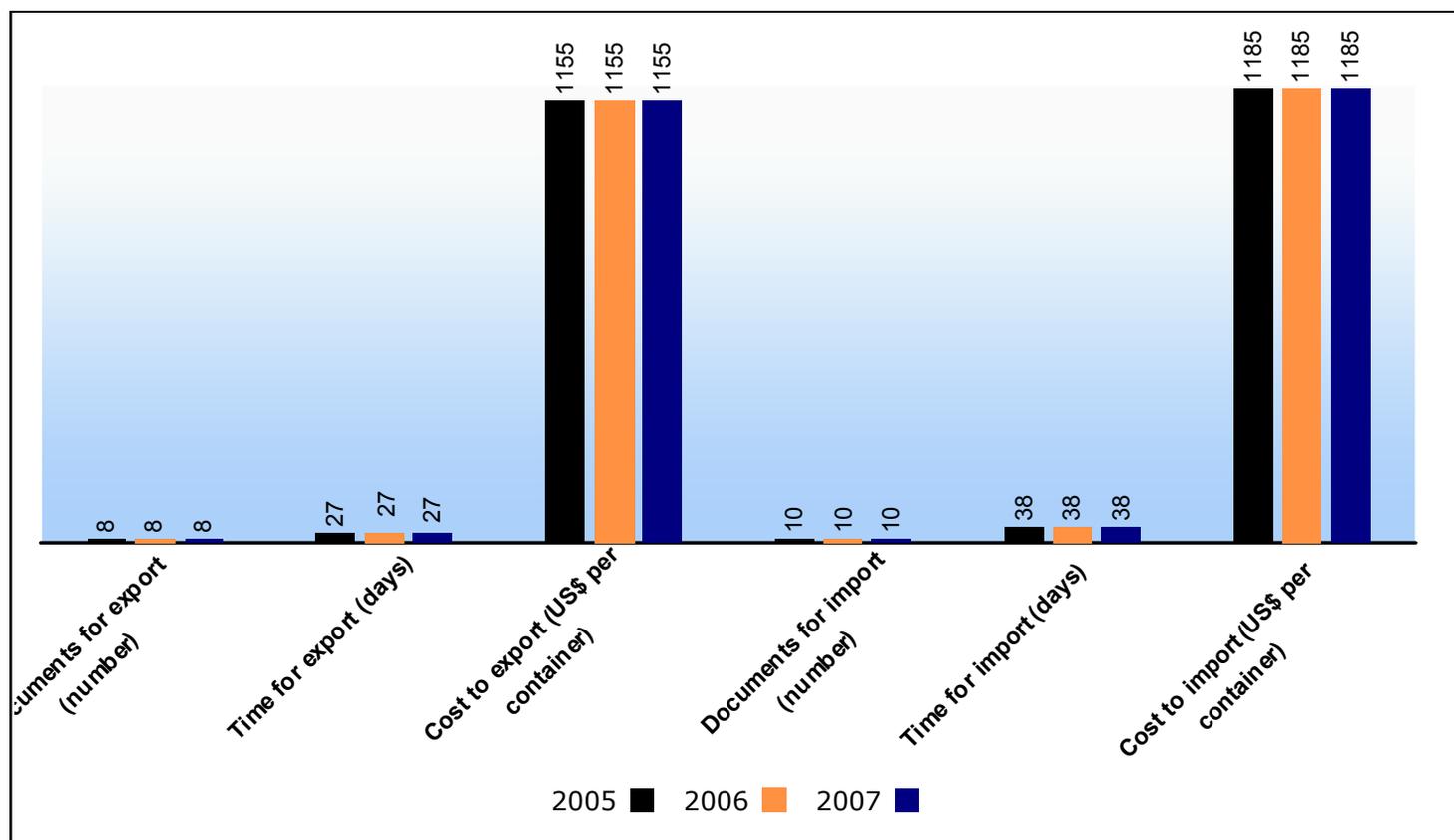
Documents recorded include port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties. Time is recorded in calendar days, from start to finish of each procedure. Cost measures the fees levied on a 20-foot container in U.S. dollars.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

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

1. Historical data: Trading Across Borders in Mozambique

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		137	140
Documents for export (number)	8	8	8
Time for export (days)	27	27	27
Cost to export (US\$ per container)	1155	1155	1155
Documents for import (number)	10	10	10
Time for import (days)	38	38	38
Cost to import (US\$ per container)	1185	1185	1185

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



3. Benchmarking Trading Across Borders Regulations:

Mozambique is ranked 140 overall for Trading Across Borders. Singapore is the top ranked economy followed by Denmark, Hong Kong, China and Norway.

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



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

<i>Best Practice Economies</i>	Documents for export (number)	Time for export (days)	Cost to export (US\$ per)	Documents for import (number)	Time for import (days)	Cost to import (US\$ per)
Canada*	3					
China			390			
Denmark*		5		3		
Singapore					3	367

<i>Selected Economy</i>						
Mozambique	8	27	1155	10	38	1185

<i>Comparator Economies</i>						
Botswana	6	33	2328	9	43	2595
Kenya	9	29	1955	8	37	1995
Mauritius	5	17	728	6	16	673
Namibia	11	29	1539	9	24	1550
Seychelles	6	17	1839	5	19	1839

* The following economies are also best practice economies for :

Documents for export (number): **Estonia, Micronesia, Panama**

Time for export (days): **Estonia, Singapore**

Documents for import (number): **Sweden**

Enforcing Contracts: Court Efficiency in Mozambique

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

The dispute, between two businesses (the Seller and the Buyer) located in the country's most populous city, concerns a contract for the sale of goods. The Seller agrees to deliver the goods, worth 200% of the country's income per capita, to the Buyer.

After receiving and inspecting the goods, the Buyer concludes that their quality is inadequate. The Buyer sends the goods back without paying for them. The Seller disagrees and argues that their quality is adequate. The Seller seeks full payment from the Buyer, arguing that the goods cannot be sold to a third party because they were custom-made for the Buyer. The Seller sues the Buyer before the court in the most populous city to recover the amount due under the sales agreement (200% of the country's income per capita).

Three indicators of the efficiency of commercial contract enforcement are developed:

- Number of procedures, which includes all those that demand interaction between the parties or between them and the judge or court officer.
- Time, which counts the number of days from the moment the plaintiff files the lawsuit in court until the moment of payment. This measure includes both the days on which actions take place and the waiting periods between actions.
- Cost, which measures the official cost of going through court procedures, expressed as a percentage of the claim (assumed to be equivalent to 200% of income per capita). The cost includes court costs, enforcement costs and attorney fees where the use of attorneys is mandatory or common.

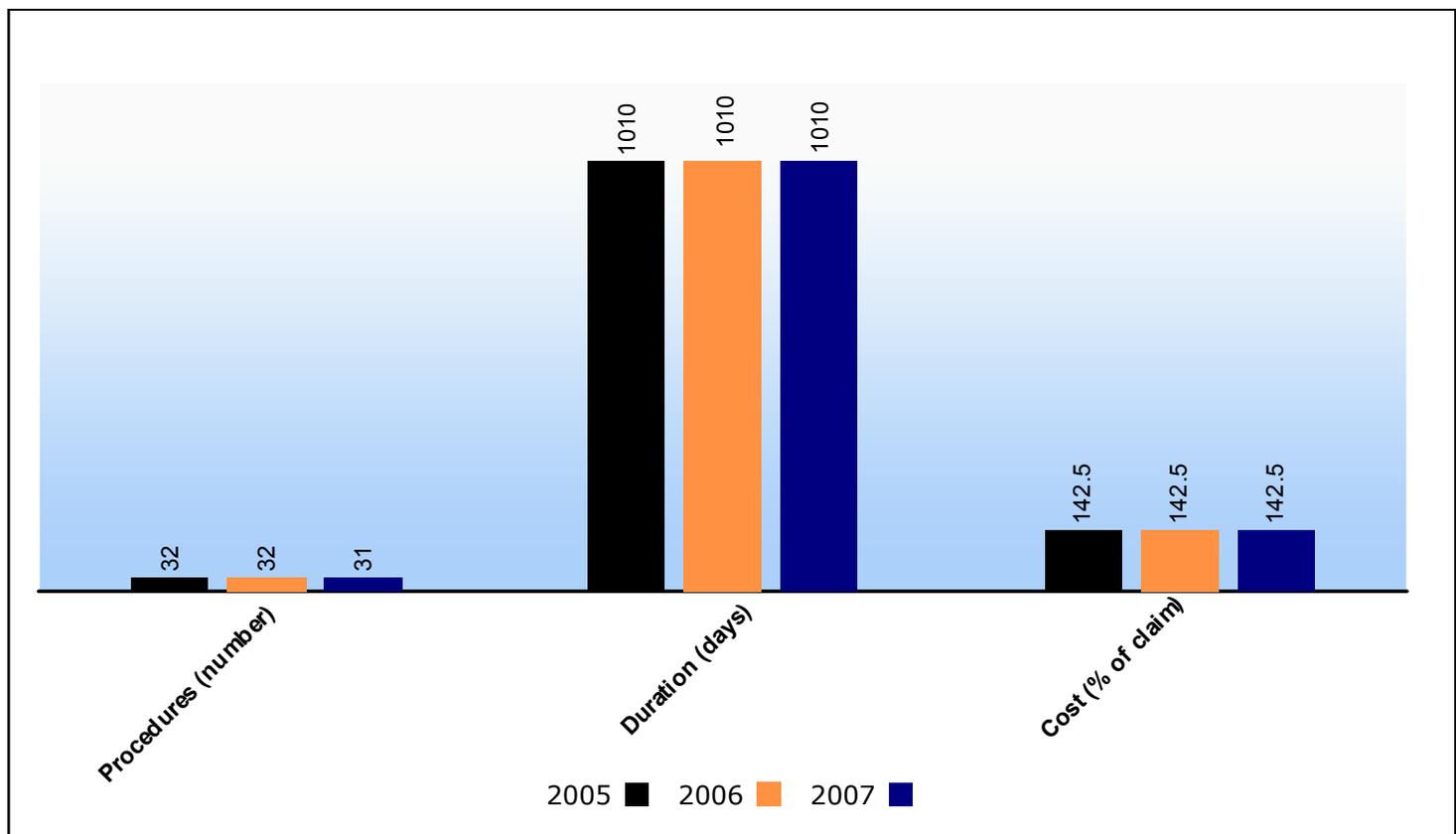
Businesses that have little or no access to efficient courts must rely on other mechanisms, both formal and informal—such as trade associations, social networks, credit bureaus or private information channels—to decide whom to do business with and under what conditions. Or they might adopt a conservative approach to business, dealing only with a small group of people linked through kinship, ethnic origin or previous dealings and structuring transactions to forestall disputes. In either case economic and social value may be lost.

The main reason to regulate procedures in commercial dispute resolution is that informal justice is vulnerable to subversion by the rich and powerful. But heavy regulation of dispute resolution backfires. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. The result: less wealth is created.

1. Historical data: Enforcing Contracts in Mozambique

Enforcing Contracts data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		141	138
Procedures (number)	32	32	31
Duration (days)	1010	1010	1010
Cost (% of claim)	142.5	142.5	142.5

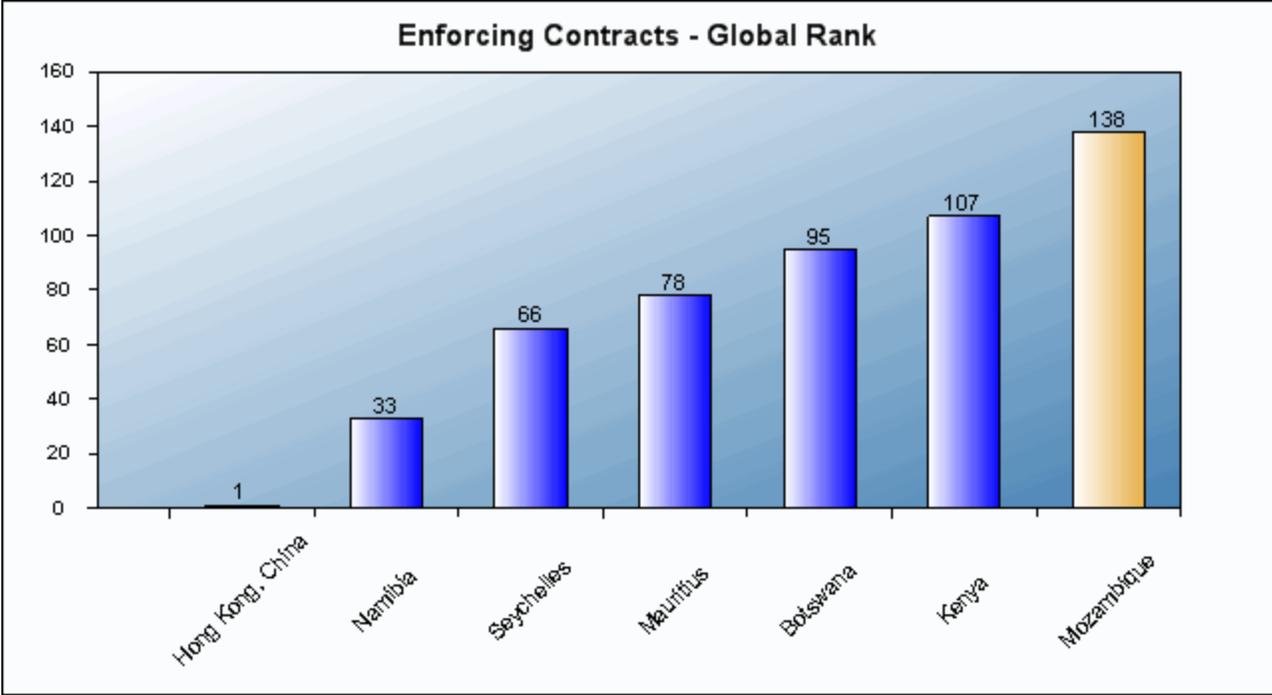
2. The following graph illustrates the Enforcing Contracts indicators in Mozambique over the past 3 years:



3. Benchmarking Enforcing Contracts Regulations:

Mozambique is ranked 138 overall for Enforcing Contracts. Hong Kong, China is the top ranked economy followed by Luxembourg, Latvia and Singapore.

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



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

Best Practice Economies	Procedures (number)	Duration (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		120	

Selected Economy			
Mozambique	31	1010	142.5

Comparator Economies			
Botswana	29	987	28.1
Kenya	44	465	26.7
Mauritius	37	750	17.4
Namibia	33	270	29.9
Seychelles	38	720	14.3

Closing Business in Mozambique: Bankruptcy

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

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

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

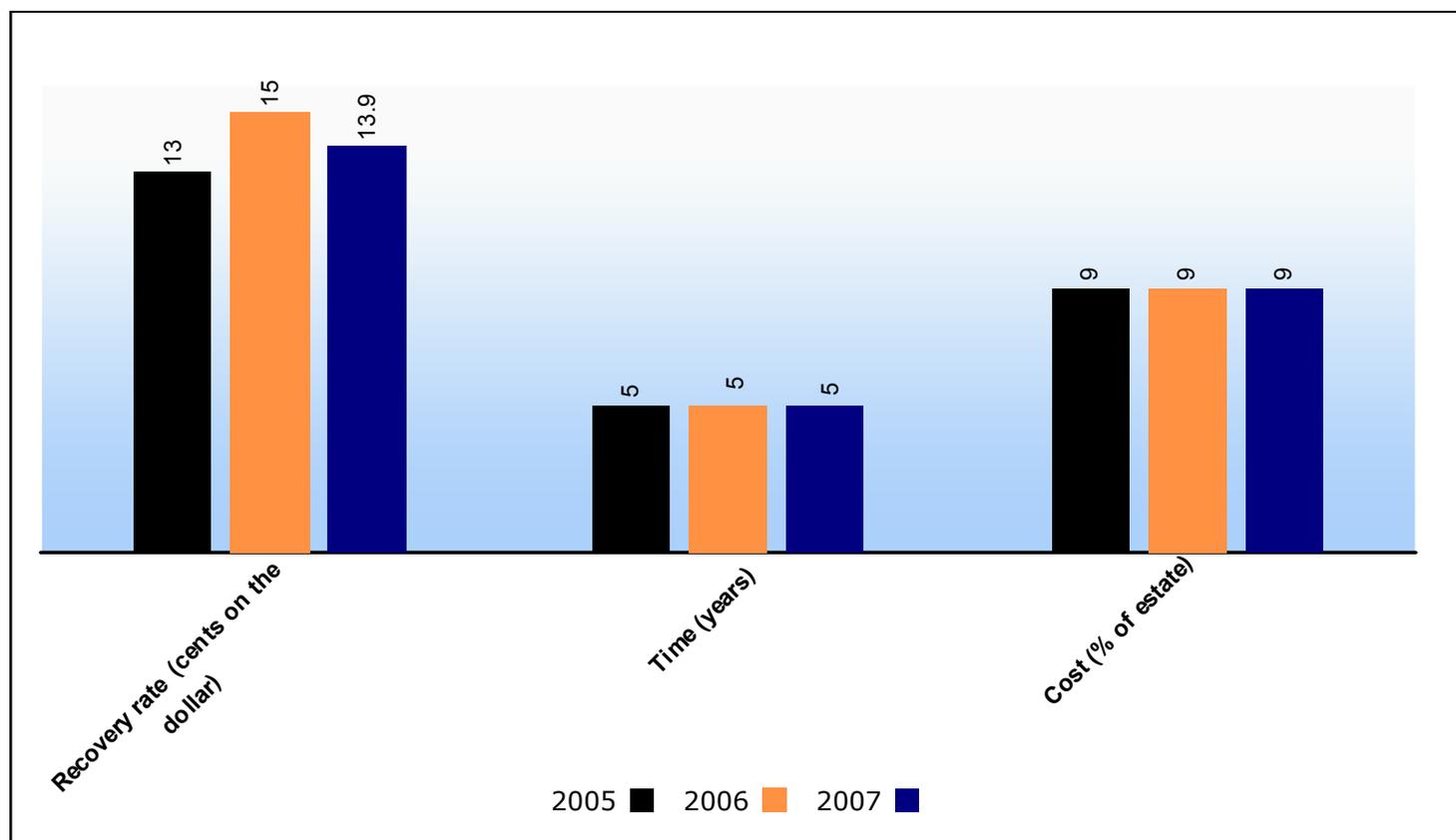
Three measures are constructed from the survey responses: the time to go through the insolvency process, the cost to go through the process and the recovery rate—how much of the insolvency estate is recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome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

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

1. Historical data: Closing Business in Mozambique

Closing a Business data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		130	134
Time (years)	5.0	5.0	5.0
Cost (% of estate)	9	9	9
Recovery rate (cents on the dollar)	13	15	13.9

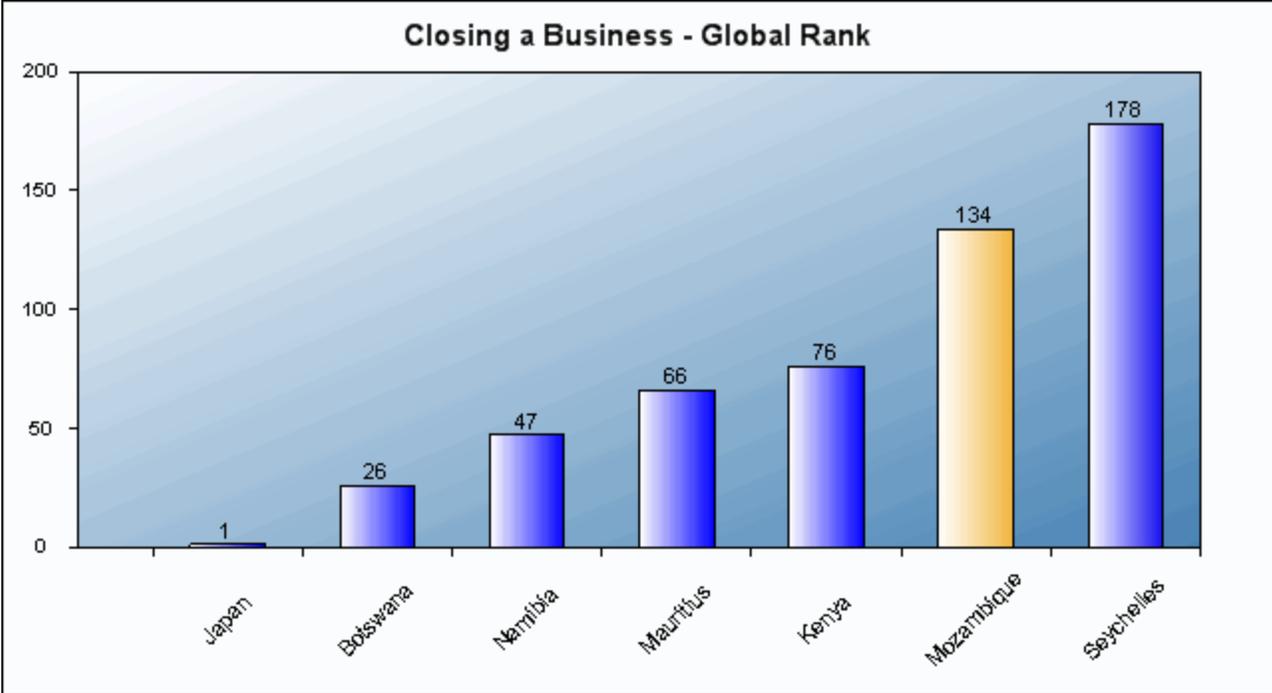
2. The following graph illustrates the Closing Business indicators in Mozambique over the past 3 years:



3. Benchmarking Closing Business Regulations:

Mozambique is ranked 134 overall for Closing a Business. Japan is the top ranked economy followed by Singapore, Norway and Canada.

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



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

Best Practice Economies	Recovery rate (cents on the	Time (years)	Cost (% of estate)
Colombia			1
Ireland*		0.4	
Japan	92.6		

Selected Economy			
Mozambique	13.9	5.0	9

Comparator Economies			
Botswana	59.8	1.7	15
Kenya	31.0	4.5	22
Mauritius	34.3	1.7	15
Namibia	41.3	1.5	15
Seychelles	0.0	no practice	no practice

* The following economies are also best practice economies for :

Time (years): Cape Verde

Starting a Business in Mozambique

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

STANDARDIZED COMPANY

Legal Form: Sociedade por Quotas (LDA) -

Closely-Held Limited Liability Company

Minimum Capital Requirement: MZN 10,000

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Obtain certification of unique name (certidão negativa) at the Commercial Registrar Office of Maputo (Conservatória do Registo Comercial)	1 day	MZM 77
2	Open a provisional bank account, deposit minimum capital, and obtain a verification of deposit with a local bank	1 day	no charge or bank commission
3	Register with the Commercial Registrar Office of Maputo (Conservatória de Registo Comercial); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República)	3 days to 1 week	see comments
4	Apply for an operational license (alvará) from the Presidente of Conselho Municipality	15-30 days	MZM 266
5 *	Receive inspection from Ministry of Health and Fire Department and Ministry of Commerce and Industry	8 days, simultaneous with previous procedure	no charge
6 *	Declare the beginning of activity at the tax department (Repartição de Finanças)	15 days, simultaneous with previous procedure	nominal
7 *	Register for VAT (Imposto sobre o Valor Acrescentado)	7 days, simultaneous with previous procedure	nominal
8 *	Declare the beginning of activity and register job candidates at the provincial employment center	1 day, simultaneous with previous procedure	Each copy of the chart costs 5 Mtcs, assuming 10 workers
9 *	Register workers with the social security system	1 day, simultaneous with previous procedure	no charge
10 *	Subscribe a workmen's compensation insurance coverage	1 day, simultaneous with previous procedure	no charge

* Takes place simultaneously with another procedure.

Procedure 1	Obtain certification of unique name (certidão negativa) at the Commercial Registrar Office of Maputo (Conservatória do Registo Comercial)
Time to complete:	1 day
Cost to complete:	MZM 77
Comment:	The Registrar Office of Maputo was computerized and name verification can be done in a day.
Procedure 2	Open a provisional bank account, deposit minimum capital, and obtain a verification of deposit with a local bank
Time to complete:	1 day
Cost to complete:	no charge or bank commission
Comment:	Before having the articles of association notarized, limited liability companies (sociedades por quotas) must open a bank account to prove that at least 50% of the required minimum capital has been paid. The bank account must be opened in the company name that was approved by the Registrar Office of Maputo, which issued the certification of the unique name (Procedure 1).
Procedure 3	Register with the Commercial Registrar Office of Maputo (Conservatória de Registo Comercial); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República)
Time to complete:	3 days to 1 week
Cost to complete:	see comments
Comment:	<p>To register a company with the Commercial Registrar Office of Maputo, the following costs apply:</p> <ul style="list-style-type: none"> - A nominal fixed fee is charged for company matriculation. - The registration fees vary according to share capital: amounts up to MZN 5 million are taxable at a 2% rate, and amounts over MZN 5 million are taxable at a 1% rate. - A variable fee is payable for administrative costs up to a maximum of MZN 1,000. <p>The time line to register in the Commercial Registry takes from a day to a week.</p> <p>This registration is final because the Commercial Registrar coordinates the publication of the company statutes in the Official Gazette. The fixed fee for online publication is MZN 475 per year for a 25-line page. Publication can take 3 days to 1 week.</p>
Procedure 4	Apply for an operational license (alvará) from the Presidente of Conselho Municipality
Time to complete:	15-30 days
Cost to complete:	MZM 266
Comment:	<p>To apply for an operating license, the company promoters must file the following documents:</p> <ul style="list-style-type: none"> - Letter of application with an authenticated signature, containing the company name and its head office, the proposed commercial activity, including the classes of merchandise offered or services provided, and the address of the company's registered offices. - Certificate of incorporation issued by the Commercial Registrar or copy of the articles of association (the provisional registration is adequate). - Personal identity documents (notarized copies). - Lease (notarized copy). If the company owns the premises, it must evidence ownership by submitting the Real Estate Registrar Office certificate when applying for the operating license.

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

Fee schedule for operating license application:

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

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

Procedure 5 Receive inspection from Ministry of Health and Fire Department and Ministry of Commerce and Industry

Time to complete: 8 days, simultaneous with previous procedure

Cost to complete: no charge

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

Procedure 6 Declare the beginning of activity at the tax department (Repartição de Finanças)

Time to complete: 15 days, simultaneous with previous procedure

Cost to complete: nominal

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

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

Procedure 7 Register for VAT (Imposto sobre o Valor Acrescentado)

Time to complete: 7 days, simultaneous with previous procedure

Cost to complete: nominal

Comment:

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

Time to complete: 1 day, simultaneous with previous procedure

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

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

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

Procedure 9 Register workers with the social security system

Time to complete: 1 day, simultaneous with previous procedure

Cost to complete: no charge

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

Procedure 10 Subscribe a workmen's compensation insurance coverage

Time to complete: 1 day, simultaneous with previous procedure

Cost to complete: no charge

Comment:

Dealing with Licenses in Mozambique

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

BUILDING A WAREHOUSE

Date as of: January 2, 2007

Estimated Warehouse Value:

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain the right to the use and enjoyment of the land	120 days	MZN 200
2 *	Request and obtain the topographic plan	120 days	MZN 325
3	Request and obtain a building permit from Department of Construction and Urbanization	45 days	MZN 6,503
4	Receive inspection by the municipality - I	1 day	no charge
5	Receive inspection by the municipality - II	1 day	no charge
6	Request electricity connection approval from the National Directorate of Energy	7 days	no charge
7 *	Request power connection from Electricity of Mozambique	1 day	MZN 6,837
8 *	Receive inspection and obtain approval of electrical plan from the electricity department	1 day	no charge
9 *	Connect to electricity services of Electricity of Mozambique	53 days	MZN 37,416
10 *	Request water and sewage connection	1 day	MZN 4,700
11 *	Receive inspection and obtain approval of plumbing plan from the water department	1 day	no charge
12 *	Connect to water and sewage services	43 days	no charge
13 *	Request and obtain telephone connection	2 days	MZN 2,580
14	Request final inspection	1 day	no charge
15	Receive final inspection	1 day	no charge
16	Request and obtain an occupancy permit	90 days	MZN 2,000

17	Register the new building at the property registration agency	45 days	MZN 325
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* Takes place simultaneously with another procedure.

Procedure	1	Request and obtain the right to the use and enjoyment of the land
Time to complete:		120 days
Cost to complete:		MZN 200
Comment:		<p>The company must obtain the right to the use and enjoyment of the land from the Municipal Council of Maputo City, Department of Construction and Urbanization (DCU), because all land is state owned.</p> <p>Procedures 1 and 2 are done simultaneously. It takes at least 120 days to obtain a preliminary document that allows the builder to request the building permit. The right to use of the land must be requested before beginning construction. Even if the company had this title in the past, it would still need to make sure that the stated use of the land in the title is compatible with the new use.</p>
Procedure	2	Request and obtain the topographic plan
Time to complete:		120 days
Cost to complete:		MZN 325
Comment:		The company should obtain the topographic plan from the Municipal Council of Maputo City, Department of Construction and Urbanization (DCU).
Procedure	3	Request and obtain a building permit from Department of Construction and Urbanization
Time to complete:		45 days
Cost to complete:		MZN 6,503
Comment:		<p>The company should submit an application to the municipal council with the full detailed plan attached. The cost is MZN 5 to MZN 10 per square meter. In the present case, the total cost would be $MZN 5 \times 1,300.6 = MZN 6,503$. There is a time limit of a month, and silence is construed to mean consent. In practice, investors do not make use of the "silence-is-consent" rule because they are afraid their investment would be demolished if they start construction without a license.</p>
Procedure	4	Receive inspection by the municipality - I
Time to complete:		1 day
Cost to complete:		no charge
Comment:		<p>Inspections may during construction. According to law, two to three inspections should be carried out by the municipality and by the labor inspectorate. However, in practice, these inspections rarely occur. When they are undertaken, these inspections are announced by the inspector, who informs BuildCo of the inspection date. Normally, an inspection is carried out when the concrete is poured.</p>
Procedure	5	Receive inspection by the municipality - II
Time to complete:		1 day
Cost to complete:		no charge
Comment:		

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

Time to complete: 7 days

Cost to complete: no charge

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

Procedure 7 Request power connection from Electricity of Mozambique

Time to complete: 1 day

Cost to complete: MZN 6,837

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

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

Time to complete: 1 day

Cost to complete: no charge

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

Procedure 9 Connect to electricity services of Electricity of Mozambique

Time to complete: 53 days

Cost to complete: MZN 37,416

Comment:

Procedure 10 Request water and sewage connection

Time to complete: 1 day

Cost to complete: MZN 4,700

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

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

Time to complete: 1 day

Cost to complete: no charge

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

Procedure 12 Connect to water and sewage services

Time to complete: 43 days

Cost to complete: no charge

Comment:

Procedure 13 Request and obtain telephone connection

Time to complete: 2 days

Cost to complete: MZN 2,580

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

Procedure 14 Request final inspection

Time to complete: 1 day

Cost to complete: no charge

Comment: The applicant can request a final inspection only when the construction is fully terminated.

Procedure 15 Receive final inspection

Time to complete: 1 day

Cost to complete: no charge

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

Procedure 16 Request and obtain an occupancy permit

Time to complete: 90 days

Cost to complete: MZN 2,000

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

Procedure 17 Register the new building at the property registration agency

Time to complete: 45 days

Cost to complete: MZN 325

Comment:

Employing Workers in Mozambique

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

Employing Workers Indicators (2007)	Answer	Score
Rigidity of Employment Index		54.4
Difficulty of Hiring Index		83.3
Are fixed-term contracts prohibited for permanent tasks?	Yes	1
What is the maximum duration of fixed-term contracts (including renewals)? (in months)	48	0.5
What is the ratio of mandated minimum wage to the average value added per worker?	1.20	1.00
Rigidity of Hours Index		60.0
Can the workweek extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	Yes	0
What is the maximum number of working days per week?	6	0
Are there restrictions on night work?	Yes	1
Are there restrictions on "weekly holiday" work?	Yes	1
What is the paid annual vacation (in working days) for an employee with 20 years of service?	22	1
Difficulty of Firing Index		20.0
Is the termination of workers due to redundancy legally authorized?	Yes	0
Must the employer notify a third party before terminating one redundant worker?	Yes	1
Does the employer need the approval of a third party to terminate one redundant worker?	No	0
Must the employer notify a third party before terminating a group of 25 redundant workers?	Yes	1
Does the employer need the approval of a third party to terminate a group of 25 redundant workers?	No	0
Can an employer make redundant a worker only if the worker could not have been reassigned or retrained?	No	0
Are there priority rules applying to redundancies?	No	0
Are there priority rules applying to re-employment?	No	0
Firing costs (weeks of wages)		142.9
What is the notice period for redundancy dismissal after 20 years of continuous employment? (weeks of salary)		12.9

What is the severance pay for redundancy dismissal after 20 years of employment? (weeks of salary)	130.0
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What is the legally mandated penalty for redundancy dismissal? (weeks of salary)	0.0
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Nonwage labor cost (% of salary)	4.0
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Note: The first three indices measure how difficult it is to hire a new worker, how rigid the regulations are on working hours, and how difficult it is to dismiss a redundant worker. Each index assigns values between 0 and 100, with higher values representing more rigid regulations. The overall Rigidity of Employment Index is an average of the three indices.

Registering Property in Mozambique

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

STANDARDIZED PROPERTY

Property Value: 17,000.00

City: Maputo

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1 *	Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office	3-14 days (simultaneous with procedure 2)	MZN 75
2 *	Obtain a certificate from the Tax Authority regarding the value of the property	3-14 days (simultaneous with procedure 1)	MZN 100
3	Lawyer prepares the draft sale and purchase agreement, to be executed in the form of a public deed	1-14 days	MZN 12,000 – MZN 30,800
4	Payment of transfer tax (SISA) at the Municipal Tax Office	3 days	2% of property value (SISA-transfer tax) + 20% of the transfer tax (municipal charge-‘adicional autarquico’)
5	The lawyer/parties submit the draft sale and purchase agreement to the public notary to verify and issue the notarial deed of purchase	1-8 days	0.2% of property value (stamp duty) + Notarial fees according to the following schedule: 0.04% of property value up to the first MZN 5 million + 0.001% of property value for the excess of MZN 5 million.
6	Apply for registration of the building at the Real Estate Registry Office	2-7 days	Registration fees according to the following schedule: 0.04% of property value up to the first MZN 5 million + 0.001% of property value for the excess of MZN 5 million.
7 *	Submit the notaria deed at the Municipal Tax Office	3-14 days (simultaneous with procedure 8)	MZN 150

8 * Submit the notary deed at the Cadastre Services Registry

7-14 days
(simultaneous with
procedure 7)

MZN 150

* Takes place simultaneously with another procedure.

Procedure 1	Obtain a Real Estate Registry certificate of the property from the Real Estate Registry Office
Time to complete:	3-14 days (simultaneous with procedure 2)
Cost to complete:	MZN 75
Comment:	A Real Estate Registry certificate is obtained at the Conservatória do Registo Predial. The certificate shows all the owners of the property/ beneficiaries of the use and benefit right, and is valid for 90 days. If the owner does not have a copy of the current real property registration, then the DCU reference number must be obtained in order for the Registrar to locate the book and page on which the property is registered.
Procedure 2	Obtain a certificate from the Tax Authority regarding the value of the property
Time to complete:	3-14 days (simultaneous with procedure 1)
Cost to complete:	MZN 100
Comment:	A certificate (registro matricial) with the value of the property is obtained from the tax authority or Repartição das Finanças.
Procedure 3	Lawyer prepares the draft sale and purchase agreement, to be executed in the form of a public deed
Time to complete:	1-14 days
Cost to complete:	MZN 12,000 – MZN 30,800
Comment:	A lawyer prepares the sale and purchase agreement. It is necessary to have the underlying land and property title deed and real property registration in order to have all the necessary property description and land plot demarcation details. The form of the description varies from rural areas to municipalities. The actual sales instrument is relatively simple but the additional administrative/registry detail complicates the preparation.
Procedure 4	Payment of transfer tax (SISA) at the Municipal Tax Office
Time to complete:	3 days
Cost to complete:	2% of property value (SISA-transfer tax) + 20% of the transfer tax (municipal charge-‘adicional autarquico’)
Comment:	The property must have been registered for real property taxes (municipal or national), all of the real property tax must have been paid (for which a tax clearance must be obtained), and the owner and the purchaser must be registered for tax purposes (NUIT). A SISA tax receipt is obtained to be submitted with the sale and purchase agreement to the notary and the name of the buyer is registered with the Tax Office. The SISA tax has been reformed by Decree 46/2004 of October 27, cutting it from previous levels around 10%. In the past, the 10% tax that applied to Maputo was not fully paid since the market value of the property was never quoted. This change unifies the level of the transfer tax with the rest of the country that already had taxes around 2%.
Procedure 5	The lawyer/parties submit the draft sale and purchase agreement to the public notary to verify and issue the notarial deed of purchase
Time to complete:	1-8 days

Cost to complete: 0.2% of property value (stamp duty) + Notarial fees according to the following schedule: 0.04% of property value up to the first MZN 5 million + 0.001% of property value for the excess of MZN 5 million.

Comment: The lawyer/parties submit the draft sale and purchase agreement to the public notary, who verifies the documentation and prepares the notarial deed of sale and purchase for signature. The Real Estate Registry certificate and the SISA payment certificate must be submitted, together with Companies' Registry certificates of the parties and copies of the ID's of their representatives who will execute the notarial deed on their behalf. Copies of quota-holders/directors resolutions and/or powers of attorney may also be required pursuant to the relevant companies' articles of association. In some cases it may be possible to notarize the deed faster if the parties, instead of the notary, prepare the deed themselves and give it to the notary on a disk to notarize.

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

Time to complete: 2-7 days

Cost to complete: Registration fees according to the following schedule: 0.04% of property value up to the first MZN 5 million + 0.001% of property value for the excess of MZN 5 million.

Comment: The notary deed of sale and purchase is submitted to the Real Estate Registry Office, together with an application requesting the registration of ownership over the property, on the buildings and of the right of use and fruition over the land, in the name of the buyer. Simultaneously with the request for registration (or sequentially depending on the practice), a certificate of the registration is requested, usually an integral certificate which provides the owner with copies of the pages on which the title is recorded. This is a cautionary measure in the event that the registry books are damaged or destroyed (as happened in the 2000 floods) or disappear somehow.

Procedure 7 Submit the notaria deed at the Municipal Tax Office

Time to complete: 3-14 days (simultaneous with procedure 8)

Cost to complete: MZN 150

Comment: The notary deed is submitted to the Municipal Tax Office by the parties, together with an application requesting the registration of the buyer as the owner of the property for purposes of Municipal Property Tax Registration.

Procedure 8 Submit the notary deed at the Cadastre Services Registry

Time to complete: 7-14 days (simultaneous with procedure 7)

Cost to complete: MZN 150

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

Getting Credit in Mozambique

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

Getting Credit Indicators (2007)			Indicator
Private bureau coverage (% adults)	Private credit bureau	Public credit registry	3
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	No	0
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage	0.0	0.9	
Number of individuals	0	96,106	
Number of firms	0	3,147	
Legal Rights Index			3
Does the law allow all natural and legal persons to be party to collateral agreements?			Yes
Does the law allow for general descriptions of assets, so that all types of assets can be used as collateral?			No
Does the law allow for general descriptions of debt, so that all types of obligations can be secured?			No
Does a unified registry exist for all security rights in movable property?			No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?			No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?			Yes
During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?			Yes
During reorganization, is management's control of the company's assets suspended?			No
Does the law authorize parties to agree on out of court enforcement?			No
May parties have recourse to out of court enforcement without restrictions?			No

Protecting Investors in Mozambique

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

Protecting Investors Data (2007)	Indicator
Disclosure Index	5
What corporate body provides legally sufficient approval for the transaction? (0-3; see notes)	2
Immediate disclosure to the public and/or shareholders (0-2; see notes)	1
Disclosures in published periodic filings (0-2; see notes)	1
Disclosures by Mr. James to board of directors (0-2; see notes)	1
Requirement that an external body review the transaction before it takes place (0=no, 1=yes)	0
Director Liability Index	4
Shareholder plaintiff's ability to hold Mr. James liable for damage the Buyer-Seller transaction causes to the company. (0-2; see notes)	1
Shareholder plaintiff's ability to hold the approving body (the CEO or board of directors) liable for damage to the company. (0-2; see notes)	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff (0-2; see notes)	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff (0=no, 1=yes)	0
Whether fines and imprisonment can be applied against Mr. James (0=no, 1=yes)	0
Shareholder plaintiff's ability to sue directly or derivatively for damage the transaction causes to the company (0-1; see notes)	1
Shareholder Suits Index	9
Documents available to the plaintiff from the defendant and witnesses during trial (0-4; see notes)	3
Ability of plaintiffs to directly question the defendant and witnesses during trial (0-2; see notes)	2
Plaintiff can request categories of documents from the defendant without identifying specific ones (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can request an inspector investigate the transaction (0=no, 1=yes)	1
Level of proof required for civil suits is lower than that for criminal cases (0=no, 1=yes)	1
Shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit (0=no, 1=yes)	1

Notes:**Extent of Disclosure Index**

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index

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

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

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

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

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

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

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

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

Shareholder Suits Index

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

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

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

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

Paying Taxes in Mozambique

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

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Fuel tax	1						small amount
stamp duty	1						small amount
Value added tax (VAT)	12		120	17.0%	value added		not included
Vehicle tax	1			annual fee based on production year and capacity of vehicle.		0.50	
Tax on interest	0	withheld		20.0%	interest income	0.51	included in other taxes
Municipal property tax	2			0.1% to 1%	building value	0.54	
Local tax	1			2000 *1.5*1.5		1.05	
Social security contributions	12		60	4.0%	gross salaries	4.51	
Corporate income tax	7		50	32.0%	taxable profits	27.68	
Totals	37		230			34.3	

Notes:

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

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

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

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

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

Trading Across Borders in Mozambique

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

Nature of Export Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	17	405
Customs clearance and technical control	2	250
Ports and terminal handling	4	260
Inland transportation and handling	4	240
Totals	27	1155

Nature of Import Procedures (2007)	Duration (days)	US\$ Cost
Documents preparation	26	405
Customs clearance and technical control	3	280
Ports and terminal handling	5	260
Inland transportation and handling	4	240
Totals	38	1185

Export

Bill of lading

Cargo release order

Pre-shipment inspection clean report of findings

Commercial invoice

Customs export declaration

Inspection report from scanner

Packing list

Terminal handling receipts

Import

Bill of lading

Cargo release order

Certificate of origin

Commercial invoice

Customs import declaration

Delivery order

Inspection report from scanner

Packing list

Pre-shipment inspection clean report of findings

Terminal handling receipts

Enforcing Contracts in Mozambique

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

Nature of Procedure (2007)	Indicator
Procedures (number)	31.00
Duration (days)	1,010.00
Filing and service	90.0
Trial and judgment	740.0
Enforcement of judgment	180.0
Cost (% of claim)*	142.50
Attorney cost (% of claim)	98.5
Court cost (% of claim)	24.0
Enforcement Cost (% of claim)	20.0

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

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