

# Country Profile

Mozambique

**Doing** business  
in 2006

**Creating Jobs**

A joint project of the World Bank and the IFC benchmarking business regulations in 155 countries



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To order copies of the *Doing Business in 2006* Report, please visit <http://www.doingbusiness.org> and click on "Now Available: Doing Business in 2006".

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## Introduction

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A vibrant private sector—with firms investing, creating jobs, and improving productivity—promotes growth and expands opportunities for poor people. That is why governments around the world have implemented wide-ranging reforms, including macro-stabilization programs, price liberalization, privatization, and opening to foreign trade. In many countries, however, entrepreneurial activity remains limited, poverty high, and growth stagnant. Other countries have spurned orthodox macro reforms and done well. How so?

Although macro policies are unquestionably important, there is a growing consensus that the quality of government regulation of business is a major determinant of prosperity. Hong Kong (China)'s economic success, Botswana's stellar growth performance, and Hungary's smooth transition experience have all been stimulated by a good regulatory environment. But there is little work measuring specific aspects of regulation and analyzing their impact on economic outcomes, such as productivity, investment, informality, corruption, unemployment, and poverty. The lack of systematic knowledge prevents policymakers from assessing how effective their legal and regulatory systems are and how to design and sequence reforms.

*Doing Business in 2006: Creating Jobs* is the third in a series of annual reports investigating regulations that enhance business activity and those that constrain it. New quantitative indicators on business regulations and their enforcement can be compared across 155 countries—from Afghanistan to Zimbabwe—and over time. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The indicators presented and analyzed in *Doing Business* measure government regulation and the protection of property rights—and their effect on businesses, especially on small and medium-size domestic firms. First, they document the degree of regulation, such as the number of procedures to start a business or register commercial property. Second, they gauge regulatory outcomes, such as the time and cost to enforce a contract, go through bankruptcy, or trade across borders. Third, the indicators measure the extent of legal protections of property, for example in the protections of investors against looting by the company directors or the scope of assets that can be used as collateral according to secured transactions laws. Finally, a new set of indicators documents the tax burden on businesses.

The data for all sets of indicators are benchmarked to January 2005. Based on research of laws and regulations, with input and verification from local government officials, lawyers, business consultants, accountants and other professionals routinely administering or advising on legal and regulatory requirements, this methodology offers several advantages. It uses factual information and allows for multiple interactions with local respondents, clarifying potential misinterpretations of questions. It is inexpensive, so data can be collected in a large sample of economies.

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Because the same standard assumptions are applied in the data collection, which are transparent and easily replicable, comparisons and benchmarks are valid across countries. And the data highlight not only the extent of obstacles, but also help identify their source, supporting policymakers in designing reform.

The initial data covered in the database and included in this country profile are:

- Starting a Business: Entry Regulation
- Dealing with Licenses: Building a Warehouse
- Hiring and Firing Workers: Employment Regulation
- Registering Property: Regulation of Property Transfers
- Getting Credit: Legal Rights and Credit Information
- Protecting Investors: Corporate Governance
- Trading Across Borders: Imports and Exports
- Enforcing Contracts: Court Efficiency
- Paying Taxes: Tax Payable and Compliance
- Closing a Business: Bankruptcy

The data set covers 155 economies and is benchmarked to January 2005. The sample includes 22 high-income OECD economies as benchmarks, 37 from Sub-Saharan Africa, 24 from East Asia and the Pacific region, 26 economies from Europe and Central Asia, 22 from Latin America, 16 from the Middle East and North Africa, and eight from South Asia. The sample covers every economy with a population greater than 1.5 million, except for six economies that are not members of the World Bank or are inactive International Development Association borrowers. It also includes nine Pacific Islands, Bhutan and the Maldives. Inclusion of other economies with less than 1.5 million population may be considered on a case-by-case basis upon request by governments or World Bank departments.

The following pages present the summary *Doing Business* indicators for Mozambique. Further information is available in the full report *Doing Business in 2006: Creating Jobs*, which presents the indicators, analyses their relationships with economic outcomes and recommends reforms. The data, and information on ordering the report, is also available online at <http://www.doingbusiness.org>.

## Summary of Indicators–January 2005

### Mozambique

Source: Doing Business Database

Economic Characteristics		Starting a Business	
Income per capita (US\$)	250	Number of procedures	14
Population (millions)	18.8	Time (days)	153
Region	Sub-Saharan Africa	Cost (% of income per capita)	95.0
Economy	Low Income	Minimum capital (% of income per capita)	12.0
Ease of doing business (rank)	110	Ease of starting a business (rank)	139
Hiring and firing workers		Trading Across Borders	
Difficulty of hiring index (0-100)	83	Documents for export (number)	6
Rigidity of hours index (0-100)	80	Signatures for export (number)	12
Difficulty of firing index (0-100)	20	Time for export (days)	41
Rigidity of employment index (0-100)	61	Documents for import (number)	16
Hiring Cost (% of salary)	4.0	Signature for import (number)	12
Firing costs (weeks of salary)	141.0	Time for import (days)	41
Ease of hiring and firing (rank)	113	Ease of trading across borders (rank)	105
Registering property		Enforcing Contracts	
Procedures (number)	8	Procedures (number)	38
Time (days)	42	Time (days)	580
Cost (% of property value)	5.2	Cost (% of debt)	16.0
Ease of registering property (rank)	94	Ease of enforcing contracts (rank)	115
Dealing with Licenses		Paying Taxes	
Procedures (number)	14	Payments (number)	35
Time (days)	212	Time (hours per year)	230
Cost (% of income per capita)	148.6	Total tax payable (% of gross profit)	50.9
Ease of dealing with licenses (rank)	54	Ease of paying taxes (rank)	88
Protecting investors		Getting Credit	
Extent of disclosure index (0-10)	No Data	Strength of legal rights index (0-10)	4
Extent of director liability index (0-10)	No Data	Depth of credit information index (0-6)	4
Ease of shareholder suits index (0-10)	No Data	Public registry coverage (% of adults)	0.8
Strength of investor protection index (0-10)	No Data	Private bureau coverage (% of adults)	0
Ease of protecting investors (rank)	No Data	Ease of getting credit (rank)	70
Closing a Business			
Time (years)	5.0		
Cost (% of estate)	9		
Recovery rate (cents on the dollar)	13.3		
Ease of closing a business (rank)	115		

**Notes:**

**Employment Regulations**

Indices are scored between 0 and 100, with 100 representing the highest level of regulation. The rigidity of employment index is the average of the difficulty of hiring, rigidity of hours and difficulty of firing indices. Cost of firing measures the cost of advance notice requirements, severance payments and penalties in weekly salaries.

**Credit Markets**

The legal rights index is calculated by assigning a value of 1 for a "yes" response on each of ten types of legal rights for borrowers and lenders and summing the total score across all ten variables. A minimum score of 0 represents weak legal rights and the maximum score of 10 represents strong legal rights.

**Bankruptcy**

Recovery rate measures the proportion of the insolvency estate recovered by stakeholders, taking into account the time, cost, depreciation of assets and the outcome achieved.



## Starting a Business: Entry Regulation

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When an entrepreneur draws up a business plan and tries to get underway, the first hurdles that need to be overcome are the procedures required to incorporate and register the new firm.

Economies differ significantly in the way in which they regulate the entry of new businesses. In some economies the process is straightforward and affordable. In others, the procedures are so burdensome that entrepreneurs either have to bribe officials to speed up the process or they decide to run their business informally.

The starting a business data are based on a survey that investigates the required procedures that an average small-medium sized company needs to start operation legally. This includes obtaining all necessary permits and licenses and completing all the required inscriptions, verifications and notifications with all requisite authorities to enable the company to start operation. The survey calculates the costs and time necessary for fulfilling each procedure under normal circumstances, as well as the minimum capital requirements to operate. The assumption is that information is readily available to the entrepreneur and that all government and non-government entities involved in the process function efficiently and without corruption.

To make the data comparable across countries, the indicators track the procedures for a standardized company to register a business formally. Detailed assumptions about the type of business are applied. Among these, it is assumed that the business: is a limited liability company conducting general commercial activities in the capital city; that it is 100% domestically owned, with start up capital of 10 times income per capita, turnover of 100 times income per capita and between 5 and 50 employees; and that it does not qualify for any special benefits, nor does it own real estate. Similarly detailed assumptions about the type of procedures are made, including: procedures are only recorded where interaction is required with an external party; the founders complete all procedures themselves; voluntary procedures are not measured; lawful shortcuts are counted; and industry specific requirements and utility hook-ups are not measured.

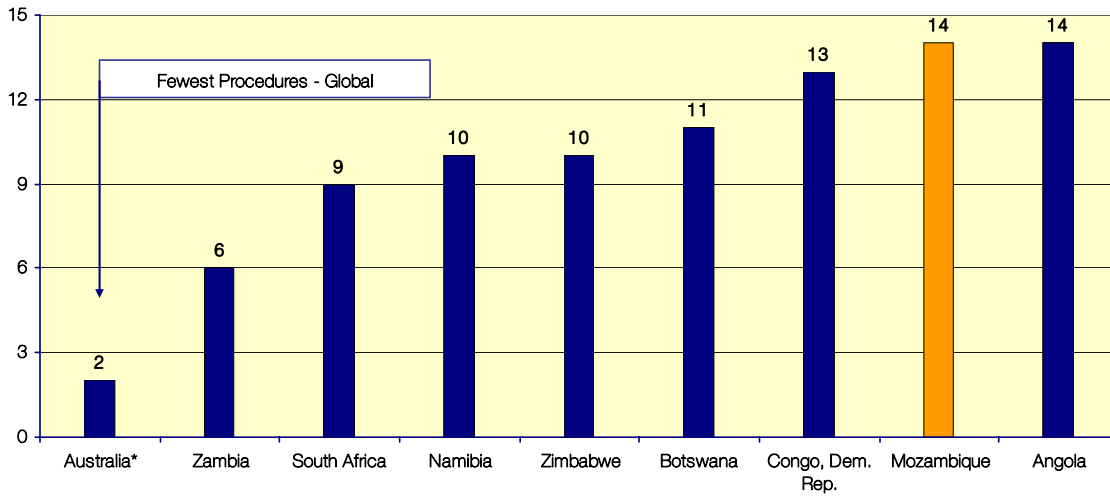
Across countries, cumbersome entry procedures are associated with more corruption, particularly in developing countries. Each procedure is a point of contact—an opportunity to extract a bribe. Empirical analysis shows that burdensome entry regulations do not increase the quality of products, make work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

# Benchmarking—Entry Regulation

## Mozambique—Compared to Global Best / Selected Other Countries

### Procedures to Start a Business

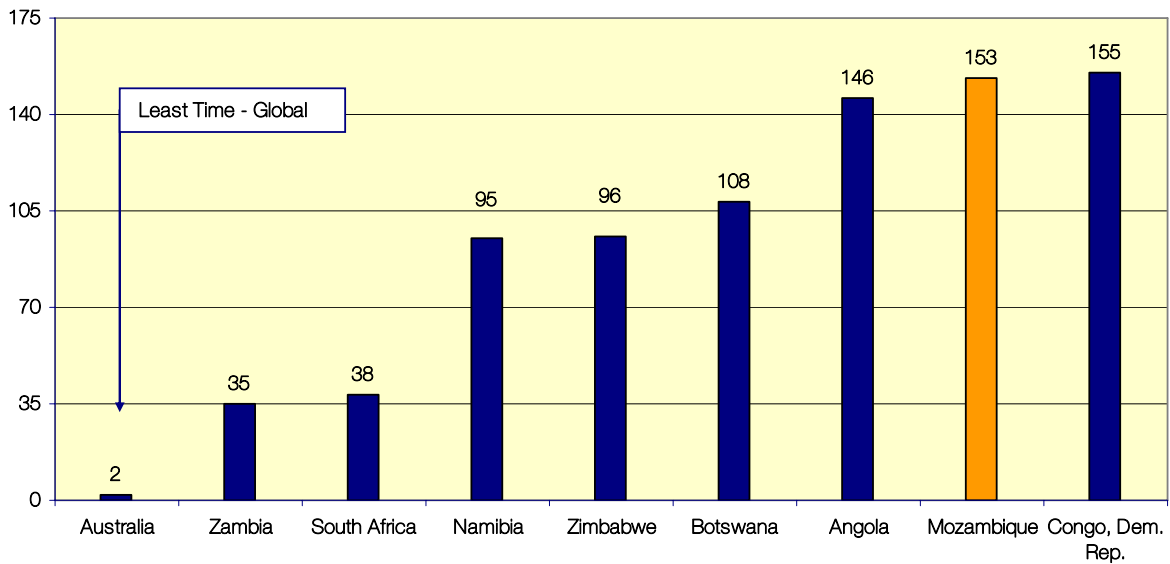
Source: Doing Business Database



\*Other countries with the fewest procedures are Afghanistan, Canada and New Zealand.

### Time to Start a Business (days)

Source: Doing Business Database

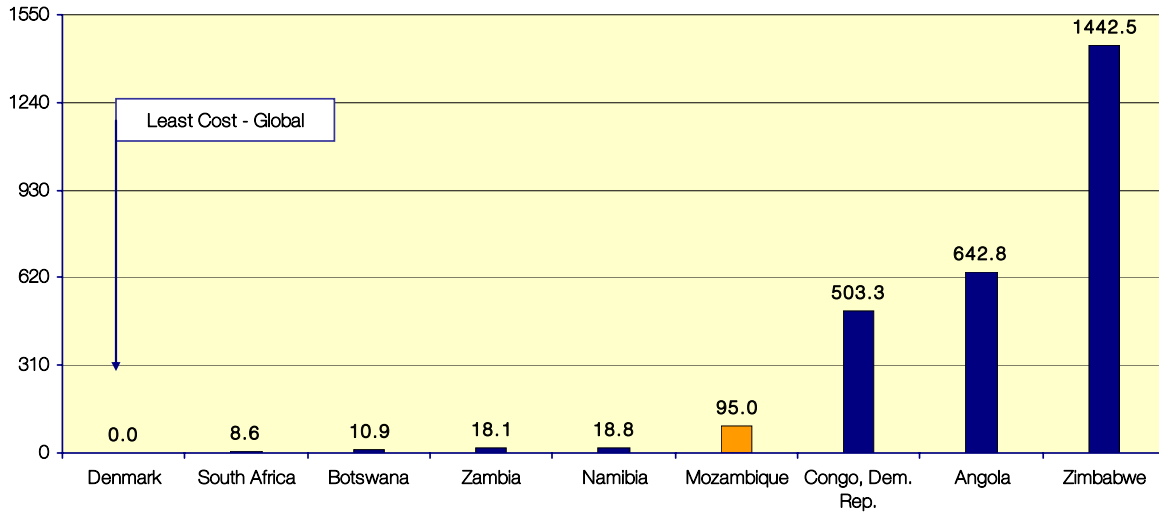


# Benchmarking—Entry Regulation

## Mozambique—Compared to Global Best / Selected Other Countries

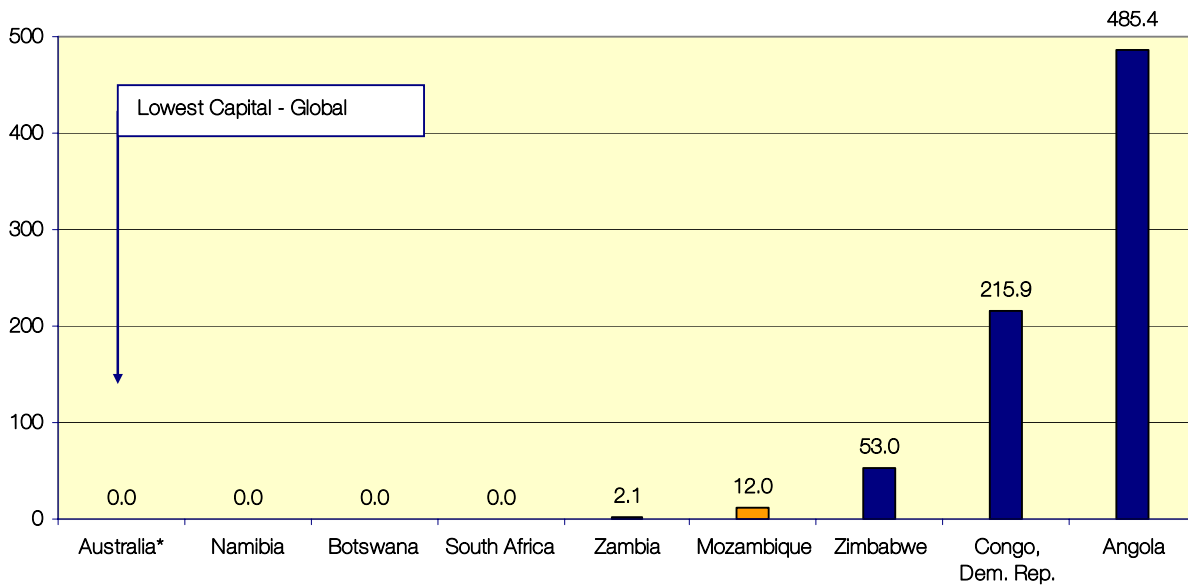
### Cost to Start a Business (% of income per capita)

Source: Doing Business Database



### Minimum Capital to Start a Business (% income per capita)

Source: Doing Business Database



\*Other countries with no minimum capital requirements include Canada, Nepal, Thailand, and the United States.

## Dealing with Licenses: Building a Warehouse

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Once an entrepreneur has registered a business, what are the regulations to operate it? *Doing Business in 2006* measures regulation of operations in the case of the construction sector. Construction companies are under constant pressure—from customers to be quick and cost-effective, and from government to comply with inspections, licensing and safety regulations. There is a trade-off, however, between protecting the lives of people, including construction workers, tenants and passer-bys, and the cost of building.

In many countries, mostly poor, it is so difficult to comply with the building rules that many opt out. Builders may pay bribes to avoid inspections, or just build illegally, constructing hazardous buildings. In others, the process is straightforward, easily followed, and inexpensive—yielding better results. To see this, a new survey studies the procedures, time and cost for the construction of a warehouse. The planned building complies with all zoning and building regulations. What would it take to build it legally?

The licensing survey records all procedures officially required for an entrepreneur in the construction industry to build a warehouse. These include obtaining all necessary licenses and permits and completing any required notifications, inspections, and document (plans and maps) submission with relevant authorities for legally completing a warehouse. The survey also investigates procedures associated with obtaining utility connections, such as electricity, telephone, water and sewage. The costs and time necessary for accomplishing each procedure under normal circumstances are calculated. All the official fees associated with legally completing the procedures are included. Time is recorded in calendar days. The survey assumes the entrepreneur is aware of all existing regulations and does not use an intermediary to complete the procedures, unless required by law.

To make the data comparable across countries, several assumptions about the business and the nature of its operations are employed: The business (BuildCo) is a small-medium limited liability company, located in the most populous city, domestically owned and operated, in the construction business, with 20 qualified employees, and a turnover of at least 100 times income per capita. The warehouse to be built:

- Has two stories and is approximately 14,000 square feet (1,300.6 square meters).
- Is located in the peri-urban area of the most populous city in the country.
- Is located in land owned 100 percent by BuildCo, has a plot size of 8,000 square feet (743.2 square meters), and is accurately registered in the cadastre and land registry.
- Is a new construction (there was no previous construction on the land).
- Has complete architectural and technical plans.
- Will be connected to the following utilities: electrical power, water, sewage and one regular phone line;
- Will be used for storing books or stationary, but not for food-handling activities, chemical or pharmaceutical production or storage.

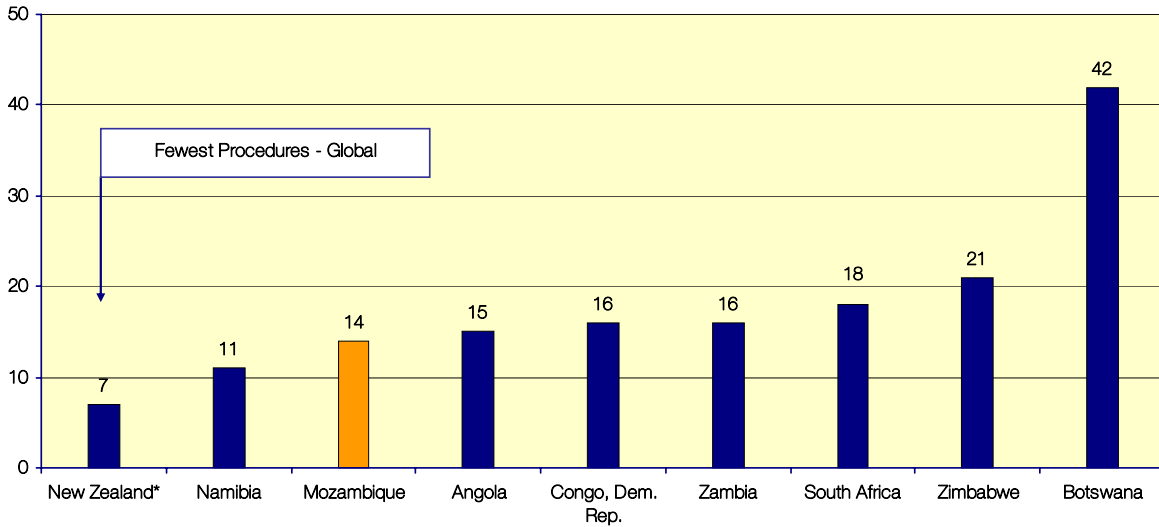
Faced with high regulatory burden, entrepreneurs move their activity to the informal economy. There, they operate with less concern for safety, leaving everyone worse off.

## Benchmarking—Dealing with Licenses

### Mozambique—Compared to Global Best / Selected Other Countries

#### Procedures to Obtain a License

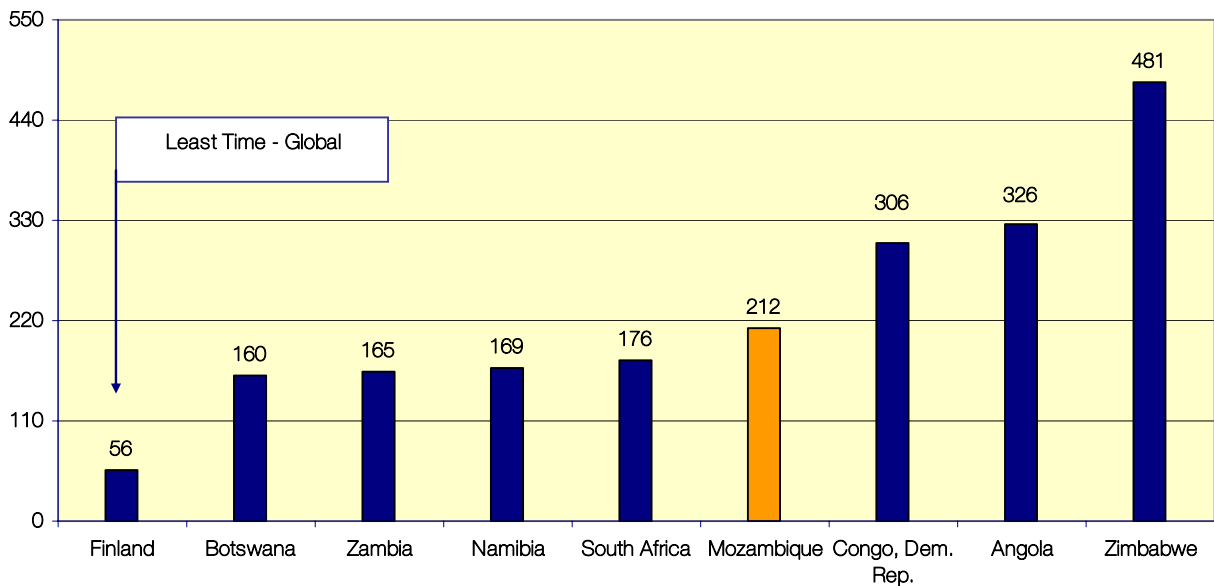
Source: Doing Business Database



\*Another country with the fewest procedures is Denmark.

#### Time to Obtain a License (days)

Source: Doing Business Database

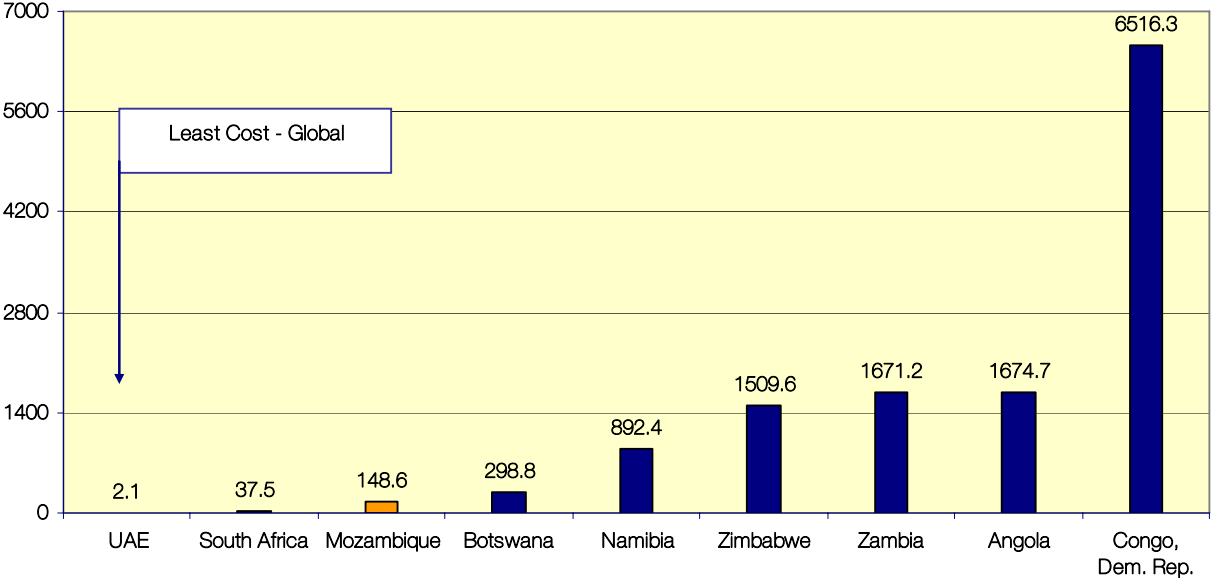


# Benchmarking—Dealing with Licenses

## Mozambique—Compared to Global Best / Selected Other Countries

Cost to Obtain a License (% income per capita)

Source: Doing Business Database



## Hiring and Firing Workers: Employment Regulation

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Every economy has established a complex system of laws and institutions intended to protect the interests of workers and to guarantee a minimum standard of living for its population. This system encompasses four bodies of law: employment laws, industrial relations laws, occupational health and safety laws, and social security 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 cost of hiring measure and a cost of firing measure. The rigidity of employment index is an average of three sub-indices: difficulty of hiring, rigidity of hours, and difficulty of firing. Each index takes values between 0 and 100, with higher values implying more rigid regulation. Difficulty of hiring measures flexibility of contracts and the ratio of minimum wage to the value-added per worker. Rigidity of hours covers restrictions on weekend and night work, working time and workweek requirements, and mandated days of annual leave with pay. Difficulty of firing covers workers' legal protections against dismissal, including the grounds for dismissal, and procedures for dismissal (individual and collective). Cost of hiring covers all social security payments and payroll taxes associated with hiring a new employee, expressed as a percentage of the worker's salary. A cost of firing indicator measures the cost of advance notice requirements, severance payments and penalties due when firing a worker, expressed in terms of weekly wages.

The indicators on employment regulations are based upon a detailed study of employment laws. Data are also gathered on the specific constitutional provisions governing these two areas. Both the actual laws and a secondary source were used to ensure accuracy. Finally, all data are verified and completed by local law firms through a detailed survey on employment regulations.

To make the data comparable across countries, a range of assumptions about the worker and the company are applied. Assumptions on the worker include that he is a non-executive full-time male employee who has worked in the same company for 20 years, has a wife and two children, and is not a member of the labor union (unless membership is mandatory). It is assumed that the company is a limited liability manufacturing corporation that operates in the country's most populous city. It is 100% domestically-owned, and has 201 employees. Finally, the company is subject to collective bargaining agreements in countries where collective bargaining covers more than half the economy.

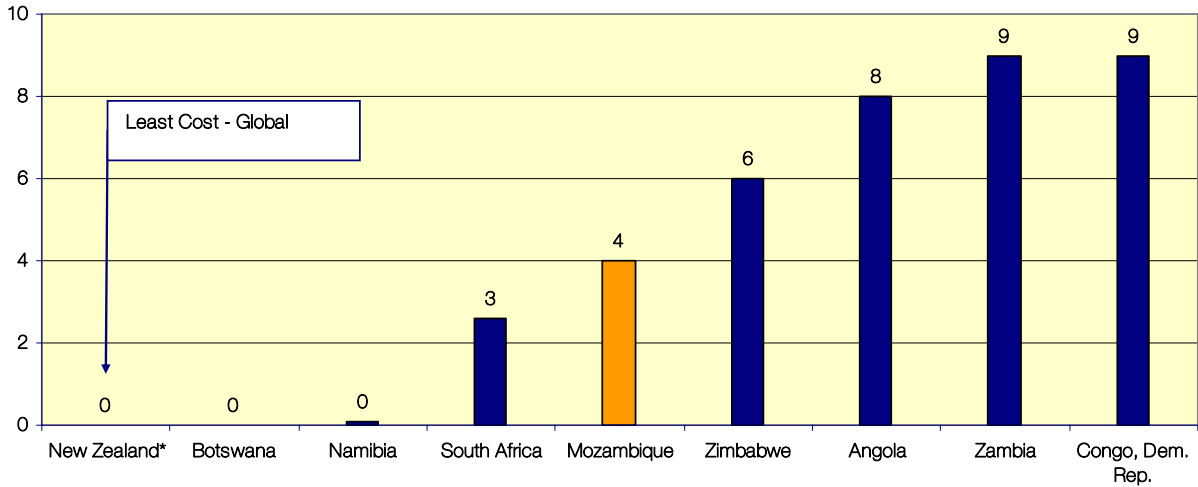
Although most employment regulations are enacted in response to market failures, it does not mean that today's regulations are optimal. Analysis of the indicators across countries shows that while employment regulation generally increases the tenure and wages of incumbent workers, strict regulatory intervention has many undesirable side effects, including less job creation, longer unemployment spells and the related skill obsolescence of workers, less R&D investment and smaller company size—all of which may reduce productivity growth. Many countries err on the side of excessive rigidity, to the detriment of businesses and workers alike. Flexible employment regulation strengthens the link between productivity and pay.

# Benchmarking—Employment Regulation

## Mozambique—Compared to Global Best / Selected Other Countries

### Cost of Hiring (% salary)

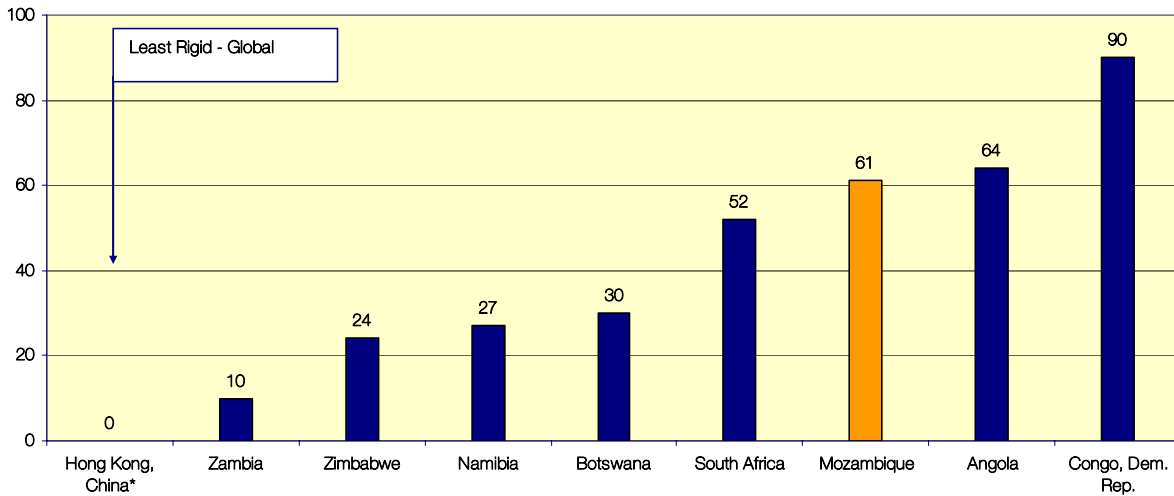
Source: Doing Business Database



\*Other countries with the least cost include Ethiopia and Nepal.

### Rigidity of Employment Index

Source: Doing Business Database



\*Another country that offers the least rigid conditions is Singapore.

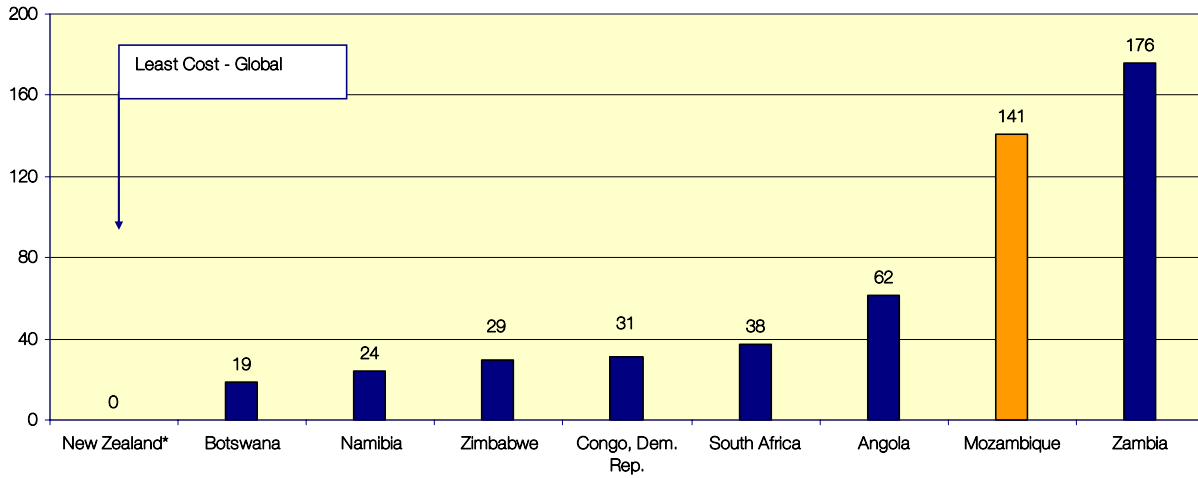


# Benchmarking—Employment Regulation

## Mozambique—Compared to Global Best / Selected Other Countries

### Cost of Firing (weekly wages)

Source: Doing Business Database



\*Another country with the least cost is the United States.

## Registering Property: Regulation of Property Transfers

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

*Doing Business* measures the ease of registering property, assuming a standardized case of an entrepreneur who wants to purchase land and building in the largest business city. It is assumed 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, the buyer, or where it is required to be completed by a third party on their behalf.

Local property lawyers and property registries provide information on required procedures, as well as the time and the cost to fulfill each of them. In most countries, the data are based on responses by both lawyers and officials in the property registries.

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 proportion of property in developing countries is not formally registered, limiting the financing opportunities for businesses. Recognizing these obstacles, governments have embarked on extensive property titling programs in developing countries. 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 in the average African country a simple formal property transfer in the largest business city costs 14% of the value of the property and takes more than 100 days. Worse, the property registries are so poorly organized that they provide little security of ownership. For both reasons, formalized titles quickly go informal again.

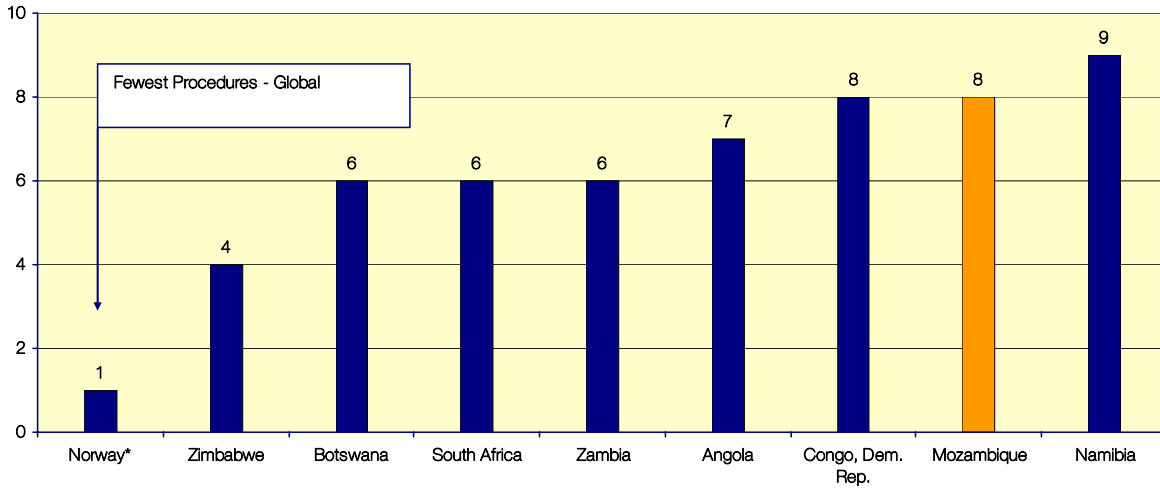
Efficient property registration reduces transaction costs and helps keep formal titles from slipping to informal status. Simple procedures to register property are also associated with more perceived security of property rights and less corruption. This benefits all entrepreneurs, especially women, the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

# Benchmarking—Registering Property

## Mozambique—Compared to Global Best / Selected Other Countries

### Procedures to Register Property

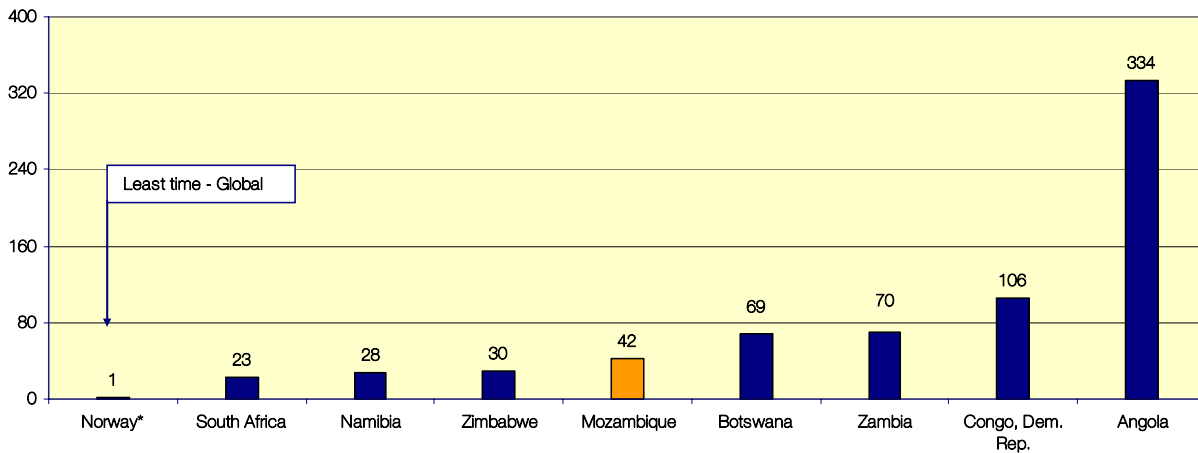
Source: Doing Business Database



\*Another country with the fewest procedures is Sweden.

### Time to Register Property (days)

Source: Doing Business Database

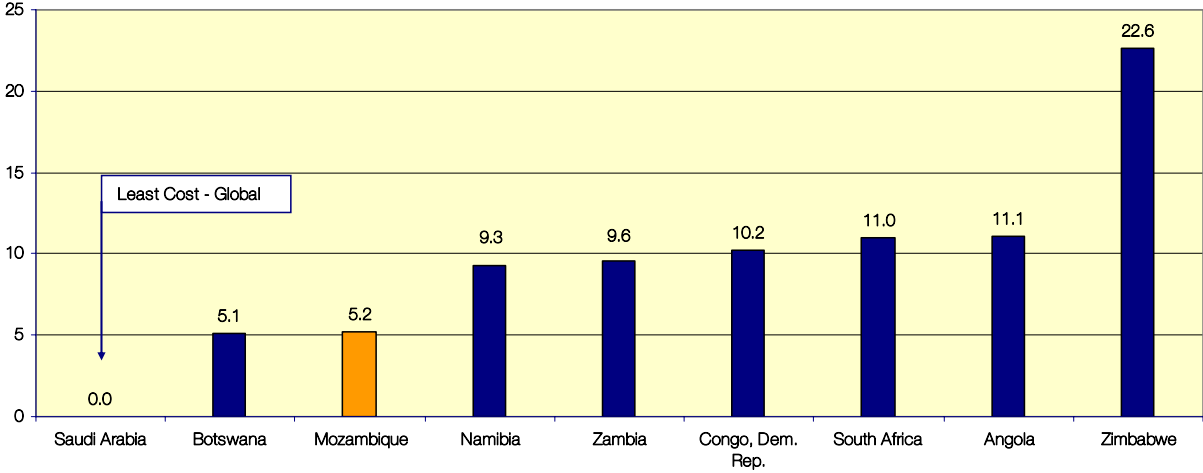


# Benchmarking—Registering Property

## Mozambique—Compared to Global Best / Selected Other Countries

### Cost to Register Property (% of property value)

Source: Doing Business Database



## Getting Credit: Legal Rights & Credit Information

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Access to credit is consistently rated by firms as one of the greatest barriers to operation and growth. Two sets of indicators, on credit information registries and legal rights, are covered by the *Doing Business* database.

Access to credit may be expanded significantly by credit registries—institutions that gather and disseminate information on credit histories. The information-sharing role of credit registries helps lenders to assess risk and allocate credit more efficiently, which means that entrepreneurs don't need to rely on only personal relations when trying to obtain credit. The indicators report whether public credit registries or private credit bureaus operate and the amount of credit information they cover. An index of the extent to which the rules of credit information registries facilitate lending is constructed on the basis of: scope of information distributed; ease of access to information and quality of information. The data were obtained from surveys of public and private credit registries.

Effective regulations on secured lending—through collateral and bankruptcy laws—are another institutional solution to credit constraints. With collateral, a lender can seize and sell the borrower's secured assets upon default of a loan, which limits the potential losses of a lender and acts as a screening device of borrowers.

The legal rights indicator measures ten powers of borrowers and creditors in collateral and bankruptcy laws, including whether:

- General rather than specific descriptions of assets and debt are permitted in collateral agreements (expanding the scope of assets and debt covered).
- Any legal or natural person may grant or take security over business credits.
- A unified registry including charges over movable property operates.
- Security provides priority both in and outside bankruptcy.
- Parties may agree on enforcement procedures 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.

A minimum score of 0 represents weak legal rights and the maximum score of 10 represents strong legal rights. Data were obtained from by examining collateral and bankruptcy laws and legal summaries, and verified through a survey of financial lawyers.

These two measures are important indicators of well functioning credit markets. Across countries, stronger legal rights and more information sharing are associated with deeper credit markets and lower default rates. More credit is extended when legal rights are stronger and quality credit information is available. And benefits flow beyond access to credit—non-performing loans are lower. Women, small firms, and low-income benefit the most. And with better functioning credit markets, unemployment is lower.

## Benchmarking—Credit Information Indicators

### Mozambique—Compared to Global Best / Selected Other Countries

#### Coverage of Borrowers (firms/individuals) in Public Registries and Private Bureaus

Source: Doing Business Database

Country	Public registry coverage (borrowers as % of adult population)	Private bureau coverage (borrowers as % of adult population)	Credit Information Index **
Portugal	64.3 (highest global)	9.8	4
United States *	0.0	100.0 (highest global)	6
Angola	2.9	0.0	4
Mozambique	0.8	0.0	4
South Africa	0.0	63.4	5
Namibia	0.0	35.2	5
Botswana	0.0	30.8	5
Zambia	0.0	0.0	0
Zimbabwe	0.0	0.0	0
Congo, Dem. Rep.	0.0	0.0	0

\* Other countries that offer the most coverage globally include Australia, Canada, Iceland, Ireland, and Sweden.

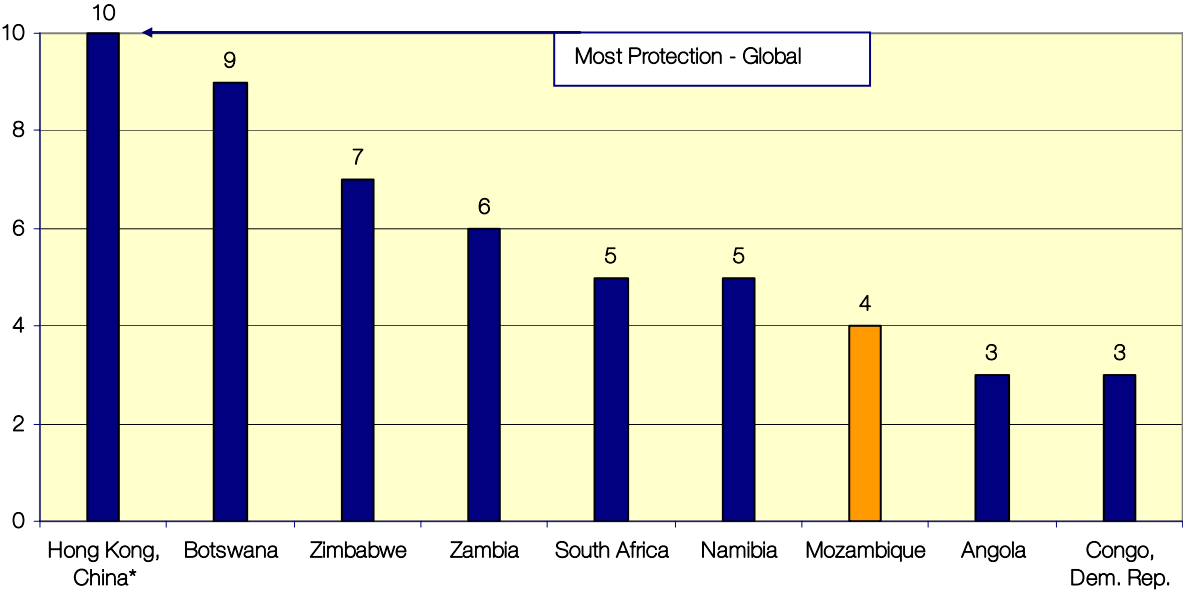
\*\*The index measures whether either public or private credit registries have: both positive information, meaning loans outstanding and payment behavior on accounts in good standing—as well as negative information, meaning defaults and arrears; data on both firms and individuals; data from retailers, utilities and financial institutions; more than 2 years of historical data preserved, data on all loans above 1% of income per capita, and legal guarantees for the consumer's right to inspect their data. The index varies between 0 and 6, with higher values indicating broader information sharing.

# Benchmarking—Legal Rights Indicator

## Mozambique—Compared to Global Best / Selected Other Countries

### Legal Rights Index

Source: Doing Business Database



\*Other countries with the most protection globally are Singapore and the United Kingdom.

## Protecting Investors: Corporate Governance

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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, the majority shareholder and director of a public company, proposes to purchase used trucks from another company he owns. The price is higher than the going price for used trucks. Mr. James enters into the transaction. All required approvals were obtained and all the required disclosures made, though the transaction was unfair to Mr. James' public 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 for the transaction to be stopped or to receive compensation from Mr. James? Three indices of investor protection are constructed based on these and other answers. All indices vary from 0 to 10 with higher values indicating more protections or higher disclosure.

- The extent of directors liability index comprises the ability of investors to hold Mr. James and the directors' board liable for damages; the ability to rescind the transaction; fines and jail time associated with self-dealing; availability of derivative or direct suits and the requirement that Mr. James pays back his personal profits made on the transaction.
- The extent of disclosure index comprises approval procedures, immediate disclosure to the public and shareholders of proposed transactions, disclosure in periodic filings and reports, and availability of external review of transactions before they take place.
- The ease of shareholder suits index comprises the availability of documents that can be used during trial, the ability of the investor to examine the defendant and other witnesses, the legality of inspection of company documents, who appoints an inspector, and the standard of proof.
- Finally, the strength of investor protection index is the average of extent of directors liability index, the extent of disclosure index, and the ease of shareholder suits index. The index ranges between 0 and 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 is lower and trust of the business sector is deeper. Investors gain portfolio diversification, and entrepreneurs gain access to cash.

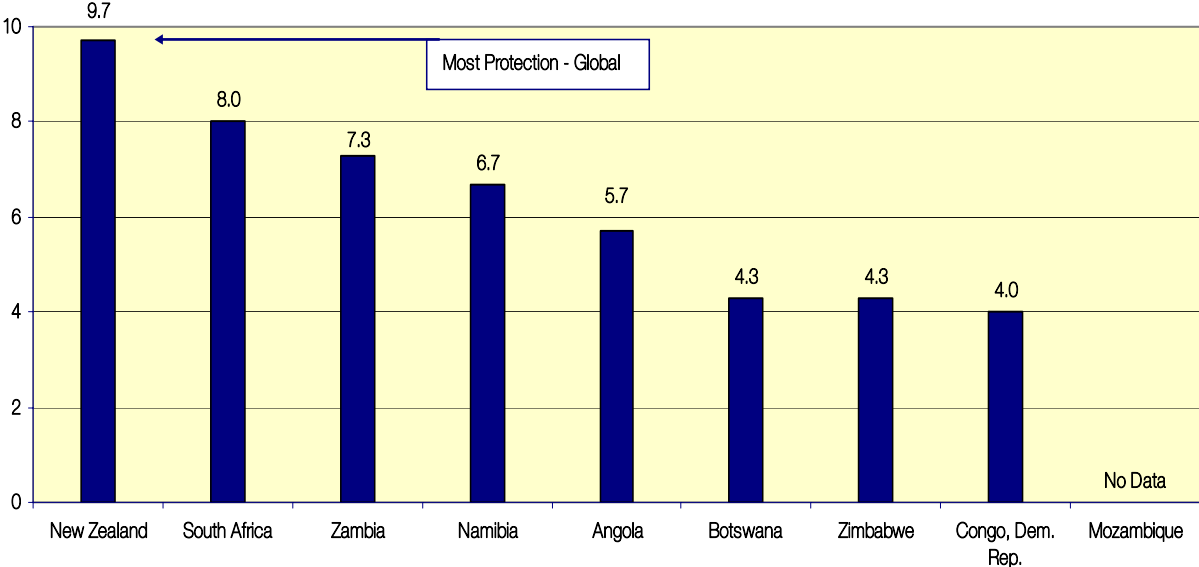


# Benchmarking—Corporate Governance

## Mozambique—Compared to Global Best / Selected Other Countries

### Investor Protection Index

Source: Doing Business Database



## Trading Across Borders: Imports and Exports

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The benefits of trade are well-documented—as are the obstacles to trade. Distance from large markets, tariffs and quotas greatly increase the costs of goods or altogether prevent trading. But with faster ships and bigger planes, the world is shrinking. Global or regional agreements have brought down trade barriers. Yet Africa's share of global trade is lower today than 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 standardized shipment of goods. Every official procedure—including time, signatures and documents—for importing and exporting the goods is recorded, starting from the final contractual agreement between the two parties and ending on 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 employed. The business: is of medium size with 100 employees or more; located in a peri-urban area of the country's most populous city; is a private, limited liability company, domestically-owned, formally registered, and operating under commercial laws and regulations of the country. It does not operate within an export processing zone or an industrial estate with special export or import privileges and it exports over 10% of its sales. The traded goods: are ordinary, legally manufactured products; travel in a dry cargo, 20-foot FCL (full container load) container. They are not a hazardous product nor include military arms or equipment, do not require refrigeration or any other special environment, nor involve any special phytosanitary or environmental safety standards other than accepted international standards. Respondents chose to consider goods from one of the following SITC categories: Textile yarn, Fabrics, Made-up Articles; Articles of Apparel and Clothing Accessories; Coffee, Tea, Cocoa, Spices, and Manufactures Thereof.

Time is in calendar days, from start to finish of each procedure. A signature value is assigned for each approval, signature, or stamp that clears one or more formal procedures. If the signature is electronic or transmitted through alternative means, it is also awarded a signature value. Verification from supervisors that is mandatory to complete a procedure is also counted as a signature. Documentation includes port filing documents, customs declaration and clearance documents, and official documents exchanged between the concerned parties.

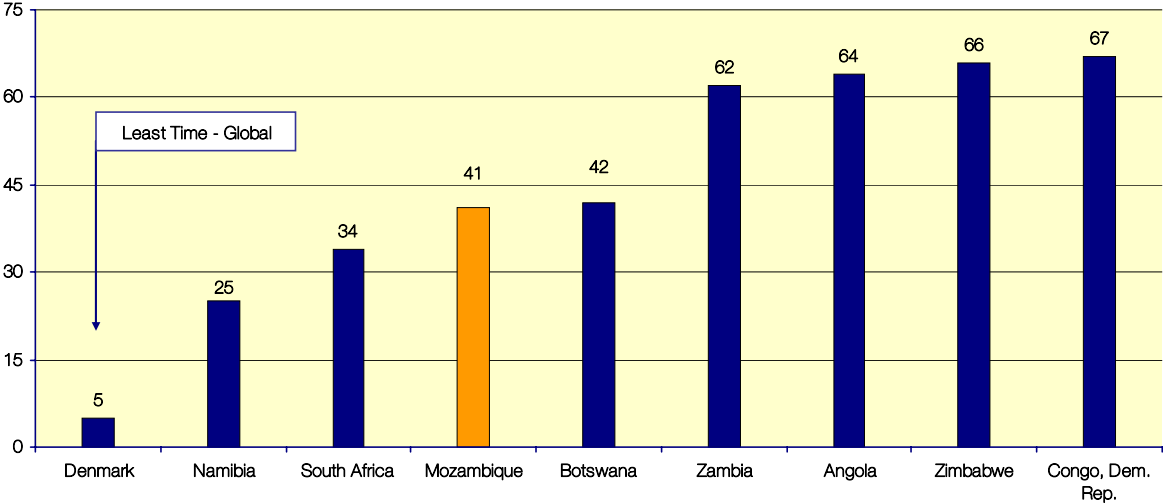
The countries which have efficient customs and trade transport—fewer documents and signatures, less time necessary to comply with various procedures—also export more. And exports are associated with faster growth and more jobs. Having to file many documents is associated with more corruption in customs. Faced with long delays and frequent demands for bribes, many traders avoid customs altogether. Instead, they smuggle goods across the border. Smuggling defeats the very reason to have border control of trade: ensure high quality of goods and levy taxes.

# Benchmarking—Trading Across Borders

## Mozambique—Compared to Global Best / Selected Other Countries

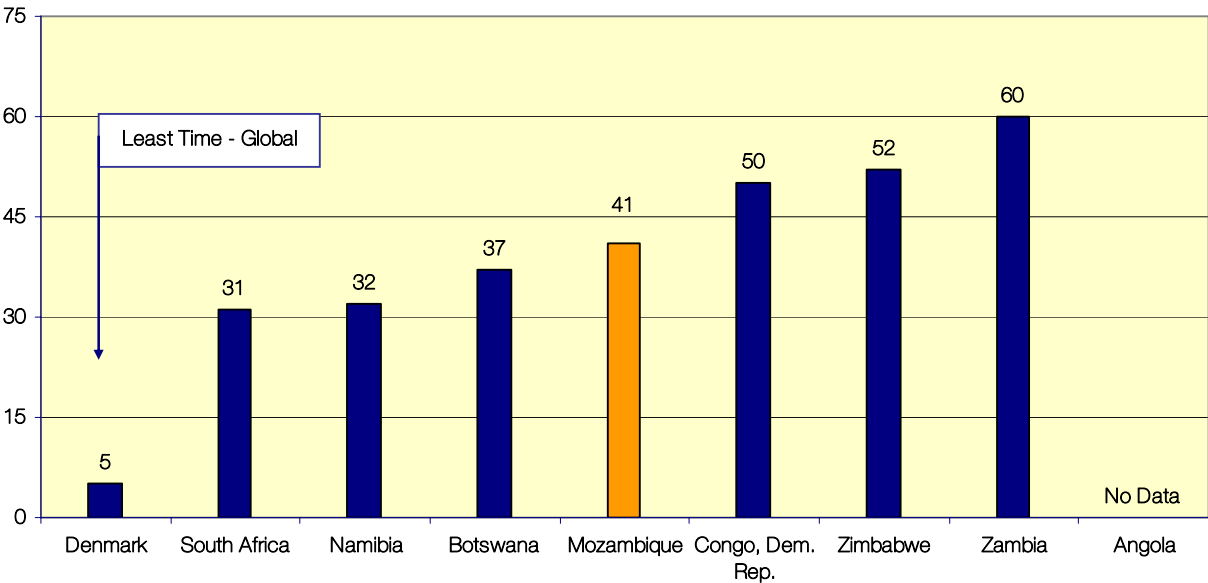
### Time to Import (days)

Source: Doing Business Database



### Time to Export (days)

Source: Doing Business Database

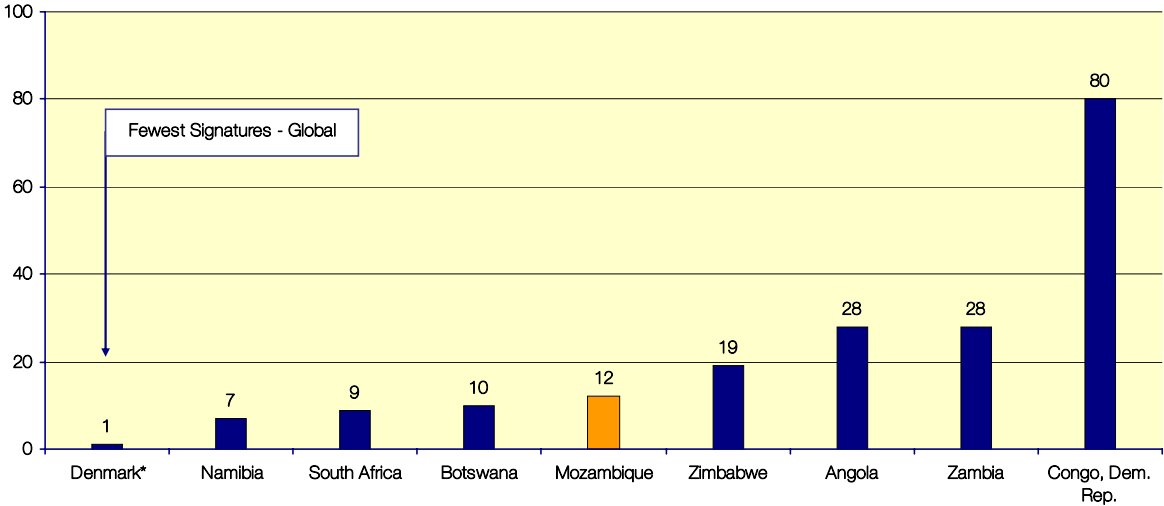


# Benchmarking—Trading Across Borders

## Mozambique—Compared to Global Best / Selected Other Countries

### Signatures to Import

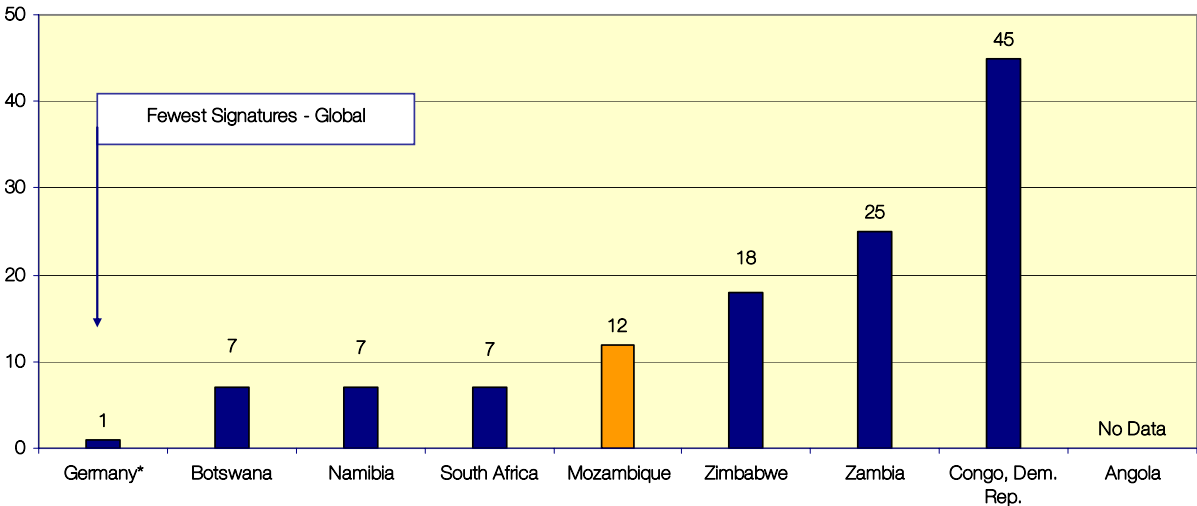
Source: Doing Business Database



\*Other countries with the fewest signatures to import are Canada, Finland, Germany, the Netherlands and Sweden.

### Signatures to Export

Source: Doing Business Database



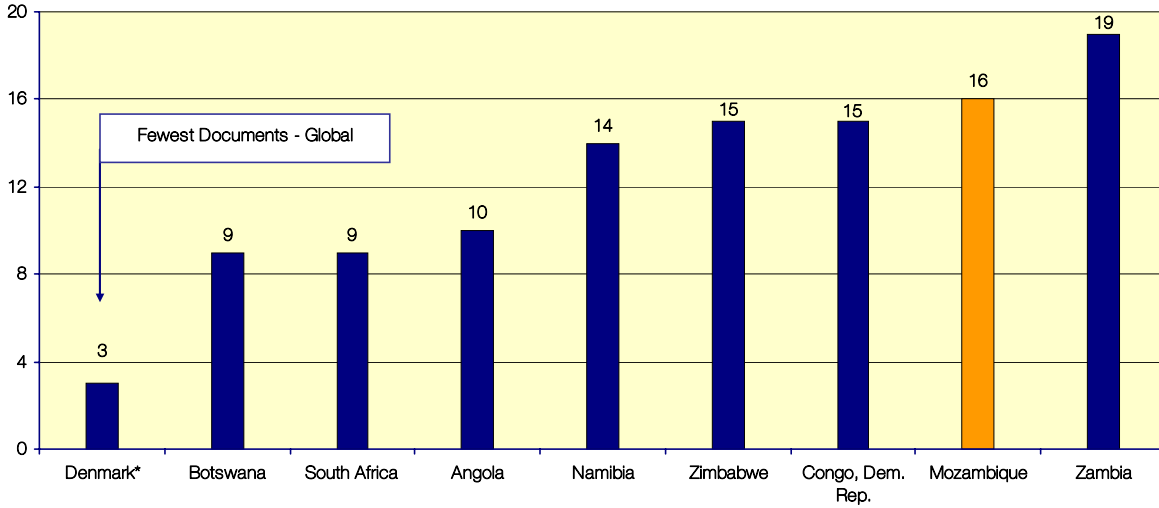
\*Another country with the fewest signatures to export is Sweden.

# Benchmarking—Trading Across Borders

## Mozambique—Compared to Global Best / Selected Other Countries

### Documents to Import

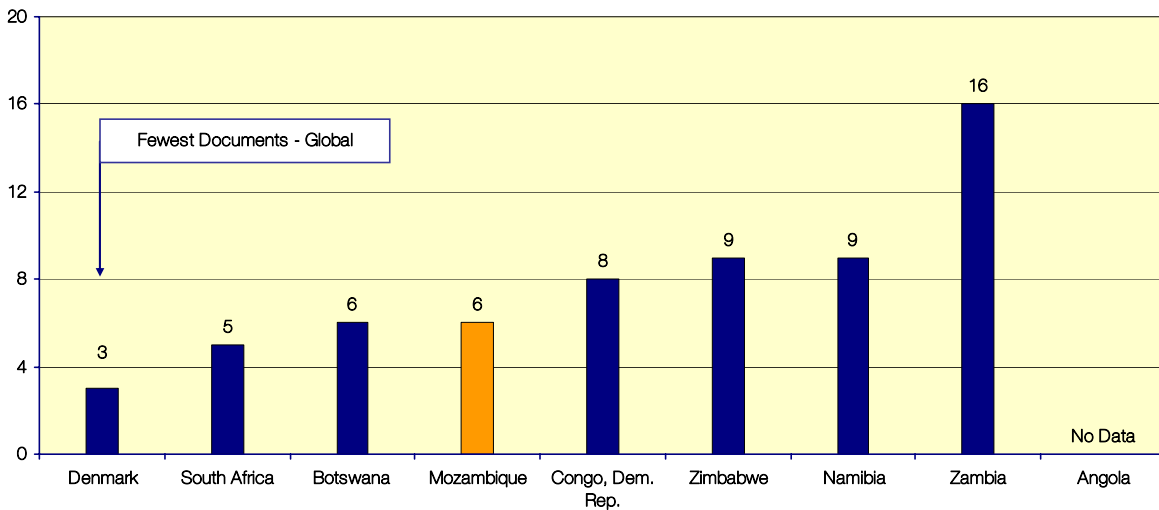
Source: Doing Business Database



\*Other countries with the fewest documents to import are Finland and Sweden.

### Documents to Export

Source: Doing Business Database



## Enforcing Contracts: Court Efficiency

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Efficient contract enforcement encourages businesses to engage with new borrowers or customers. The institution that enforces contracts—between debtors and creditors, suppliers and customers—is the courts. Yet in many countries around the world, courts are slow, inefficient, and even corrupt.

*Doing Business* tracks the efficiency of contract enforcement, looking at simple transactions of relevance to the average firm in everyday business activity. The indicators on contract enforcement are constructed assuming a standardized case of a payment dispute over 200% of income per capita in the country's most populous city. The data track the procedures to recover the debt through the courts (or through an administrative process, if available and preferred by creditors). It is assumed that the plaintiff has fully complied with the contract (plaintiff is 100% right) and files a lawsuit to recover the debt. The debtor attempts to delay and raises opposition to the complaint. The judge decides every motion for the plaintiff. There are no appeals or post-judgment motions. The data are derived from reading of the codes of civil procedures and other court regulations, as well as administering surveys to local litigation attorneys. The respondents are members of the Lex Mundi or Lex Africa associations of law firms, with at least two lawyers participating in each country.

Based upon the survey responses, three indicators of the efficiency of commercial contract enforcement are developed. The first indicator is the number of procedures, mandated by law or court regulation, that demand interaction between the parties or between them and the judge or court officer. The second indicator of efficiency is the time—in calendar days—of dispute resolution. Time is measured as the number of days counted from the moment the plaintiff files the lawsuit in court, until the moment of settlement or, when appropriate, payment. This measure includes both the days where actions take place and waiting periods between actions. The third indicator is the official cost of going through court procedures, measured as a percentage of the debt. The cost includes court costs and attorney fees.

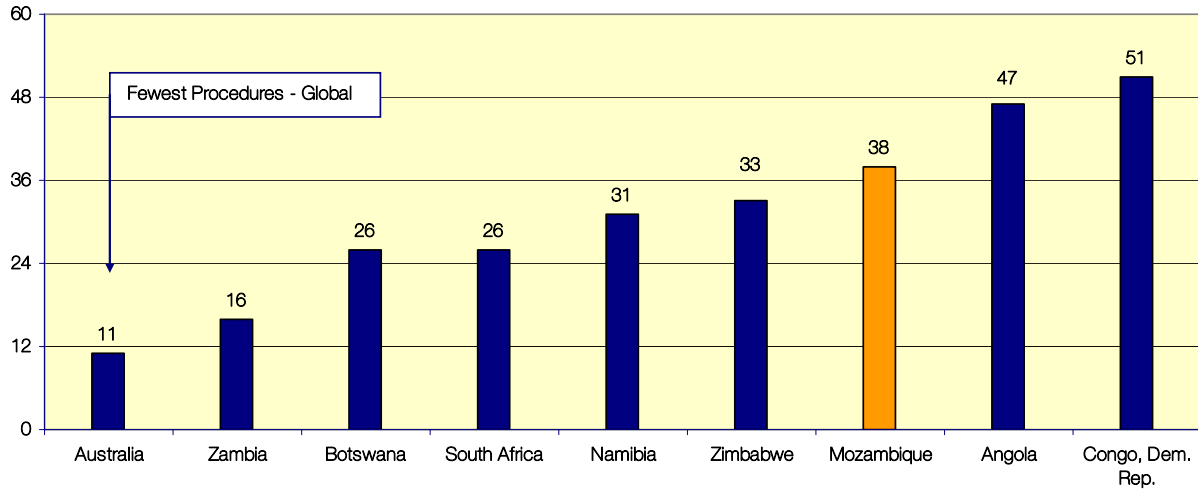
Businesses that have little or no access to efficient courts must rely on other mechanisms—both formal and informal, such as trade associations, social networks, credit bureaus or private information channels—to decide with whom to do business and under what conditions. Businesses may also adopt conservative business practices and deal only with a small group of people linked through kinship, ethnic origin, or previous dealings. Transactions are then structured to forestall disputes. Whichever alternative is chosen, 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 has negative consequences. Across countries, the more procedures it takes to enforce a contract, the longer the delays and the higher the cost. Less wealth is created.

# Benchmarking—Contract Enforcement

## Mozambique—Compared to Global Best / Selected Other Countries

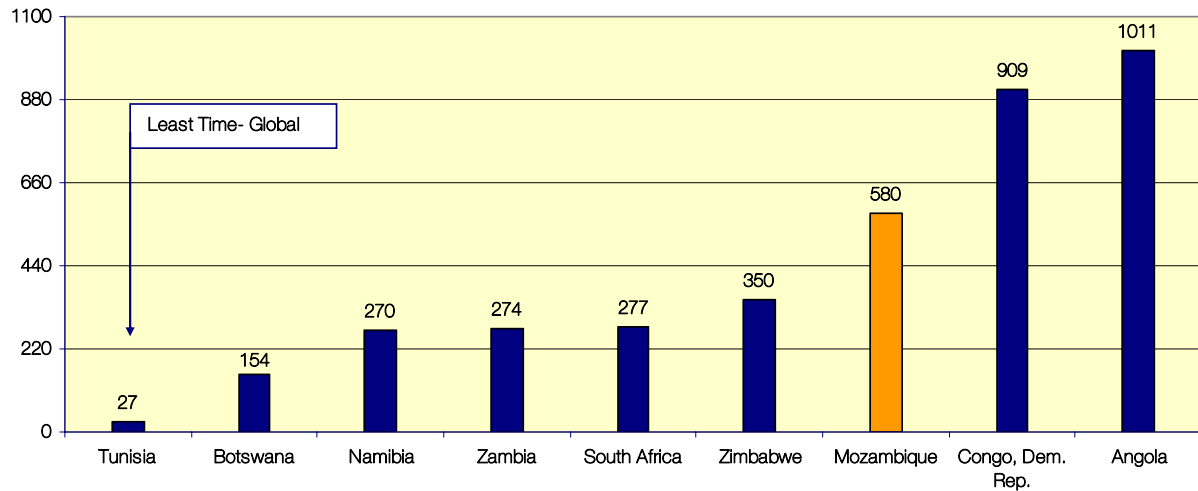
### Procedures to Enforce a Contract

Source: Doing Business Database



### Time to Enforce a Contract (days)

Source: Doing Business Database

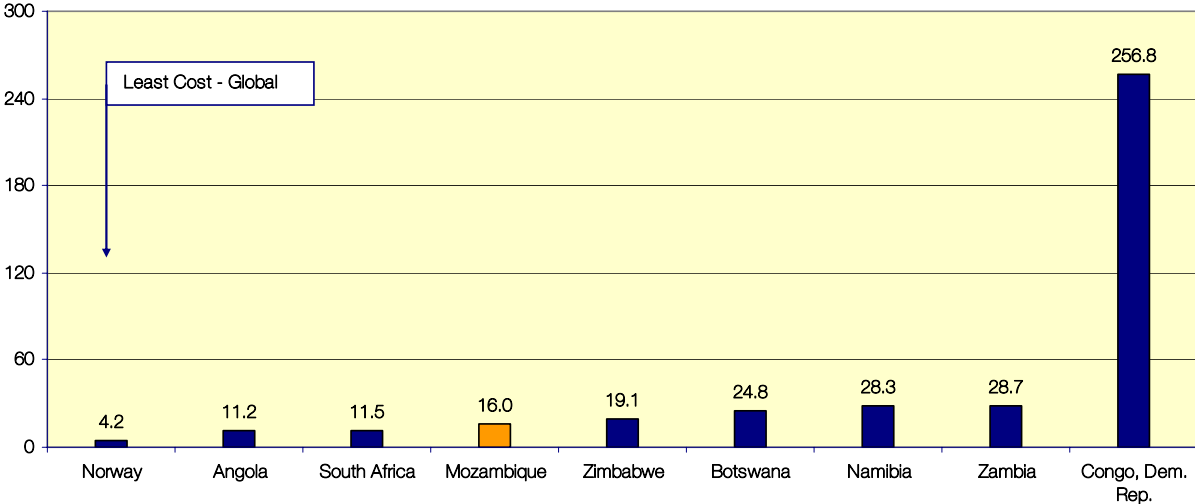


# Benchmarking—Contract Enforcement

## Mozambique—Compared to Global Best / Selected Other Countries

### Cost to Enforce a Contract (% of debt value)

Source: Doing Business Database





## Paying Taxes: Tax Payable and Compliance

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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 tax.

The *Doing Business* tax survey records the effective tax that a company must pay or withhold. Imagine a medium-sized business—TaxpayerCo—that started operations last year. *Doing Business* asked accountants in 155 countries to review TaxpayerCo's financial statements and list of standard transactions it made throughout the year. Respondents were asked the total amount of tax that must be paid by the business and the process to do so.

The business starts from the same financial position in each country. What differ are the tax requirements. All the taxes paid or withheld within the second year of operations are recorded. Taxes are measured at all levels of government and include corporate income tax, personal income tax withheld by the company, social security contributions paid or withheld by the company, value added tax (VAT) or sales tax, property taxes, property transfer taxes, dividend tax, capital gains tax, financial transactions tax and vehicle tax. A range of standard deductions and exemptions is also recorded.

The indicators are measured as follows:

- The tax payable indicator measures the total amount of taxes payable by the company within the second year of operation. The total amount of taxes is the sum of all the different taxes payable after accounting for various deductions and exemptions. The total amount of taxes payable is presented as proportional to gross profits (sales less material and labor costs).
- The total number of tax payments, which takes into account the method of payment/withholding, frequency of payment/withholding, and the number of agencies involved for the standardized case study.
- The time indicator measures the total hours per year necessary to prepare, file and pay corporate income, VAT, and labor taxes.

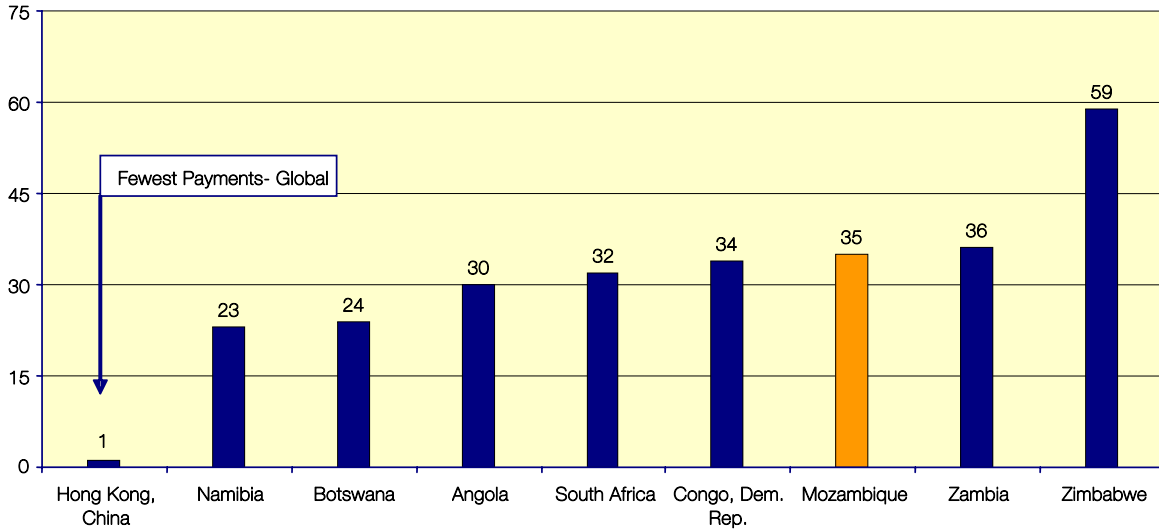
Businesses care about what they get for their taxes, such as quality of infrastructure and social services. Poor countries tend to use businesses as a collection point for taxes, whereas rich countries tend to charge less and have less complexity. And rich countries get more for their money. Simple, moderate taxes and fast and cheap administration mean less hassle for business—but also more revenue collected and better public goods. More burdensome taxes provide an incentive to evade.

# Benchmarking—Paying Taxes

## Mozambique—Compared to Global Best / Selected Other Countries

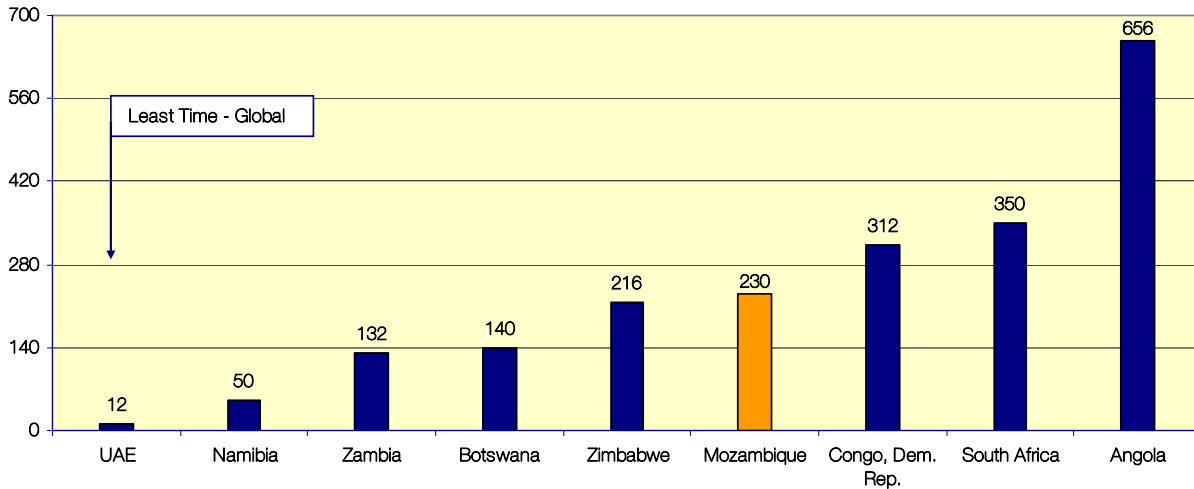
### Number of Payments (per year)

Source: Doing Business Database



### Time to Pay Taxes (hours per year)

Source: Doing Business Database

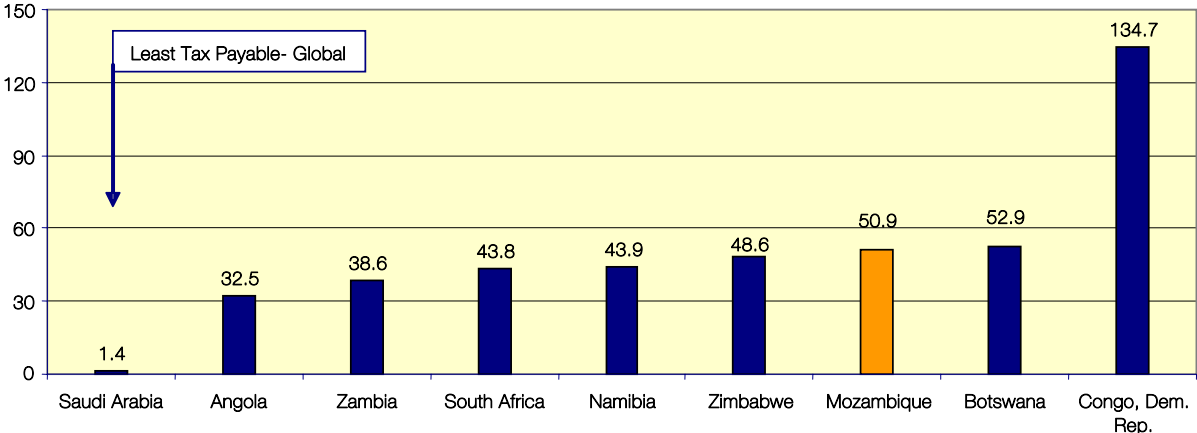


# Benchmarking—Paying Taxes

## Mozambique—Compared to Global Best / Selected Other Countries

### Tax Payable (% gross profits)

Source: Doing Business Database



## Closing a Business: Bankruptcy

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Recent economic crises in emerging markets, from East Asia, to Latin America, to Russia and Mexico, have 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 around for years, not allowing assets and human capital to be reallocated to more productive uses. Most often, the bottlenecks in bankruptcy are associated with an inefficient judicial process, and hence the unwillingness of banks and other lenders to push for a formal bankruptcy resolution.

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 such countries, reform would best focus on improving contract enforcement outside of bankruptcy.

The closing a business data track the step-by-step procedures for a standardized company to go through the bankruptcy process. It is assumed that the company is a domestically owned limited liability corporation, operating a hotel in the most populous city. The company has 201 employees, 1 main secured creditor and 50 unsecured creditors. Detailed assumptions about the debt structure and future cash flows are made. It is assumed that the company becomes insolvent on January 1. 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 but not piecemeal liquidation. The indicators are derived from questionnaires answered by attorneys at private law firms and bankruptcy judges. Most respondents are members of the International Bar Association.

Three indicators were constructed from the survey responses: the time and cost to go through the insolvency process, and a measure of the proportion of the insolvency estate recovered by stakeholders—taking into account the time, cost, depreciation of assets and the outcome of the insolvency proceeding.

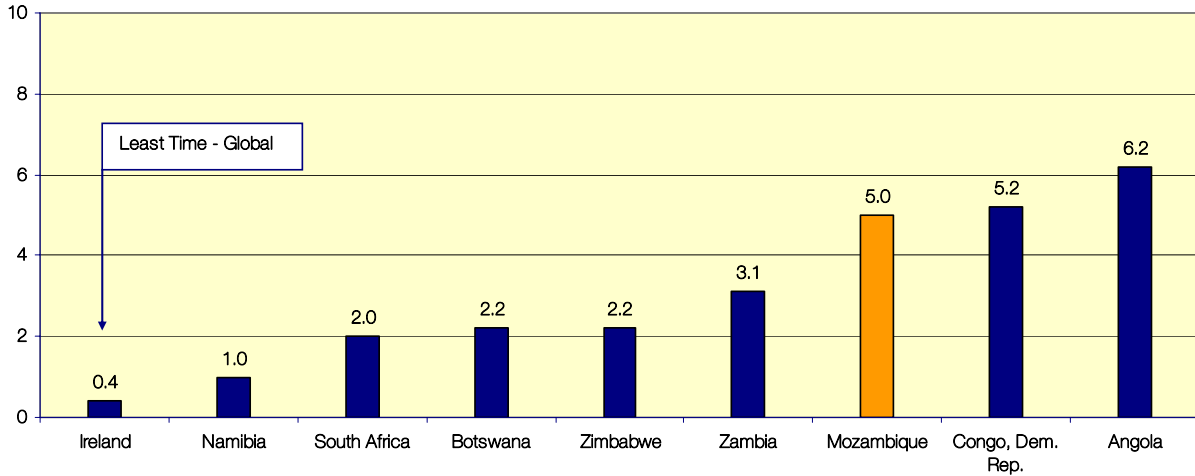
Countries with ill-functioning judiciaries are better off without sophisticated bankruptcy systems. There is a general misperception that bankruptcy laws are needed to enforce creditor rights. In practice, the laws usually exacerbate legal uncertainty and delays in developing countries. Private negotiations of debt restructuring under contract law, the efficient enforcement of secured debt contracts outside insolvency under collateral law, through summary judgments and private enforcement will do better. As countries develop, bankruptcy laws can also encourage entrepreneurs—one study shows that reforms to encourage a fresh start have increased rates of entrepreneurship by 8 to 9% in OECD countries. The freedom to fail, and do so through an efficient process, puts people and capital to its most effective use. The result is more productive businesses, and more jobs.

# Benchmarking—Bankruptcy

## Mozambique—Compared to Global Best / Selected Other Countries

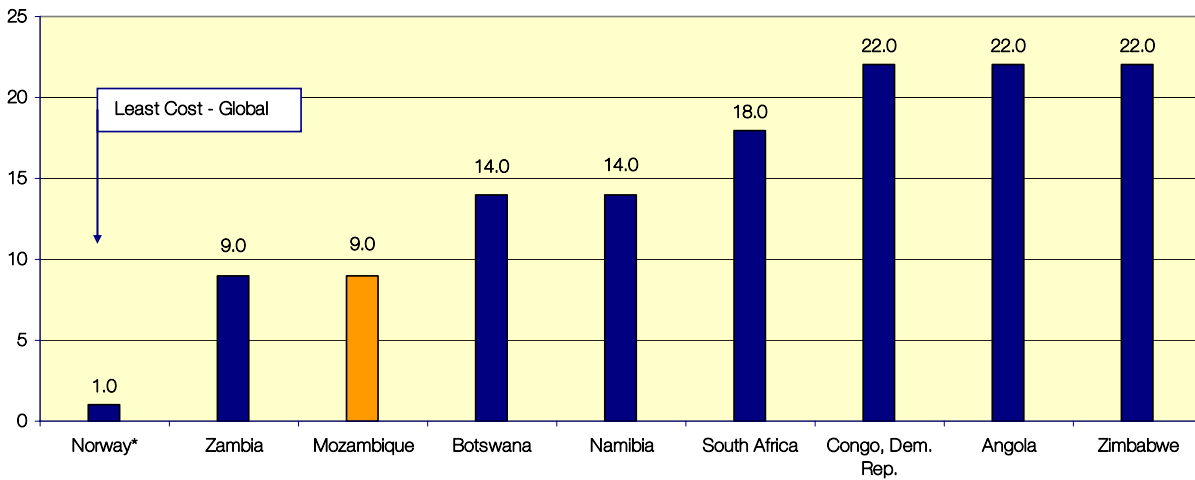
### Time to go through Insolvency (years)

Source: Doing Business Database



### Cost of Insolvency (% of estate)

Source: Doing Business Database



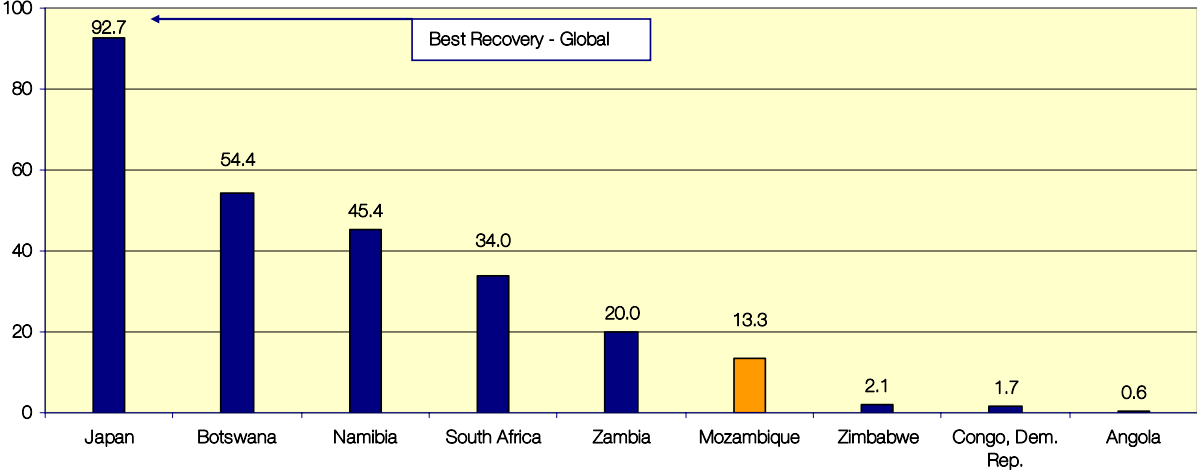
\*Other countries with the least cost are Colombia, Kuwait, the Netherlands, and Singapore.

# Benchmarking—Bankruptcy

## Mozambique—Compared to Global Best / Selected Other Countries

### Recovery Rate (cents on the dollar)

Source: Doing Business Database

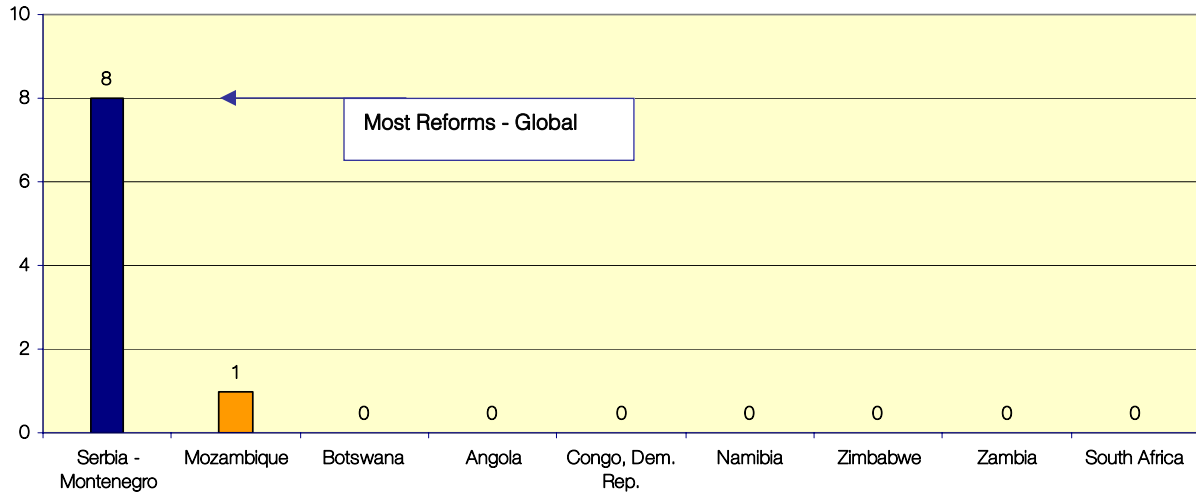


# Reforms—Who is reforming?

Mozambique—Compared to Global Best / Selected Other Countries

## Number of reforms that improve a set of *Doing Business* Indicators

Source: Doing Business Database



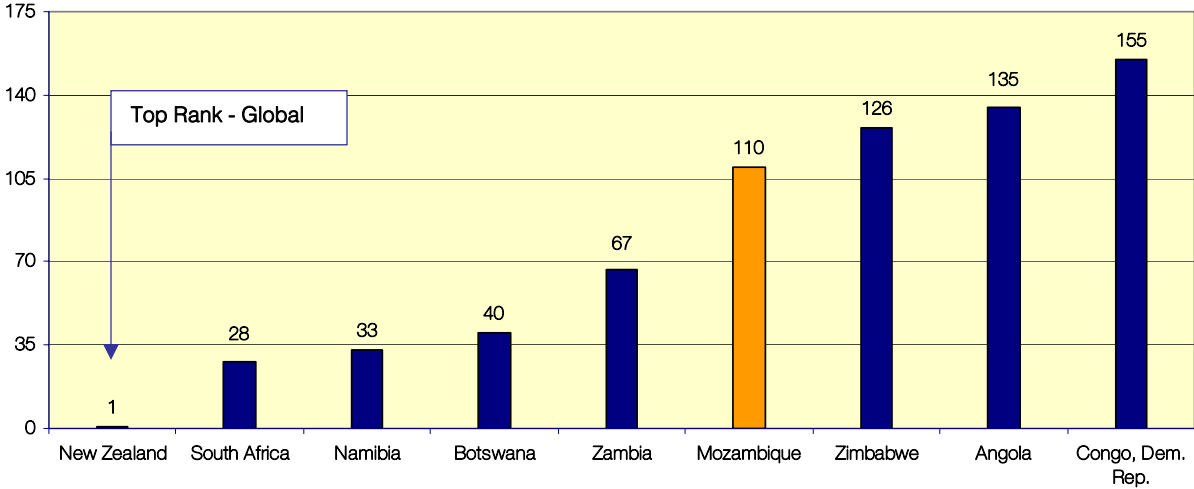
Note: A value of 1 is assigned when a country introduces a reform that improves its performance on one of the sets of *Doing Business* indicators between 2004 and 2005. For example, if a country reforms to reduce the procedures and time to start a business, and the cost to register property, it is recorded as having 2 reforms: one to the *Starting a Business* indicators, and one to the *Registering Property* indicators.

# Economy Rankings—Ease of Doing Business

## Mozambique—Compared to Global Best / Selected Countries

### Aggregate Rankings of Doing Business Indicators

Source: Doing Business Database



Note: The ease of doing business index averages country rankings across the 10 topics covered in Doing Business 2006. This year's rankings are not comparable to last year's as three new sets of indicators—on dealing with licenses, paying taxes and trading across borders—have been included.



## Appendix: Data Details

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Starting a Business: Entry Regulation

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Dealing with Licenses: Building a Warehouse

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Hiring and Firing Workers: Employment Regulation

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Registering Property: Regulation of Property Transfers

---

Getting Credit: Credit Information

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Protecting Investors: Corporate Governance

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Trading Across Borders: Imports and Exports

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Enforcing Contracts: Court Efficiency

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Paying Taxes: Tax Payable and Compliance

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## Starting a Business - Mozambique

### STANDARDIZED COMPANY

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

Minimum capital requirement: MZM 1,500,000

City: Maputo

### Registration Requirements:

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

Time to complete: 2 days

Cost to complete: MZM 77,000

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: Limited liability companies ("sociedades por quotas") must open bank accounts to prove that at least half of the minimum required capital has been paid before the Articles of Association are notarized. The bank account must be open in the name of the company approved by de Registrar Office of Maputo at the "*certidão negativa*"( Procedure.1).

Procedure 3. Incorporate the company through a public deed executed at a local Notary.

Time to complete: 5 days

Cost to complete: See the comment

Comments: File the draft of Articles of Association, the name certification, the proof of deposited funds, ID of founders, quotaholders and powers of attorney, in case any of the shareholders are being represented by other persons. The statutes are in the records book (*livro de notas de escrituras diversas*) kept by the notary office. The client receives a photocopy of the document, which is stamped and authenticated by the notary but should require and pay another two photocopies to be used at the following two procedures. The notary also certifies that the legal requirements are satisfied, that the statutes conform with the law, and that all partners freely consent to the agreement. Public deeds must be scheduled one week before their execution.

Notary costs: This is not a fixed amount. The cost is the sum of: a) Fixed Emoluments- 100.000 Mtcs- plus b) 5.000 Mtcs per page included in the records book, plus c) a Variable emolument that depends on capital : If capital is  $\leq$  to 5.000.000.000 Mtcs the emolument corresponds to 0,2% of capital and if capital is  $>$  to 5.000.000.000 the emolument corresponds to 0,2 % for the first 5.000.000.000 Mtcs of capital and 0,01% for the remaining capital, plus d) 20% of c) plus e) Stamp Tax 0,05 % of capital plus f) *Defesa Nacional* Stamp -18.000 Mtcs plus g) per certificate-30.000 Mtcs, plus 5.000 per page of certificate, plus 1.100 Mtcs per page as *Selo de Verba*.

Procedure 4. Register provisionally with the Commercial Registrar Office of Maputo (*Conservatória de Registo Comercial*); request for a commercial registry certificate.

Time to complete: 14 days

Cost to complete: See the comment

Comment: Provisional registration is not legally required, but as the *Imprensa Nacional* sometimes takes several months to publish the Articles of Association, companies often operate under a provisional registration until the articles are published. For the provisional registration of a Company at the Commercial Registrar of Companies, the following costs are applicable:

For the matriculation of the company a fixed value of 50.000 Mtcs is charged;

For the registration of the company:

- Share capital up to 5.000.000.000 (five billion *meticaís*) is taxable at a rate of 2‰;
- Over the excess it is applicable a tax at the rate of 1‰

To the amount calculated based on the above it shall be added a variable amount (for administrative costs) up to the maximum of 1.000.000 Mtcs (one million *meticaís*). The expiry date of the provisional registration is 90 days. If the publication of the articles of association does not occur prior to such expiry date, the renewal of the provisional registration will have to be requested. This renewed registration will be valid for another 90 days.

#### Procedure 5. Publish articles of agreement in *Boletim da Republica* (Official Gazette).

Time to complete: 3 months

Cost to complete: Approximately MZM 2,200,000

Comment: Performed by the *Imprensa Nacional*. Publication is supposed to take place within 90 days of the request. Businesses have a 3-month period during which they can operate under a provisional registration. If publishing is delayed for more than 6 months, companies must register again. A fixed fee of 475.000,00 Mtcs per each 25-line page is due.

#### Procedure 6. Convert the provisional registration into the final commercial registration and obtain a copy of the registration certificate.

Time to complete: 1 day

Cost to complete: Mtcs 20,000

Comment: Once the Articles of Association are published, the applicant takes them to the Commercial Registry, at which point the provisional registration becomes permanent and a minimum fee applies.

Copy of the final registration certificate is needed for the industrial or commercial license.

#### Procedure 7. Apply for an operational license (*Alvará*) from the *Presidente of Conselho Municipality*.

Time to complete: 40 days

Cost to complete: Mtcs2,660,000

Comment: File the following documents:

- Letter of application with an authenticated signature, containing:
  - The name of the firm and its head office;
  - The commercial activity required, with the indication of the classes of merchandises or services the it pretends to exercise;
  - The location of the establishment;
  - Certificate of incorporation of the commercial registrar offices; or copy of the articles of association;
  - Notarized copies of personal identification documents;
  - Notarized copy of lease (If company owns the premises, when applying for the operational permit the Real Estate Registrar Office certificate evidencing such

ownership must be submitted).

The Ministry of Industry and Commerce, once the request for the obtainment of the operational license is required, should organize the appliance of the necessary inspections by the health, fire and other public health departments.

Cost: a. Emoluments -2.500.000,00-( if the company will import or export goods and service plus 500.00,00 for each class of goods imported or/and exported; if the company is a wholesale and or retail dealer plus 250.000,00 Mtcs for each shop) b. 160.000,00 Mtcs to the Center Environmental Hygiene to support the costs of the opinions of the Fire Department and Ministry of Health, which became an internal procedure.

#### Procedure 8. Receive inspection from Ministry of Health.

Time to complete: 8 days, simultaneous with procedure 7

Cost to complete: no charge

Comment: Although this inspection takes no more than one hour to be completed, it can take more than one week to be scheduled/ make an appointment with the Ministry of Health.

#### Procedure 9. Receive inspection from the Fire Department.

Time to complete: 1 day, simultaneous with procedure 8

Cost to complete: no charge

Comment: Although this inspection takes no more than one hour to be completed, it can take more than one week to be scheduled/ make an appointment with the Ministry of Health.

#### Procedure 10. Declare the beginning of activity at the tax department "*Repartição de Finanças*".

Time to complete: 15 days, simultaneous with procedure 7

Cost to complete: nominal

Comment: The declaration of the beginning of activity for tax purposes (VAT and Corporate Income Tax) should be applied 15 days prior to the beginning of the activity. This process involves communicating initiation of activity to the tax department of the appropriate fiscal district through a form known as *Modelo 6*. Documents to be filed include: 3 copies of tripled *Modelo 5*, and an authenticated copy of the operational license.. Fifteen days later a unique taxpayer number – N.U.I.T. (*Numero unico de identificação tributária*) is assigned to the company and an individual file, for all taxes , is open.

In addition, *Modelo 7* needs to be filed to register, under a different taxpayer number, for the *imposto sobre o rendimento do trabalho* (income withholding tax), *secção A*, and *Modelo 44* is the registration form for the complementary tax.

After the Tax Reform the "old" taxes have been replaced by a unique income tax.

#### Procedure 11. Register for VAT (*Imposto sobre o Valor Acrescentado*).

Time to complete: 7 days, simultaneous with procedure 7

Cost to complete: nominal

#### Procedure 12. Declare the beginning of activity and register job candidates at the provincial Employment Center

Time to complete: 1 day, simultaneous with procedure 7

Cost to complete: Each copy of the chart costs 5.000,00 Mtcs, assuming 10 workers

Comment: Request the work cards within the following 30 days of the start of employment agreements; Deliver a map of the work hours; Declare the employment of national workers within 30 days of the start of their respective employment agreement.

The employer with more than 10 workers is supposed to open a file (*processo individual*) and prepare four copies of a form known as *relação nominal*, listing the name, position, skills, date of birth, sex, identification card number date of entry, date of last promotion, wage or salary, and number of hours due per month for every worker. These four copies are presented to the Employment Center, that after stamping them keep three copies and give back to the employer the fourth one that must be posted publicly. This chart must be updated and approved by the Ministry of Labor every year. Together with the *Relação Nominal* the company must submit a annual holiday's scheme - *Plano de Férias* - and a work card per worker, (cost: 5.000,00 Mts each), with the ID elements and the signature of worker. These cards after having been stamped by the Employment Center are given back to the company, which give them back to each worker as his identification card as a worker.

#### Procedure 13. Register workers with the social security system.

Time to complete: 1 day, simultaneous with procedure 7

Cost to complete: no charge

Comment: Register the company within 15 days counted from the commence of activity. Register workers within 15 days counted from the start of their employment agreements. A special form (*boletim de identificação de beneficiaries*) must be filled out for each worker and submitted to the *Instituto Nacional de Seguranca Social* within 15 days of signing the labor contract, accompanied by an authenticated copy of that worker's identification card, an authenticated copy of the operational license and the company's NUIT. A special form - *Ficha da empresa* - must be filled for each company.

#### Procedure 14. Subscribe a workmen's compensation insurance coverage.

Time to complete: 1 day, simultaneous with procedure 7

Cost to complete: no charge

## Warehouse Project – Mozambique

Data as of: January 2005

City: Maputo

### Regulatory Requirements and Procedures:

#### Procedure 1. Obtain the right to use and enjoyment of the land

**Time to complete:** 90 days, although the recommended time is 25 days

**Cost to complete:** MZM 190,856 (US\$ 8)

**Comments:**

The company must obtain this right from the Municipal Council of Maputo City – Department of Construction and Urbanization – DCU, because all land is state owned.

#### Procedure 2. Obtain topographic plan

**Time to complete:** 30 days

**Cost to complete:** MZM 325,000

**Comments:**

The company should obtain the topographic plan from the Municipal Council of Maputo City – Department of Construction and Urbanization – DCU.

#### Procedure 3. Apply for building permit

**Time to complete:** 45 days

**Cost to complete:** MZM 190,856 (US\$ 8)

**Comments:**

The company should apply to the municipal council with full detailed plan attached.

#### Procedure 4. Obtain project clearance from electricity department

**Time to complete:** 25 days

**Cost to complete:** MZM 3,578,550 (US\$ 150)

**Comments:**

The company must provide the site plan.

#### Procedure 5. Obtain project clearance from telecommunications department

**Time to complete:** 25 days, simultaneous with previous procedure

**Cost to complete:** MZM 596,425 (US\$ 25)

**Comments:**



## Procedure 6. Obtain project clearance from water department

**Time to complete:** 15 days, simultaneous with previous procedure

**Cost to complete:** MZM 2,385,700 (US\$ 100)

**Comments:**

The company has to supply the drawings (layout).

## Procedure 7. Receive inspection from Municipality (1)

**Time to complete:** 1 day

**Cost to complete:** free of charge

**Comments:**

There can be inspections during construction. In fact according to the law there should be 2 to 3 inspections carried out by the Municipality and by the labor inspectorate. However, in practice these inspections rarely occur. These inspections are announced. The inspector informs the company that he/she will visit the site on such date.

## Procedure 8. Receive inspection from Municipality (2)

**Time to complete:** 1 day

**Cost to complete:** free of charge

**Comments:**

## Procedure 9. Receive inspection from Municipality (3)

**Time to complete:** 1 day

**Cost to complete:** free of charge

**Comments:**

## Procedure 10. Obtain occupancy permit

**Time to complete:** 15 days

**Cost to complete:** MZM 2,000,000 (based on the building's size)

**Comments:**

## Procedure 11. Receive final inspection

**Time to complete:** 1 day, included in previous procedure

**Cost to complete:** free of charge

**Comments:**

The final inspection is carried out by the fire department, the health department, the water department, etc. This inspection is coordinated by the municipal authority.

## Procedure 12. Obtain water and sewage connection



**Time to complete:** 1 day

**Cost to complete:** included in procedure 6

**Comments:**

Obtaining the connection is immediate because the utility provider is already informed and approved the project before.

## Procedure 13. Obtain power connection

**Time to complete:** 1 day

**Cost to complete:** included in procedure 4

**Comments:**

Obtaining the connection is immediate because the utility provider is already informed and approved the project before.

## Procedure 14. Obtain phone connection

**Time to complete:** 1 day

**Cost to complete:** included in procedure 5

**Comments:**

Obtaining the connection is immediate because the utility provider is already informed and approved the project before.





## Hiring & Firing Workers — Mozambique

Hiring and Firing Indicators (2005)	Indicator
Difficulty of Hiring Index	83
Rigidity of Hours Index	80
Difficulty of Firing Index	20
Rigidity of Employment Index	61
Hiring cost (% of salary)	4
Firing costs (weeks of wages)	141

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

## Getting Credit — Mozambique

Features of Credit Information System (2005)	Indicator
Credit Information Index	4
Are both individuals and firms listed in credit registry?	Yes
Are both positive and negative data distributed?	No
Does the registry collect credit information from financial institutions as well as retailers and utilities providers?	Yes
Is five or more years of historical data preserved?	Yes
Is data on all loans larger than 1% of income per capita recorded?	No
Is it guaranteed by law that borrowers can inspect their data?	Yes

Notes: The Credit Information Index measures the scope, access and quality of credit information available through public registries or private bureaus. It ranges from 0-6, with higher values indicating that more credit information is available from a public registry or private bureau. If a public registry or private bureau does not operate, the coverage value is 0. The Legal Rights Index measures how well collateral and bankruptcy

## Trade Details–Mozambique

### Documents

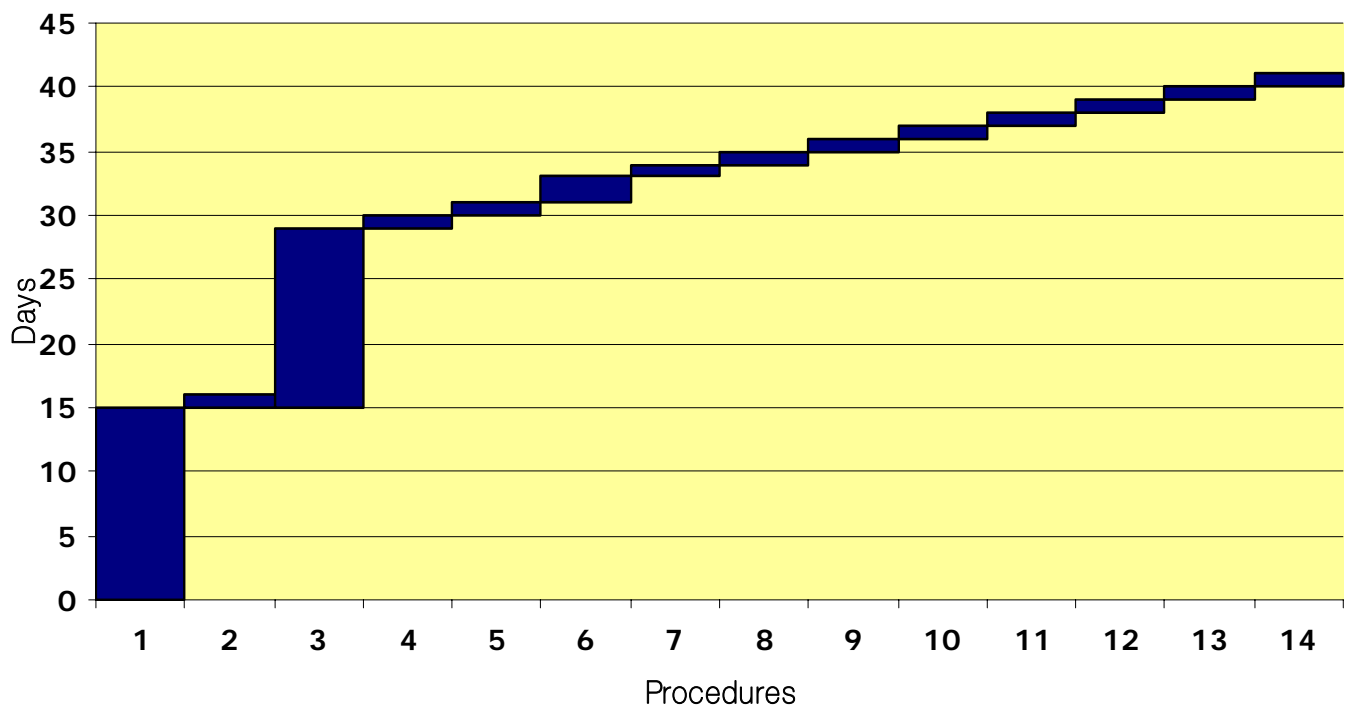
Import documents		Export documents	
1	Import License	1	Export permits or licenses
2	Customs Import Declaration Form	2	Customs Export Declaration Form
3	Bill of Lading	3	Bill of Lading
4	Commercial invoice	4	Preferential Certificate
5	Technical Standard/Health Certificate	5	Packing List Pre-shipment Inspection Clean Report of Findings
6	Certificate of Origin		
7	Consular Invoice		
8	Preferential Certificate		
9	Packing List Pre-shipment Inspection Clean Report of Findings		
10	Findings		
11	Ship Arrival Notice		
12	Cargo Manifest		
13	Stowage Plan		
14	Collection Order		
15	Terminal Charges Receipt		
16	Customs Cargo Release Form		

## Procedures

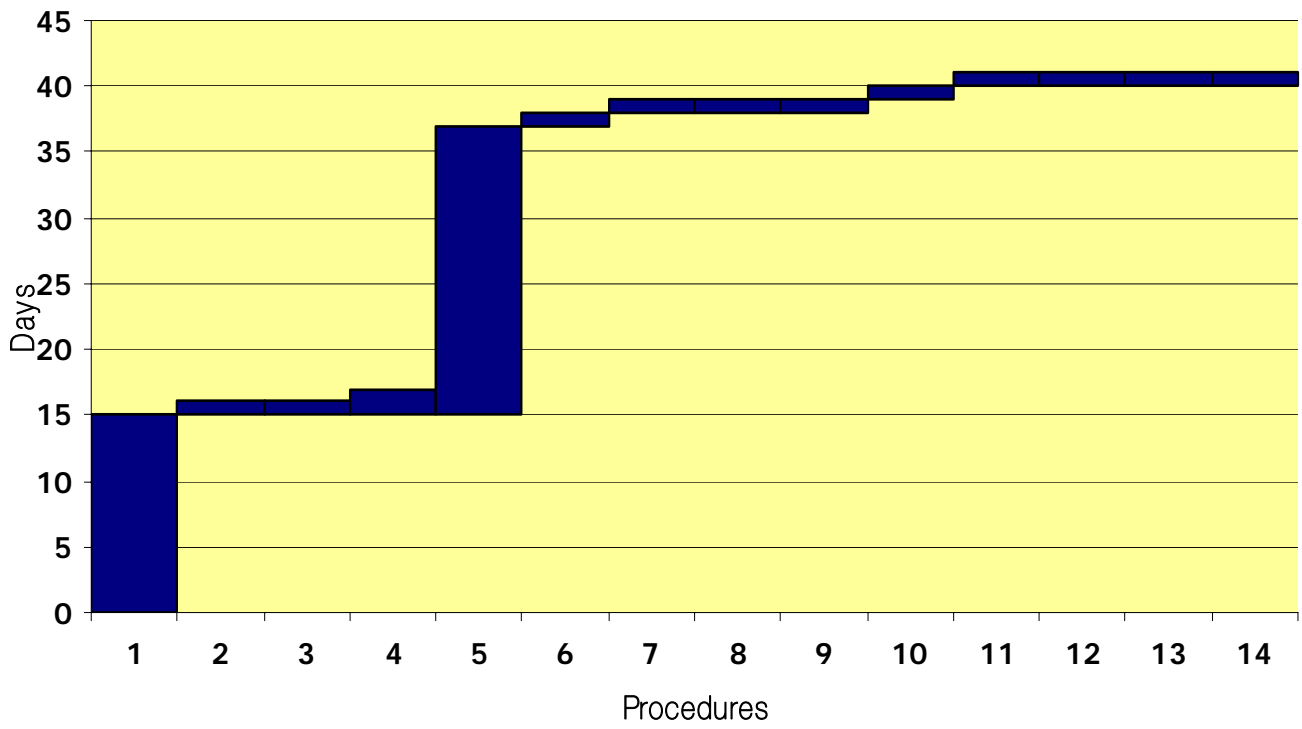
Nature of Import Procedures	Number of Procedures	simultaneous	Duration (days)
Conclude purchase	1		15
Purchase insurance	2	*	1
Assemble and Process documents for Import	3	*	14
Vessel waiting time to enter berth	4		1
Berthing and Unloading	5		1
Terminal handling Activities	6		2
Customs inspection and clearance	7		1
Technical control, health, quarantine	8		1
Additional processes within the port/ terminal area	9		1
Arrange transport	10		1
Inland transportation to final destination	11		1
Cleared outside the terminal area at an inland location	12		1
Time & cost for additional security	13		1
Other costs and time not included above	14		1

Nature of Export Procedures	Number of Procedures	simultaneous	Duration (days)
Conclude sales contract and secure letter of credit	1		15
Pre-shipment Inspection and clearance	2	*	1
Payment of pre-shipment charges and fees	3	*	1
Packing Goods	4	*	2
Assemble and process documents	5	*	22
Arrange transport; waiting for pickup and loading on local carriage	6		1
Inland transportation to Port of departure	7	*	1
Terminal handling activities	8	*	1
Waiting for loading container on vessel	9	*	1
Port related charges	10		1
Customs inspection and clearance	11	*	1
Technical control, health, quarantine	12	*	1
Payment of export duties, taxes or tariffs	13	*	1
Additional processes within the terminal	14	*	1

# Mozambique -Import



# Mozambique- Export



<b>LIST OF PROCEDURAL STEPS - Mozambique</b>		Check
<b>Low-Level Court</b>		
<b>Filing and service</b>		
1	<b>Pre-trial request to pay.</b> Letter or personal request by creditor to debtor requesting compliance or notifying the default, only if required by law in order to initiate a lawsuit.	√
2	<b>Pre-trial administrative procedure.</b> Mandatory procedure or notification before an administrative or municipal office required by law prior to initiate a lawsuit.	
3	<b>Pre-trial certification of default.</b> Procurement of a written certification from the bank (either on the face of the check or in a separate document), if required by law to file a lawsuit.	√
4	<b>Pre-trial certification of signature.</b> Mandatory pre-trial procedure before a judge, notary public, or other authority, in order to obtain debtor's acknowledgement of signature.	
5	<b>Pre-trial official notification of default or request of payment.</b> Notification of default to debtor, made by a notary public, administrative officer, or any other person other than the plaintiff, when required by law prior to filing a complaint (including check protest procedure and contract termination notices).	
6	<b>Pre-trial conciliation procedure.</b> Mandatory pre-trial conciliation or mediation procedure, including the issuance of the corresponding act or proof of failed conciliation or mediation.	
7	<b>Appointment of lawyer.</b> Appointment of a lawyer only when required by law to file a complaint.	√
8	<b>Filing of complaint, summons, petition, or application.</b> Complaint or application filed orally or in writing before the court (or an administrative authority when it will be referred to a court upon defendant's opposition).	√
9	<b>Payment of court fees.</b> Payment of court duties, stamp duties, or any other type of court fee.	
10	<b>Registration or receipt of claim.</b> Registration of the complaint by the court, including the assignment of a reference number, or the issuance of the corresponding receipt, when applicable.	
11	<b>Assignment of court.</b> Assignment of court (either by a random procedure, officer ruling, etc.) and delivery of the complaint or file to the assigned judge.	√
12	<b>Court scrutiny of complaint.</b> Scrutiny of complaint by judge or court officer to verify general formal requirements.	√
13	<b>Date for preliminary or preparatory hearing.</b> Judge's separate writ or resolution, fixing the date for a preliminary or preparation hearing prior to the admission of the complaint (e.g., to verify cause of action, formal requirements, authenticity of documents, etc.)	
14	<b>Preliminary or preparatory hearing.</b> Preliminary or preparatory hearing attended by the plaintiff, defendant, or both, prior to admission of plaint (e.g., to verify cause of action, formal requirements, authenticity of documents, etc.)	
15	<b>Admission of complaint.</b> Judge's writ or resolution admitting the initiation of the lawsuit.	√
16	<b>Payment order.</b> Judge's writ or resolution ordering defendant to pay or to deposit the amount owed.	
17	<b>Issuance of summons or citation writ or brief.</b> Issuance of formal citation to appear in court.	*
18	<b>Request for service.</b> Plaintiff's written petition to court requesting process be served to defendant.	
19	<b>Order for service.</b> Judge's separate writ or resolution ordering process be served to defendant.	
20	<b>Delivery of file to summoning office.</b> Delivery of the summons by the judge or court officer to the corresponding summoning office, officer, or authorized person (including plaintiff), to serve process to the defendant.	
21	<b>Notification arrangements.</b> Actions required by plaintiff to accomplish physical service of process to defendant, including a meeting with notification officers, or the hiring of a private process server.	
22	<b>Mailing of complaint, notice of complaint, summons, or summons and complaint.</b> Mailing of summoning documents to defendant by court or by plaintiff.	√

√ = Independent procedural step (minimum required)

\* = Procedural step included or simultaneous to another step marked with a √

23	<b>First attempt of physical delivery.</b> Attempt of physical delivery of summons to defendant's hands (only if physical delivery is required by law), or affixing of a copy of the complaint in the premises, or delivery of the complaint to a neighbor, if it may be done in the same visit to the defendant's address.	*
24	<b>Second attempt of physical delivery.</b> Second attempt of physical delivery of summons to defendant's hands (only if physical delivery is required by law), or affixing of a copy of the complaint in the premises, or delivery of the complaint to a neighbor, if it may be done in the second visit to the defendant's address.	√
25	<b>Application for substituted service.</b> Application for any means of substituted service by plaintiff, including but not limited to publication in newspapers, affixing of notice in court or public boards, deposit with authorities, or notification to local organizations.	√
26	<b>Order for substituted service.</b> Judge or judicial officer's resolution accepting (or defining means for) substituted service.	√
27	<b>Substituted service.</b> Accomplishment of substituted service (either by publication in newspapers, affixing of notice in court or public boards, deposit with authorities, notification to local organizations, etc.)	√
28	<b>Proof of service.</b> Submission to court, by plaintiff, clerk, or other, of proof of service (or substituted service) if required by law (e.g., proof of mail delivery, copies of publications, report from authority, etc.).	
29	<b>Appointment of guardian <i>ad litem</i>.</b> Court's appointment of a legal representative for the defendant that avoids service, when required by law to complete service of process.	
30	<b>Application for attachment prior to judgment.</b> Written application by plaintiff, prior to judgment, for attachment of debtor's property.	
31	<b>Resolution on attachment prior to judgment.</b> Resolution by judge or execution authority accepting plaintiff's application for attachment of debtor's property (prior to judgment) and its notification. It may include decision on requesting plaintiff guarantees or bonds to secure defendant against damages.	
32	<b>Guarantees for attachment.</b> Plaintiff's guarantees or bonds to secure defendant against damages.	
33	<b>Attachment prior to judgment.</b> Attachment of debtor's property (either physically, or registering, marking, debiting, or separating assets) before judgment.	
34	<b>Custody of attached assets.</b> Delivery or deposit of attached assets to court officer's of bailiff's care.	
35	<b>Report on attachment prior to judgment.</b> Issuance and delivery of the relevant report on attachment to court by court officer or bailiff.	
36	<b>Hearing on attachment.</b> Petition, summoning, and court hearing to resolve on the attachment or the actions on the attached assets.	
<b>Trial and judgment</b>		
37	<b>Appearance to defend.</b> Defendant enters an appearance to defend or files a notice stating his intention to defend or acknowledging service.	
38	<b>Application for leave to appear.</b> Defendant's written application for leave to appear.	
39	<b>Hearing for leave to appear.</b> Hearing attended by defendant before the judge to request leave to appear.	
40	<b>Leave to appear.</b> Judge's resolution granting defendant leave to appear, only when it would be generally granted under the case factual assumptions.	
41	<b>Defense or answer to the complaint.</b> Answer to the complaint or opposition to court order to pay, filed orally or in writing before the court or competent office.	√
42	<b>Referring of complaint to court.</b> When the complaint or application has been filed before an administrative or execution authority, the remittance of the case from that authority to the competent judicial court (generally upon defendant's opposition).	
43	<b>Defendant's payment of court fees.</b> Payment of court duties or any fee by defendant.	
44	<b>Deposit of bond or guarantee of payment.</b> Payment or guarantee provided by defendant, when required by law.	

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45	<b>Filing of preliminary exemptions.</b> Defendant's presentation of exemptions (preliminary, formal, motions to dismiss, and other, generally aimed at questioning the procedure, jurisdiction, etc.), different than the answer to the complaint.	
46	<b>Judge's resolution on preliminary exemptions.</b> Judge's resolution on preliminary exemptions (preliminary, formal, motions to dismiss, and others, generally aimed at questioning the procedure, jurisdiction, etc.), different than the admission of the answer to the complaint.	
47	<b>Admission of answer to the complaint for trial.</b> Judge's review of the answer to the complaint, in order to verify the compliance of formal requirements, and issuance and notification of the corresponding resolution if necessary.	√
48	<b>Delivery of defense to plaintiff.</b> Service of opposition or defense to landlord/creditor, either by virtue of a court order or directly by debtor.	√
49	<b>Term for plaintiff to answer opposition or exemptions.</b> Judge's resolution or writ allowing plaintiff to answer to defendant's opposition or providing a term for this purpose.	
50	<b>Plaintiff's answer to opposition.</b> Creditor's answer to debtor's opposition or exemptions.	√
51	<b>Summons for directions.</b> Parties appearance for directions for trial.	
52	<b>Framing of issues.</b> Judge's determination of issues, based on claim and defense content.	
53	<b>Application for summary judgment.</b> Plaintiff's application for summary judgment.	
54	<b>Notice of application for summary judgment.</b> Service of plaintiff's application for summary judgment on defendant.	
55	<b>Opposition to application for summary judgment.</b> Defendant filing of affidavit to oppose summary judgment or requesting leave to defend the action.	
56	<b>Hearing on the application for summary judgment.</b> Hearing on the application on summary judgment and its opposition.	
57	<b>Mailing of allocation questionnaire.</b> Court mailing questionnaires to parties to allocate case among different case-tracks or to frame issues for trial.	
58	<b>Answer to allocation questionnaire.</b> Parties' submission to the court of the answers to the allocation questionnaire.	
59	<b>Date for conciliation hearing.</b> Judge's resolution setting the date for a conciliation or mediation hearing and its notification to the parties, when mandated by law.	
60	<b>Conciliation hearing.</b> Conciliation or mediation hearings, mandated by law and attended by the parties before the judge or a mediator.	
61	<b>Discovery.</b> Discovery of evidence, or exchange of documents and evidence affidavits, between the parties, or submission to the court, in preparation for hearing the case.	
62	<b>Filing of pleadings.</b> Filing of written pleadings and preparatory submissions before the court.	
63	<b>Request for hearing.</b> Application by plaintiff to call or to set a date for a hearing.	√
64	<b>Date for hearing.</b> Judge's resolution setting the date for a hearing.	*
65	<b>Hearing(s).</b> Oral audience, session or meeting (or MINIMUM number of audiences, sessions or meetings required for the case facts) attended by the parties before the judge or adjudicator, for not longer than one day (if a session exceeds one day, it should be considered a different hearing).	2√
66	<b>Offer of evidence or means of proof.</b> A written request addressed to the judge aimed at obtaining the admission of means of proof, including testimony of one witnesses, if applicable for the case, or the opening of the evidence stage.	
67	<b>Opening of evidence stage.</b> Judge's writ or resolution opening the evidence stage.	
68	<b>Documentary evidence.</b> The written submission of documentary evidence before or after the hearing, or the request for its admissibility.	√
69	<b>List of witnesses.</b> The submission of a list of witnesses.	
70	<b>Interrogatories.</b> The submission of a written interrogatory for witnesses.	
71	<b>Orders on means of proof.</b> Judge's writ or resolution deciding on the admissibility of means of proof (documentary evidence, list of witnesses, content of the interrogatories, among others).	
72	<b>Summoning of witnesses.</b> Court order to summon witnesses to appear in court.	
73	<b>Testimonies.</b> If not included under the definition of hearing above, witnesses appearance before the judge, or a court officer, or the parties.	√

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74	<b>Request for closing the evidence period.</b> Parties' mandatory request to court for a resolution closing the evidence period.	
75	<b>Closing of evidence stage.</b> Court or judge's resolution closing the evidence period.	
76	<b>Order for submission of final arguments.</b> Court order or court mandated term for submission of final arguments prior to judgment.	√
77	<b>Final arguments.</b> Parties' oral presentation or written submission of final arguments.	*
78	<b>Date for judgment.</b> Judge's resolution setting a date for judgment.	√
79	<b>Judgment.</b> Issuance of judgment (oral or written) or final decision by the judge.	√
80	<b>Leave to appear.</b> Judge's final resolution denying defendant leave to appear.	
81	<b>Summary judgment.</b> Judge's resolution granting summary judgment.	
<b>Enforcement</b>		
82	<b>Notification of judgment in court.</b> Notification of judgment during a court hearing.	
83	<b>Writing of judgment.</b> Court drawing of the written copy of the judgment when it has been issued orally (or plaintiff's preparing a draft of judgment and filing it for court approval).	
84	<b>Delivery of copy of judgment to court office.</b> Delivery of judgment to a court office for registration and notification (or when judgment is made available or affixed in court for the parties).	√
85	<b>Delivery of copy of judgment to parties.</b> Written notice of judgment or copy thereof to the parties for accomplishing notification of judgment.	√
86	<b>Copy of judgment for execution.</b> Plaintiff's procurement of a copy of judgment for execution or notification purposes.	
87	<b>Notification of judgment to defendant by plaintiff.</b> Plaintiff's notification of judgment to defendant.	
88	<b>Publication of judgment.</b> Mandatory publication of judgment in a court official journal or gazette or a local newspaper.	
89	<b>Request for enforcement warrant or execution writ.</b> Plaintiff's filing or application for enforcement court order or warrant, or plaintiff's application for a writ of execution or leave of the court to enforce (or plaintiff's preparing a draft of enforcement order and filing it for court approval).	√
90	<b>Payment of enforcement or execution fees.</b> Plaintiff's payment of fees required for the enforcement or execution of judgment.	*
91	<b>Execution hearing.</b> Hearing after judgment for purposes of defining form of enforcement or to examine debtor's means for compliance.	
92	<b>Enforcement order or writ of execution.</b> Court's or judge's order or resolution to grant enforcement based on judgment, either in the form of an enforcement court order or warrant or writ of execution (or approval of draft prepared by plaintiff).	√
93	<b>Request for physical enforcement.</b> Plaintiff's request addressed to judge or to police authorities to obtain police assistance during the execution of judgment (eviction or attachment), or to set a date for physical enforcement of judgment.	
94	<b>Judge's order for physical enforcement.</b> Separate writ or resolution issued by judge or court ordering the assistance of police during the execution of judgment (eviction or attachment), or setting a date for physical enforcement of judgment.	
95	<b>Delivery of execution order to bailiff.</b> Nomination or delivery of written enforcement resolution or execution order to bailiff or officer in charge of enforcement or notification.	√
96	<b>Request of voluntary compliance by execution officer.</b> Court's or execution officer's request and notification to defendant, asking for compliance with judgment (including the granting of a term for this purpose, when applicable).	
97	<b>Nomination of assets for attachment.</b> Defendant's or creditor's nomination of assets for attachment, including court's or judge's order or request for this purpose.	√
98	<b>Attachment.</b> Attachment of debtor's property (either physically, or registering, marking, debiting, or separating assets) after judgment.	√
99	<b>Report on execution by enforcement officer.</b> Issuance and delivery by court officer or bailiff of the relevant report or minutes to court of the enforcement (attachment or actual eviction).	√

√ = Independent procedural step (minimum required)

\* = Procedural step included or simultaneous to another step marked with a √

100	<b>Valuation procedure of attached property.</b> Valuation of the seized property, and report, including the nomination and acceptance of a valuation expert, and judge's resolution on the valuation report, if required by law for execution purposes.	√
101	<b>Call for auction.</b> Judge's or officer's resolution calling for an auction, including the advertising or publication of the call for an auction by required or available means.	√
102	<b>Sale through auction.</b> Auction and sale of debtor's property.	√
103	<b>Qualification of bids by the judge.</b> Court's or judge's resolution regarding the bids presented at the auction of attached assets, including the evaluation of the bids compliance with formal or value requirements.	*
104	<b>Direct sale.</b> Sale of debtor's property when not done through auction.	
105	<b>Assignment of debtor's deposits.</b> Issuance of court order to the bank to transfer debtor's deposits to the court's account, or making them available for payment to creditor.	√
106	<b>Liquidation of credit or costs.</b> Liquidation of owed amount or assessment of costs involved in the procedure, directly by the court or with the intervention of an specialized office, expert or officer.	√
107	<b>Payment.</b> Delivery of the proceeds of the sale or the assignment of debtor's deposits to creditor by order of judge or by officer.	√
<b>Total Time (days)</b>		
	<b>Filing period (days)</b>	<b>580</b>
	<b>Judgment period (days)</b>	<b>30</b>
	<b>Judgment period (days)</b>	<b>280</b>
	<b>Enforcement period (days)</b>	<b>270</b>

√ = Independent procedural step (minimum required)

\* = Procedural step included or simultaneous to another step marked with a √

## Paying Taxes — Mozambique

Tax	Payments (number)	Time (hours)		Statutory tax rate (%)	Tax base	Tax payable (% gross profit)	
Corporate income tax	7	50		32	taxable profits	19.2	
Social security contributions	12	60				2.1	b)
Value added tax (VAT)	12	120		17	value added	30.4	
Municipal property tax	2	-	a)	0.6	building value	0.3	
Municipal tax on economical activity	1	-	a)	fixed fee (between MZM 2 million and MZM 4 million)		0.8	
Tax on interest	1	-	a)	20	interest income	0.3	
<b>Total</b>	<b>35</b>	<b>230</b>				<b>50.9</b>	

a) Data not collected

b) The social security contributions are not included in total amount paid to avoid double counting with the cost of hiring indicated

c) very small amount

d) included in corporate income tax or dividends tax

e) withheld tax

f) electronic filling available

g) paid jointly with another tax

General note: Tax payable is proportional to TaxpayerCo gross profits (sales minus cost of materials and labor) as defined in TaxpayerCo balance sheet and financial statements (include link). Tax payable is defined as the tax amount to be paid after deductions and exemptions applicable to

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 in general



Doingbusiness

Monitoring, Analysis and Policy Unit  
Investment Climate Department  
World Bank Group

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