



Ease of Doing Business in

Mozambique

ECONOMY OVERVIEW

REGION	Sub-Saharan Africa		
INCOME CATEGORY	Low income		
POPULATION	22,894,294		
GNI PER CAPITA (US\$)	440.00		
DOING BUSINESS 2011 RANK	DOING BUSINESS 2010 RANK	CHANGE IN RANK	
126	130	4	

TOPIC RANKINGS	DB 2011 Rank	DB 2010 Rank	Change in Rank
Starting a Business	65	96	31
Dealing with Construction Permits	155	159	4
Registering Property	144	153	9
Getting Credit	128	125	-3
Protecting Investors	44	41	-3
Paying Taxes	101	98	-3
Trading Across Borders	133	136	3
Enforcing Contracts	132	129	-3
Closing a Business	129	135	6

Starting a Business

DB 65 DB 96 CHANGE IN 31
2011 RANK 2010 RANK RANK

Indicator	Mozambique	Sub-Saharan Africa	OECD
Procedures (number)	9	8.9	5.6
Time (days)	13	45.2	13.8
Cost (% of income per capita)	13.9	95.4	5.3
Min. capital (% of income per capita)	0.0	145.7	15.3

No.	Procedure	Time to Complete	Associated Costs
1	Obtain certification of unique name (certidão de reserva de nome) at the Conservatória do Registo das Entidades Legais (Legal Entities Registrar)	1 day	MZN 77
2	Open a provisional bank account and obtain a verification of deposit with a local bank	1 day	no charge
3	Register with the Legal Entities Registrar of Maputo (Conservatória do Registo das Entidades Legais); request a commercial registry certificate; publish company statutes in the official gazette (Bolhetim da República)	3 days to 1 week	MZN 1,475
4	Register for taxes and obtain NUIT from Repartição de Finanças	1 day	no charge
5	Apply for a simplified operational license from the Presidente of Conselho Municipality	1 day	no charge
6	Declare the beginning of activity at the tax department (Repartição de Finanças)	1 day	no charge
* 7	Declare the beginning of activity and register job candidates at the provincial employment center	1 day, simultaneous with previous procedure	MZN 50
* 8	Register workers with the social security system	1 day, simultaneous with previous procedure	no charge
* 9	Subscribe a workmen's compensation insurance coverage	1 day, simultaneous with previous procedure	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits

DB 155 DB 159 CHANGE IN 4
2011 RANK 2010 RANK RANK

Indicator	Mozambique	Sub-Saharan Africa	OECD
Procedures (number)	17	17.6	15.8
Time (days)	381	239.5	166.3
Cost (% of income per capita)	530.3	1,773.3	62.1

No.	Procedure	Time to Complete	Associated Costs
1	Request and obtain the right to the use and enjoyment of the land	45 days	MZN 300
* 2	Request and obtain the topographic plan	120 days	MZN 325
3	Request and obtain a building permit from Department of Construction and Urbanization	60 days	MZN 6,503
4	Receive inspection by the municipality - I	1 day	no charge
5	Receive inspection by the municipality - II	1 day	no charge
6	Request electricity connection approval from the National Directorate of Energy	7 days	no charge
* 7	Request power connection from Electricity of Mozambique	1 day	MZN 6,837
* 8	Receive inspection and obtain approval of electrical plan from the electricity department	1 day	no charge
* 9	Connect to electricity services of Electricity of Mozambique	53 days	MZN 37,416
* 10	Request water and sewage connection	1 day	MZN 4,700
* 11	Receive inspection and obtain approval of plumbing plan from the water department	1 day	no charge
* 12	Connect to water and sewage services	43 days	no charge
* 13	Request and obtain telephone connection	2 days	MZN 2,580
14	Request final inspection	1 day	no charge
15	Receive final inspection	1 day	no charge
16	Request and obtain an occupancy permit	95 days	MZN 2,000
17	Register the new building at the property registration agency	45 days	MZN 410

* Takes place simultaneously with another procedure.

Registering Property

DB 144 DB 153 CHANGE IN 9
2011 RANK 2010 RANK RANK

Indicator	Mozambique	Sub-Saharan Africa	OECD
Procedures (number)	8	6.5	4.8
Time (days)	42	67.9	32.7
Cost (% of property value)	9.9	9.6	4.4

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

* Takes place simultaneously with another procedure.

Getting Credit

DB 128 DB 125 CHANGE IN  RANK 3

Indicator	Mozambique	Sub-Saharan Africa	OECD
Strength of legal rights index (0-10)	2	4.6	6.9
Depth of credit information index (0-6)	4	1.7	4.7
Public registry coverage (% of adults)	2.2	2.7	8.0
Private bureau coverage (% of adults)	0.0	4.9	61.0

Depth of credit information index (0-6)	Private credit bureau	Public credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	No	No	0
Are more than 2 years of historical credit information distributed?	No	No	0
Is data on all loans below 1% of income per capita distributed?	No	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Score ("yes" to either public bureau or private registry)			4

Strength of legal rights index (0-10)	
Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?	Yes
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	No
May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?	No
Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?	No
Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?	No
Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?	No
Do secured creditors have absolute priority to their collateral in bankruptcy procedures?	No

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?	Yes
Does the law authorize parties to agree on out of court enforcement?	No
Score (number of "yes" responses)	2

Coverage	Private credit bureau	Public credit registry
Number of individuals	0	351,324
Number of firms	0	9,660
Percent of total	0.0	2.2

Protecting Investors

DB 44 DB 41 CHANGE IN
2011 RANK 2010 RANK RANK



3

Indicator	Mozambique	Sub-Saharan Africa	OECD
Extent of disclosure index (0-10)	5	4.8	6.0
Extent of director liability index (0-10)	4	3.4	5.2
Ease of shareholder suits index (0-10)	9	5.0	6.8
Strength of investor protection index (0-10)	6.0	4.4	6.0

Nature of Procedure	Indicator
Extent of disclosure index (0-10)	5
What corporate body provides legally sufficient approval for the transaction?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	1
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	1
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	1
Whether an external body must review the terms of the transaction before it takes place?	0
Extent of director liability index (0-10)	4
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	1
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	0
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1
Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	0
Whether fines and imprisonment can be applied against Mr. James?	0
Ease of shareholder suits index (0-10)	9
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	1
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	1
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	3
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	1

Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Strength of investor protection index (0-10)	6.0

Notes:**Extent of Disclosure Index (0-10)**

What corporate body provides legally sufficient approval for the transaction?

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

Immediate disclosure to the public and/or shareholders

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

Disclosures in published periodic filings

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

Disclosures by Mr. James to board of directors

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

Director Liability Index (0-10)

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

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

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

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

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

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

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

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

Shareholder Suits Index (0-10)

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

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

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

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

Strength of Investor Protection Index (0-10)

Average of the extent of disclosure index, director liability index, and shareholder suits index.

Paying Taxes

DB **101** DB **98** CHANGE IN  RANK **3**
 2011 RANK 2010 RANK RANK

Indicator	Mozambique	Sub-Saharan Africa	OECD
Payments (number per year)	37	37.3	14.2
Time (hours per year)	230	315.1	199.3
Profit tax (%)	27.7	23.1	16.8
Labor tax and contributions (%)	4.5	13.5	23.3
Other taxes (%)	2.1	31.5	3.0
Total tax rate (% profit)	34.3	68.0	43.0

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Corporate income tax	7		50	32.0%	taxable profit	27.7	
Social security contributions	12		60	4.0%	gross salaries	4.5	
Municipal tax on economical activity	1			4500 (fixed fee)		1.1	
Municipal property tax	2			01.% to 1%	building value	0.5	
Tax on interest	0	withheld		20.0%	interest income	0.5	not included
vehicle tax	1			annual fee based on production year and capacity of vehicle.		0.5	
Fuel tax	1						small amount
stamp duty	1						small amount
Value added tax (VAT)	12		120	17.0%	value added		not included
Totals:	37		230			34.3	

Trading Across Borders

DB 133 DB 136 CHANGE IN 3
2011 RANK 2010 RANK RANK

Indicator	Mozambique	Sub-Saharan Africa	OECD
Documents to export (number)	7	7.7	4.4
Time to export (days)	23	32.3	10.9
Cost to export (US\$ per container)	1,100	1,961.5	1,058.7
Documents to import (number)	10	8.7	4.9
Time to import (days)	30	38.2	11.4
Cost to import (US\$ per container)	1,475	2,491.8	1,106.3

Nature of Export Procedures	Duration (days)	US\$ Cost	Nature of Import Procedures	Duration (days)	US\$ Cost
Documents preparation	13	185	Documents preparation	20	495
Customs clearance and technical control	2	250	Customs clearance and technical control	3	280
Ports and terminal handling	4	365	Ports and terminal handling	5	400
Inland transportation and handling	4	300	Inland transportation and handling	2	300
Totals	23	1100	Totals	30	1475

Export documents	Import documents
Bill of lading	Bill of lading
Cargo release order	Cargo release order
Commercial invoice	Certificate of origin
Customs export declaration	Commercial invoice
Inspection report from scanner	Customs import declaration
Packing list	Delivery order
Terminal handling receipts	Inspection report from scanner
	Packing list
	Pre-shipment inspection clean report of findings
	Terminal handling receipts

Enforcing Contracts

DB 2011 RANK **132** DB 2010 RANK **129** CHANGE IN RANK  **3**

Indicator	Mozambique	Sub-Saharan Africa	OECD
Procedures (number)	30	39.1	31.2
Time (days)	730	639.0	517.5
Cost (% of claim)	142.5	50.0	19.2

Nature of Procedure	Indicator
Procedures (number)	30
Time (days)	730
Filing and service	90
Trial and judgment	460
Enforcement of judgment	180
Cost (% of claim)	142.5
Attorney cost (% of claim)	98.5
Court cost (% of claim)	24
Enforcement Cost (% of claim)	20
Number of Procedures	31
Specialized commercial courts	-1
Total Number of Procedures	30

Closing a Business

DB 2011 RANK **129** DB 2010 RANK **135** CHANGE IN RANK **6**

Indicator	Mozambique	Sub-Saharan Africa	OECD
Recovery rate (cents on the dollar)	17.7	23.2	69.1
Time (years)	5.0	3.4	1.7
Cost (% of estate)	9	20.7	9.1

