TECHNICAL REPORT

Mozambique—Business Environment Assessment, 2004

Acknowledgments

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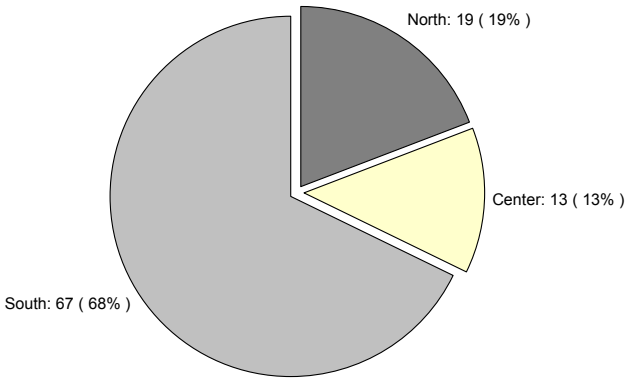
Executive Summary

A national survey of Mozambique's business environment was undertaken between June 8 and August 27, 2004. The survey covered 99 companies in 7 of the country's 10 provinces—19 in the northern region, 13 in the center, and 67 in the south. Seventeen of the companies in the south were multiregional (Figure S-1).

Figure S-1
Geographical Distribution of Companies



The survey, which was anonymous and confidential, was preceded by a pilot phase in 15 companies to test the relevance and usefulness of survey questions. Once questions were adjusted, the full survey went ahead. A sample questionnaire in presented in Appendix A. The majority of responses were obtained through personal interviews by trained teams, but some were obtained by telephone.

Of the companies surveyed, 20 were engaged exclusively in commerce, 25 in industry, 26 in service provision, 6 in tourism, 1 in agriculture, and 4 in other activities. Fourteen were engaged in multisectoral activity, and 3 did not specify. Sixteen had equal to or more than 250 employees, 15 had more than 125, 44 (the majority) had equal to or more than 25, and 19 had less than 25 workers. Five companies did not indicate the number of employees. Companies systematically refused to declare their turnover rate.

Figure S-2
Classification of Companies by Business Area

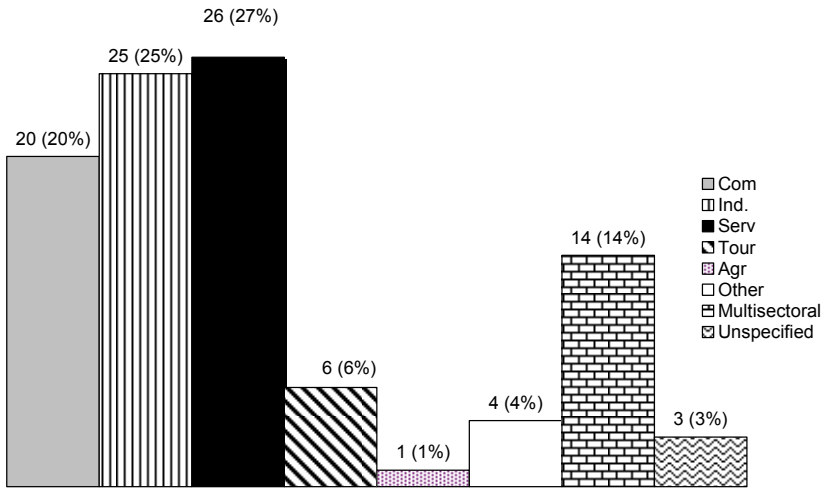
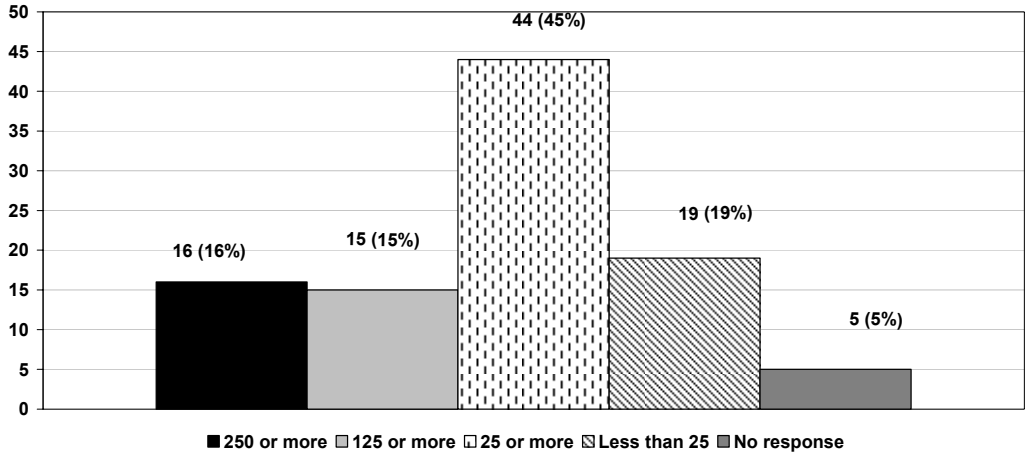


Figure S-3
Companies by Number of Workers



The survey covered 14 areas often considered to be problematic:

- Access to land
- Company registration
- Licensing
- State payment of debt
- Labor
- Dispute resolution
- Construction and works licensing
- Immigration
- Environmental licensing
- Import and export processes

- Taxes (personal income, company income, VAT)
- Distressed companies
- Access to credit
- General development of the business environment over the last 5 years.

Opinions on infrastructure, power, transport, and other matters affecting development were also gathered. At the time of the survey the consequences of recent alterations in commercial and industrial licensing, as well as changes in the tourism law, had not yet made themselves felt on the ground. It is hoped that these changes will simplify processes and facilitate business.

While most respondents agreed that significant improvements had taken place in Mozambique's business environment over the last five years—with the exception of some areas that became more problematic—expectations had not been met. Thus, perceptions of the quality of Mozambique's business environment lag far behind those of its international competitors, as well its most direct competitors in the region. Data collected for the World Bank's "Doing Business" survey clearly illustrates this feeling within the Mozambican business community.

Interviewees were reluctant to acknowledge in writing to making illicit payments despite the survey's anonymity and guaranteed confidentiality. While the majority admitted to making such payments to obtain advantage or information, they systematically requested "don't write that down, I didn't say anything." Most admitted fear of reprisals.

An overview of information obtained through the survey also reveals problems provoked by centralization. Opinions on quality, delays, and costs of service deteriorated in direct relation to the distance between the area where the service is provided and the Capital. One can conclude, therefore, that extraordinary increases in costs and delays are the result not only of complex and demanding regulations (e.g., elaborate processes, collections of documents, non-transparent decision-making), but also of having to convey documents from one place to another. This results in most cases from the lack of professional training of those involved as well as from a complete lack of understanding of what constitutes professional dignity and public service. Systematic and aggressive training will be vital to reversing this situation.

To show the legal complexity of business environment processes, summaries of the procedures, costs, and legislation associated with land access, company registration, licensing of commercial, industrial, hotel/tourism activities, work, INSS, migration, ambient and external commerce are presented in Appendixes B through K. These summaries reveal how lengthy, winding, and complex the procedures are and how much they cost. One can also conclude, however, that licensing processes constitute a significant barrier to investment. It is recommended that the private sector, through the CTA, its representative organization, concentrate on negotiating with the Government a revision of all existing licensing regulations to simplify, rationalize, and harmonize them. This would entail dedicating a public-private sector "task force," provided with the necessary technical support and guided by clear deadlines, to execute this task. Table S-1 summarizes process requirements; Table S-2 synthesizes observations about processes.

Table S-1
Process Time Periods and Legal Costs

Procedure	Documents	Time	Costs (Mt)
ACCESS TO LAND (DUAT)			
1. Request addressed to responsible authority	Form accompanied by photocopy of BI/ DIRE/ Articles of association	90 days	10.000.00
2. Identify and survey (plan, written description, demarcation and consultation)	Not applicable (NA)	NA	200.000.00
3. Community consultation	NA	NA	• Community incentive– 300.000.00 • Survey and consultation[a] Senior technician: 600.000.00 Intermediate technician 487.800.00 Basic technician: 397.500.00 Fuel: 5.000.00Mt/km
4. Finalize plan and written description and publish notice	NA	NA	NA
5. Submit required documents in triplicate (except for deposit slip, which is in 4 copies)	• Plan of land • Community consultation signed minute • Project plan approved by relevant authority or development plan • Copy of published notice • Deposit slip • Receipt for annual tax payment	NA	600.000.00
6. Preparation of response	NA	NA	NA
7. Issuance of provisional authorization	NA	NA	600.000.00
8. Notification of decision	NA	NA	NA
9. Publication in government gazette	Dispatch giving authorization	NA	Value included in costs payable see Procedure 5
10. Request definitive authorization	Letter of request	NA	NA
11. Inspection	NA	NA	NA
12. Issuance of final authorization	NA	NA	300.000.00
COMPANY REGISTRATION			
1. Request negative certificate from commercial registry	Letter of request	2 to 3 days	76.100.00
2. Public deed of articles of association prepared by notary office	• Copies of BI or DIRE of partners • Negative certificate • Proof of deposit of social capital • Articles of association.	4 to 5 days	• Notarial acts for companies with social capital up to 5 billion meticais 2 per thousand of social capital. • For values over 5 billion 0.1 per thousand is covered.
3. Provisional registration at the commercial registry	Extract of public deed	30 days	As above plus, for each • Presentation notice: 50.000.00 • Registry of an individual trader:

Procedure	Documents	Time	Costs (Mt)
			100.000.00 • Company registered: 50.000.00 • Enrollment: 200.000.00
4. Publication of Articles of association in Government Gazette	Extract of public deed	90 days	495.550.00 per 25 lines of text
5. Definitive registration at commercial registry	Request letter and copy of government gazette containing articles of association	7 days	See procedures 2 and 3
COMMERCIAL ACTIVITY LICENSING[b]			
NATIONAL COMMERCIAL ESTABLISHMENTS			
1. Submit request with documents required	Request letter with notarized signature and • For individual—ID document • For collective Public deed or government gazette Sketch plan of premises Proof of registration with the Ministry of Finance	Province—15 days District—8 days	Costs very depending on type of activity and location (city town or rural):. Supplementary services such as reissue of license: 50% of value normally charged depending on type of activity
2. Decision	NA	NA	NA
3. Notification	NA	5 days from date of decision	NA
4. Inspection	NA	Within time periods for license issuance	100.000.00— 2.500.000.00;
5. Issuance of license	NA	Within time periods mentioned in 1.	50.000.00—1.500.000.00;
FOREIGN COMMERCIAL REPRESENTATION			
Procedures as above except for agencies exempt from inspection.	As with step 1 for national commercial establishments, plus • Identification of commercial activity • Request for inspection • Authenticated copies of company constitution from home country • Power of attorney of representative • Authenticated copy of ID of mandate holder • Approval of body responsible for this area	10 days for complete process Notification of decision within 2 days of decision being taken	Operating license—12.000.000.00 Licensing for national company—5.000.000.00.
COMMERCIAL ACTIVITY IN INDIVIDUAL NAME – FOREIGNERS			
Same as for national commercial establishments	Documents required for national commercial establishments plus a business visa or relevant residence permission.	Same as for national commercial establishments	Same as for national commercial establishments
RURAL COMMERCIAL ACTIVITY IN TENDA, BARRACA OR BANCA, AMBULATORY COMMERCE AND AGRICULTURAL COMMERCIALIZATION AGENT			
1. Request with documents required	Form accompanied by • ID document, and relevant residence authorization in case of foreigners; • Business/trade visa if foreigner wishes to be involved in agricultural trade.	Applicant must be present	

Procedure	Documents	Time	Costs (Mt)
2. Decision and issuance of license.	NA	NA	NA
EXTERNAL TRADE OPERATOR			
1. Forms plus relevant documents	Form plus operating license and proof of registration with the tax authorities.	NA	Exporter registration— 250.000.00 Importer registration—1.200.000.00.
2. Issuance of license	NA	7 days	
INDUSTRIAL ACTIVITY LICENSING			
1. Submission of documents required	Request letter with notarized signature plus: • Government gazette containing articles of association • Industrial project containing Topographical plan Industrialization plan Written description • Environmental impact study r exemption • Construction license if required • Ownership title or rental contract • Approval from municipal authority if required	NA	• Large: 5 × min wage • Medium: 4 × min wage • Small: 2 × min wage • Micro: 1 × min. wage
2. Decision	NA	8 days from date of receipt of request	NA
3. Notification of decision	NA	3 days from date of decision	NA
4. Opinion of health safety and fire service and others	NA	15 days	NA
5. Analysis of project	NA	30 days from date of receipt	NA
6. Notification of decision	NA	3 days from date of approval	NA
7. Inspection	Request	Begins within 6 days of receipt of request Complete: 8 days.	Costs depends on size of industrial unit: • Large: 6 × min. wage • Medium: 4 × min. wage • Small: 2 × min. wage • Micro: inspection not required.
8. Issuance of license	NA	NA	See 1
LICENSING HOTELS, TOURISM, AND SIMILAR ACTIVITIES			
1. Request addressed to Minister of Tourism or Provincial Governor depending on type of activity	Request letter with notarized signature plus: • ID document for individuals or articles of association or government gazette for collectives; • Opinion from local authority; • Environmental certificate. • Construction project: – Topographical plan, – Implementation plan (scale	Accommodation establishments—60 days Restaurants, drinking establishments—30 days	Costs vary by group. The most expensive: Group I – Hotels, including Lodges etc • Project analysis: 3.500.000.00; • Inspection: 8.000.000.00; • Issuance of license: 5.000.000.00; • Alteration of license: 3.000.000.00; • Name approval: 500.000.00;

Procedure	Documents	Time	Costs (Mt)
	1:1000), – Drainage and water plans. • Written description plus photos etc. Depending on if it is a new construction or not. • Health and safety declaration for restaurants and catering establishments. • Rent contract or property title.		• Management certificate: 3.500.000.00; • Management registration: 300.000.00; • Health & safety and fire brigade: 2.000.000.00
2. Opinion of local authority	NA	NA	NA
3. Decision	NA	Accommodation establishments—8 days Restaurants and drinking establishments—5 days	See 1
4. Inspection and approval of name and price schedules	NA	Inspection: 20 days, from submission of request Inspection report: 8 days Communication of outcome: 7 days	See 1
5. Issuance of license and registration of managers	Request letter	5 days from approval of inspection	See 1
6. Registration	NA	NA	NA
CONTRACTING FOREIGNERS			
WORK AUTHORIZATION			
1. Request letter plus documents	Request plus • Copy of passport or DIRE of person to be contracted • 3 copies of contract • Proof of qualifications or experience • Union approval	NA	Pay: 12% of monthly salary
2. Proof from INEFP that there are not, or not a sufficient number of national qualified people to fill the post	NA	NA	NA
3. Issuance	NA	NA.	See 1.
WORK PERMISSION			
1. Request letter and documents	Request plus • Proof of mandate • Copy of passport or DIRE • Authorization for company to operate	NA	Fixed amount 5 times minimum wage.
2. Issuance	NA.	NA	See 1.
WORKS AND CONSTRUCTION LICENSES[c]			
1. Pre-authorization (if required)	• Request letter • Written description • Map scale 1/1000 In the case of works also • Implementation plan scale 1/200	30 days from receipt of request	NA

Procedure	Documents	Time	Costs (Mt)
	• Volumetric size of construction		
2. Licensing request and supporting documentation	Project approval requires • Request in duplicate • Authenticated copy of DUAT or proof of ownership • Plans and maps • Architectural plans • Letter of responsibility from architect • Description of common areas in case of flats or multi-storey dwelling.	NA	Cost depends on location and size: Maputo and provincial capitals—5.000.00/m² to 10.000.00/m²; Other cities and towns—3.000.00/ m² to 6.000.00/ m²; Other villages—1.000.00/ m² to 3.000.00/ m².
3. Preliminary inspection by body responsible [d]	NA	NA	NA
4. Approval by licensing body	As above	60 days from date of receipt	NA
5. Approval of complementary projects	As above	NA	NA
6. Project approval	As above	From date of receipt Local—30 days National—60 days	NA
7. Construction licensing	Using contractor: • Request • Authorization of architectural project • Cost estimate • Declaration from contractor plus proof of legality Direct management • As above • As above • Declaration from technician or manager.	30 days from receipt of request	See 1
8. Publication of license	NA	8 days from issuance (responsibility of license holder)	NA
9. Usage license and inspection	Request and construction license	Inspection—30 days from request	Cost depending on size • Maputo and provincial capitals—1.000.00/m² to 2.000.00/m² • Other cities and towns—600.00/ m² to 1.200.00/ m²; • Other villages etc—200.00/ m² to 400.00/ m²
ENVIRONMENTAL LICENSING			
1. Request to environmental licensing sent to the entity responsible, central and/or local level [e]	Request and • Activity invention description • Activity description • Justification of activity • Legal framing of the activity • Brief information on biophysics and socioeconomic aspects of the are; • Use of land in the area of activity	NA	• Categories A and B—0.1% of the activity investment value[f] • Category C—0.01% of the activity investment value. Costs of viability study borne by applicant.

Procedure	Documents	Time	Costs (Mt)
	• Information on environmental aspects of the are of activity; • Information on stages of evaluation process, elaboration and submission of the terms of reference (ToR), of viability study and definition of scope (EPDA), of study of environmental impact (EIA) and simplified environmental study (EAS); • Record of available preliminary environmental information in DNAIA and DPCA's duly filled.		
2. Pre-evaluation of Environmental Impact	Documents referred to in 1. Note: This will only be necessary to proceed with the categorization of the activity, to know which are the necessary studies to perform, to exempt EIA study and / or to reject the activity implementation.	According to authority • Environmental Impact (AAIA): —5 days • Provincial Directorates for Environmental Action Coordination (DPCAA)— 8 days	NA
3. Study of environmental pre-viability and definition of scope (Necessary for Category A activities and entirely the applicant's responsibility)	Report of environmental pre-viability and definition of scope delivered to DNAIA with ToR (copies in paper and electronic format).. Report must contain: Non-technical summary of main issues addressed, conclusion and proposals; Identification and address of applicant and the multidisciplinary team responsible for the EIA Area of indirect limits of influence and standards of land use in direct and indirect areas of influence Description of activity and different actions to be taken in planning, construction and exploration (this last in case of temporary activities), Identification and description of the aspects to detail in EIA	NA	NA
4. Revision of Study of environmental pre-viability and definition of scope	Revision based on the Report presented in 3.	30 days	NA
5. Terms of reference of the Environmental Impact Study (Category A) or Simplified Environmental Study (Category B) (Applicant's responsibility)	***Terms of Reference for EIA, with:*** Description of specialized studies identified as necessary by EPDA Viable alternatives for investigation Method of identifying and evaluating environmental impacts in construction, operation and closing Description of public participation process Applicant identification and detail Identification of EIA or EAS Team Additional information as necessary ***Terms of Reference for EAS, with*** Applicant identification and address Activity location in a scaled map, showing direct area of influence and standards of use of land in course	According to authority AAIA—30 days DPCAA—15 days	NA.

Procedure	Documents	Time	Costs (Mt)
	Framing of activity in the existing plans of order of territory Description of activity and action for planning, construction, exploration and closing Description of public participation process Identification of environmental components that the study will detail Description of methodology of identification, classification and evaluation of the potential environmental impacts of the activity and respective alternatives Identification of EAS team		
6. Deliver Environmental Impact Study (category A) to DNAIA or report of the Simplified Environmental Study (category B) to DPCA. (in paper and electronic form; applicant's responsibility)	In accordance with ToR and specific requirements of authorities. ***EIA Report must contain*** Non-technical summary of main issues, conclusion and proposals Legal framing of activity and respective insertion on territory order plans of the direct area of influence Description of activity and actions to be developed, alternatives for planning, construction, exploration and closing (this last for temporary activities); Delimitation and geographical representation and environmental situation of reference of activity influence area Description and detailed comparison of alternatives and forecast of future environmental situation with and without attenuating measures Identification and evaluation of the measures and impacts the attenuation process Environmental management plan (impact monitoring, environmental educational program, contingency and emergency plans); Report of public participation Specialist's reports as annexes ***EAS Report must contain the following*** Non technical summary of issues, conclusions and proposals; Location and description of activity Legal framing of activity and respective insertion on territory order plans of direct area of influence Environmental diagnostic with brief description of environmental situation of reference Identification and evaluation of environmental impacts Environmental management plan (impact monitoring, environmental educational program, contingency and	NA	NA

Procedure	Documents	Time	Costs (Mt)
	emergency plans); EAS Team identification; Report of public participation.		
7. Review of the environmental impact study or of the simplified environmental study.	Performed in accordance with the EIA or EAS report.	According to the category: EIA—45 days EAS—30 days	NA
8. Decision of the environmental viability of the activity Environmental license issue or total or partial rejection of request.	Performed in accordance with technical revision report of EIA or EAS revision committee, according to categories, the technical opinion and minutes issued by the committee.	According to category: Issuance of license—8 days after payment of fees Notification of total or partial rejection of the activity—5 days.	As detailed in 1.

[a] Formula—R=T×days+(5.000.00× K) = X Mt; C=T×days+(5.000.00×K) = X Mt; Where R=survey, C=consultation, K=distance in kilometers from headquarters to site, T=Technician, X=value payable

[b] The description of procedures takes into consideration the new licensing regulation that has not been published in BR n.º 46, I Series of 17 November 2004. The new regulation contains new classifications of groups, classes etc. It is also likely that new taxes and charges will be legislated. This being uncertain we have used the prices now in force.

[c] Some types of works require preauthorization such as industry, hotels, and large commercial areas. Such activities are approved in effect twice, by the central state administration and specifically for the work. All licensing and inspections must include participation from central state administration as well as the relevant line ministry.

[d] Study of drainage and foundations is undertaken. If necessary, improvements or alterations must be made within 30 days of rejection of the original.

[e] Public participation is now ensured throughout the process. From conception to report submission, the EIA and EAS phase is the applicant's responsibility. From ToRs to licensing it is MICOA's responsibility.

[f] Category A: EIA; Category B: EAS; Category C: specific regulations of best environmental management practice. Activities included each category can be found in Annexes I, II e III of Decree Law n.º 45/2004 of 29 September.

Table S-2

Perceptions of Costs, Time Periods, and Development by Process

Zones	Time Periods (days)			Costs (Meticais)			Rating							
							Better		Worse		Same		Other	
	Max	Min	Avg	Mzx	Min	Avg	No.	%	No.	%	No.	%	No.	%
Access to land														
National	748	50	259	242,500,000	2,000,000	57,980,000	8	8	6	6	20	20	65	66
North	395	30	231	240,000,000	1,500,000	56,480,000	3	16	2	11	8	42	6	32
Center	50	31	41	0	0	0	0	0	0	0	2	15	11	85
South	1,800	90	504	2,500,000	500,000	1,500,000	5	7	4	6	10	15	48	72
Company registration														
National	462	97	221	347,370,000	76,100,000	115,250,000	12	12	10	10	12	12	65	66
North	855	7	283	240,000,000	100,000	30,570,000	2	11	6	32	6	32	5	26
Center	270	270	270	72,000,000	72,000,000	72,000,000	0	0	2	15	1	8	10	77
South	262	15	111	35,370,000	4,000,000	12,680,000	10	15	2	3	5	7	50	75
Licensing														
National	150	8	79	75,000,000	2,000,000	11,416,667	29	29	6	6	19	19	45	45
North	300	20	103	30,000,000	2,000,000	16,100,000	3	16	2	11	9	47	5	26
Center	0	0		5,000,000	5,000,000	5,000,000	0	0	1	8	2	15	10	77
South	150	4	54	75,000,000	2,000,000	13,150,000	26	39	3	4	8	12	30	45
Payment of debts by the State[a]														
National	617	22	179	0	0	0	12	12	12	12	21	21	54	55
North	500	30	166				1	5	3	16	4	21	11	58
Center	180	30	105				1	8	2	15	3	23	7	54
South	1,170	7	265				10	15	7	10	14	21	36	54

Zones	Time Periods (days)			Costs (Meticais)			Rating							
							Better		Worse		Same		Other	
	Max	Min	Avg	Mzx	Min	Avg	No.	%	No.	%	No.	%	No.	%
Labor and INSS														
National	617	14	120	0	0	0	20	20	14	14	36	36	29	29
North	360	1	120				3	16	6	32	6	32	4	21
Center	110	30	68				1	8	1	8	3	23	8	62
South	1,380	10	171				16	24	7	10	27	40	17	25
Dispute resolution														
National	2,607	270	1,046	360,000,000	30,766,667	35,828,333	7	7	19	19	19	19	54	55
North	1,460	45	486	40,000,000	12,000,000	27,300,000	2	11	6	32	2	11	9	47
Center	2,160	720	1,440	80,000,000	80,000,000	80,000,000	1	8	0	0	1	8	11	85
South	4,200	44	1,212	960,000,000	300,000	185,000	4	6	13	19	16	24	34	51
Construction and works Licensing														
National	2,450	13	170	9,666,667	1,866,667	5,197,000	9	9	9	9	12	12	69	70
North	120	30	78	9,000,000	4,000,000	6,016,000	3	16	3	16	1	5	12	63
Center	30	7	19	0	0	0	1	8	0	0	0	0	12	92
South	7,200	3	414	20,000,000	1,600,000	9,575,000	5	7	6	9	11	16	45	67
Immigration														
National	730	7	84	20,500,000	1,496,000	6,788,000	28	29	11	11	13	13	46	47
North	360	5	129	3,500,000	350,000	1,780,000	4	21	8	42	1	5	6	32
Center	30	10	18	5,000,000	846,000	2,923,000	0	0	0	0	2	15	11	85
South	1,800	7	105	12,000,000	300,000	2,085,000	24	36	3	5	10	15	29	44
Environmental licensing														
National	232	51	140	13,000,000	7,600,000	10,300,000	5	5	1	1	2	2	91	92
North	365	90	228	5,000,000	5,000,000	5,000,000	1	5	0	0	0	0	18	95

Zones	Time Periods (days)			Costs (Meticais)			Rating							
							Better		Worse		Same		Other	
	Max	Min	Avg	Mzx	Min	Avg	No.	%	No.	%	No.	%	No.	%
Center	90	2	52	2,000,000	1,000,000	1,500,000	0	0	1	8	0	0	12	92
South	240	60	140	6,000,000	1,600,000	3,800,000	4	6	0	0	2	3	61	91
IMPORTS [b]														
National	77	4	32	12%	1%	2%	3		3		3		25	
North	177	7	77	2.0	1.0	1.6	0	0	5	26	0	0	14	74
Center	12	4	8	1.0	1.0	1.0	0	0	1	8	3	23	9	69
South	41	1	11	32.5	0.1	4.3	9	13	2	3	5	7	51	76
EXPORTS [b]														
National	23	13	16	4%	1%	2%	3	9	3	8	3	8	25	75
North	23	13	16	4.0	1.0	2.0	0	0	5	26	0	0	14	74
Center	24	24	24	4.0	1.0	2.0	0	0	1	8	3	23	9	69
South	23	3	8	4.0	1.0	2.0	9	13	2	3	5	7	51	76

[a] *To facilitate payments between 3 and 8% of the value of the debt was mentioned*

b Costs are a percentage of the goods being imported or exported

Introduction

Mozambique's 8th Annual Private Sector Conference took place at the end of October 2004. In addition to deepening public-private dialogue on business environment and business development, the conference analyzed factors determining private sector-based economic growth in Mozambique and defined strategies to increase the sustainability, competitiveness, and productivity of Mozambican companies. Among impediments most frequently cited by the Mozambican business community are

- Administrative barriers caused by legal and regulatory deficiency;
- Application of existing legislation;
- Lack of institutional capacity;
- The related costs in frustration, discouragement, time and money; and
- Productivity costs.

During recent years CTA has been engaged in intense dialogue with the government to eliminate or reduce barriers to investment and economic development. This study was commissioned to help resolve stalemates occurring as a result of the differing perceptions of the private sector and the government. It is hoped that with access to a large base of opinion, credible and technically sustainable data will be available so the private sector can confirm or reinforce its position, and so the government can compare and correct its operations. This study was therefore undertaken based on these objectives and with a view to gathering the opinions of the business community. The conclusions of the study should permit a clearer definition of business constraints in Mozambique as discussed during the 8th Private Sector Conference.

1. Access to Land

Description

Of the companies interviewed only 23 percent responded to questions related to land. Twenty percent did not answer such questions; 57 percent stated that they had insufficient information on the issue not having made a land application recently. Of the 23 respondents, 7 percent had requested a land usage title (DUAT) in a rural area and 16 percent in an urban area. Of these 23, 9 percent requested land for industrial purposes, 2 for services, 1 for commerce, 5 for residential purposes, 1 for agriculture, and 2 for other activities. Two companies did not specify for what purpose they had applied for land and one applied for multiple usage.

- ***Time Periods***. According to interviewees the average time required for provisional registration of a land usage title is 5 months with the maximum of up to 2 years. Three of the companies had processes pending. Passing from provisional to definitive registration took a minimum of 30 days and a maximum of 5 years. The maximum officially defined time period for land usage title processes is 90 days.
- ***Costs.*** Official costs for the registration of land usage title vary between a minimum of 300,000 MT to US$10, 000. Four interviewees responded that the only costs paid were official.
- ***Illicit Payments***. Four of the 23 companies confirmed that they had made unofficial payments varying between 150,000MT and approximately US$3,000. Three confirmed that payments facilitated the process, and that if they had not paid their application might still be outstanding today.

Issues

One company asserted that there was no problem with access to land. Others cited the following as problems:

- Lack of information on the requirements and processes necessary to obtain a title, especially for large projects;

- Using land as guarantee or collateral is complicated or impossible because it is not possible to own land;
- Land is held by people (single or collective persons) who are not using or developing it;
- Deliberate bureaucracy and generalized corruption;
- Lack of practical application of the land law;
- Centralized geography and mapping department.

Suggestions and Comments

Among other solutions, businesses interviewed suggested the following:

- Disseminate the land law, its applications and principal requirements, more widely, in particular as it relates to the approval of investment projects.
- Reform the land law allowing private ownership so land may be used as collateral for bank loans and other forms of credit.
- Simplify administrative processes by computerizing departments and front desks.
- Regular inspections by those responsible and elimination of the tradition of advanced "thanks" for work undertaken.
- Conduct mapping and zoning in advance of requests to identify which land is already allocated and which is not.
- Build institutional capacity building in the provinces and districts to counteract the centralization of the land registry in Maputo.

Perceptions of Development

Six percent of those interviewed considered that process for obtaining the DUAT worsened over the last 5 years, 8 percent thought that it had improved, and 20 percent that it had remained the same; 23 companies preferred not to respond to the question and 42 had insufficient information to enable them to answer. It is therefore the general perception of those interviewed that the situation has not altered, which should be a matter of concern (Table 1-1). However, the latest indicators published by the World Bank in "Doing Business" show that Mozambique, in terms of time and procedures, has a worse score than the regional average and is very far in all aspects from South Africa and obviously from the average for OECD (Table 1-2). The 33-day delay has a lethal effect on the establishment of business.

Table 1-1
Development of System for Obtaining DUAT in Last Five Years

Rating	No. of Responses	%
Much worse	0	0
Worse	6	6
Same	20	20
Better	8	8
Much better	0	0
No comment	23	23
Not applicable	42	43

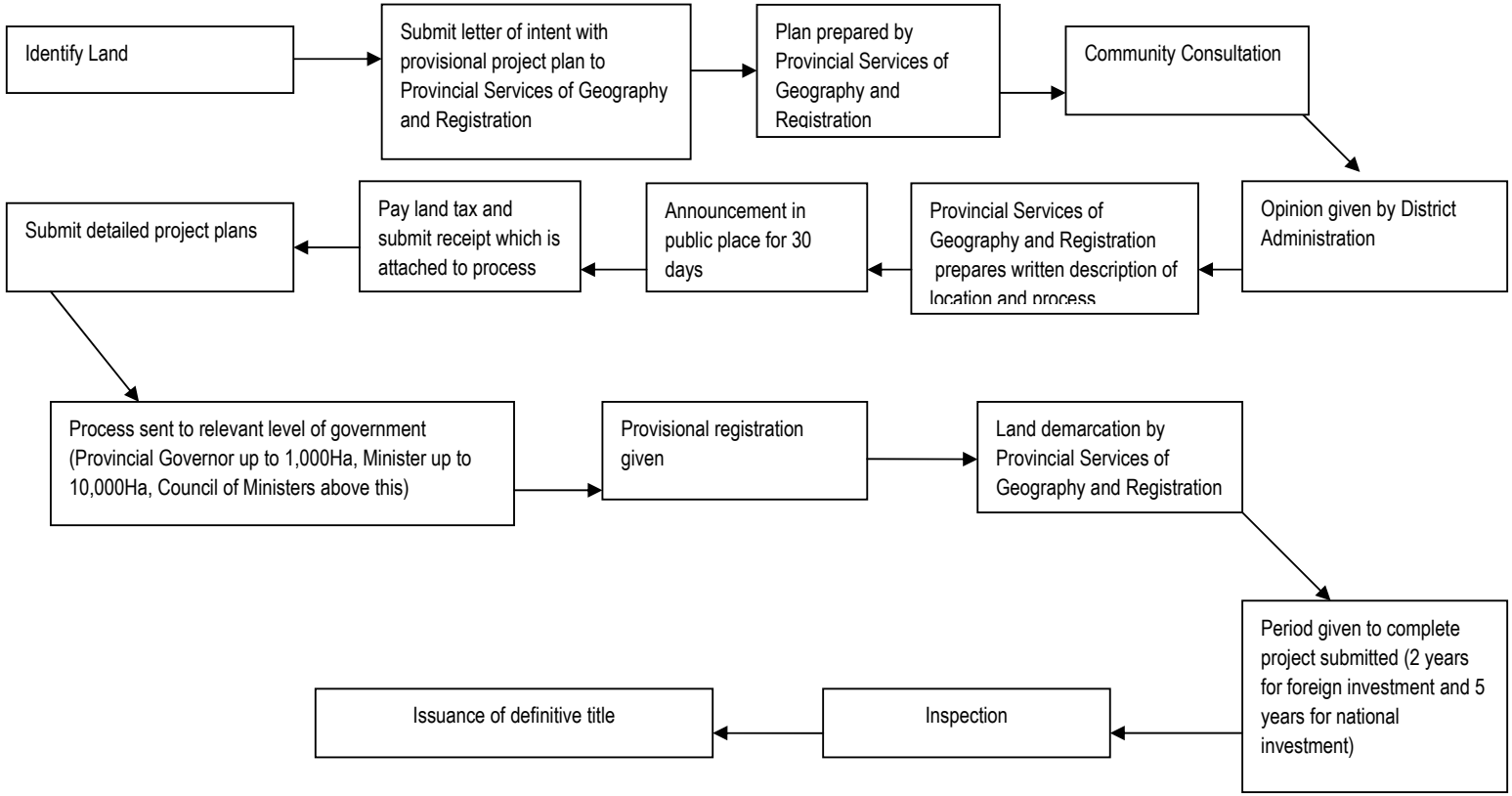
Table 1-2
World Bank Indicators on Property Registration, 2004

Indicator	Mozambique	Regional Average	South Africa	OECD
Number of procedures	7	6	6	4
Time (in days)	33	114	20	34
Cost (% of per capita income)	11.9	13.2	11,3	4,9

Conclusions

Whether through analysis of opinions of economic operators, regional comparisons, or legal and regulatory requirements, one must conclude that access to land in Mozambique remains a major obstacle to business development. An aggressive modification of the current system is therefore necessary, one that simplifies legal procedures and results in intensive training of civil servants. Creating a legal framework that would allow land to be used as collateral is vital not only for the development of agriculture. Figure 1-1 shows the process for obtaining a DUAT; Appendix B describes procedures, time periods, costs and legislation for this process.

Figure 1-1
Processes for Obtaining DUAT



2. Registration of Companies

Description

Forty-one companies confirmed that they had undertaken company registration processes. Of these, 15 had used the services of third parties while 26 had undertaken the process directly. Seventeen preferred not to respond to the question while 41 did not have any information on the subject.

- ***Time Periods.*** From the information gathered it may be concluded that the process for registering a company may take a minimum of 10 days and a maximum of 18 months—or an average of 5 months. Obtaining a Negative Certificate can take up to 60 days for some and only 1 day for others. Provisional registration usually takes a maximum of 30 days while definitive registration can take more than a year. In this regard, great emphasis was placed on the law's incomprehensible demand that all processes be published in the Government Gazette before the process can proceed. Official time periods for processes are as follows:
  - Negative certificates: 2 to 3 days
  - Certificate of public deed issued by notary: 4 to 5 days
  - Publication in Government Gazette: 90 days
  - Final registration: 7 days.
- ***Costs***. The average cost of company registration processes is approximately 30 million Meticais, while the maximum paid by those interviewed was US$ 10,000. The perception is that it costs more than 10 million Meticais to get a Negative Certificate. The costs of provisional registration can be as high as 2.5 million Meticais while Definitive Registration can cost as much as 4 million Meticais. Official notarial procedures cost up to 10 million Meticais. Publication in the Government Gazette can cost around 6 million Meticais in official payments and is likely to take an average of 72 days, though it may also take up to 6 months.
- ***Illicit Payments***. Two companies interviewed acknowledged making unofficial payments that accelerated a process. Extra-official payments reached as much as 7 million Meticais but reduced the delays. Unofficial payments for provisional registration reached as much as 4 million Meticais. Unofficial payments for publication in the Government Gazette reached as much as 800,000 Meticais. Forty-six percent of the companies interviewed, while recognizing

that the problem exists and affects them, preferred not to respond to questions related to non-official payments.

Issues

The most frequently raised issues were as follows:

- Delays in publication in the Government Gazette.
- Manual recording of articles, which complicates the reading of these documents in subsequent processes.
- Bureaucracy, corruption, and the monopoly of institutions on processes discourages informal business from joining the formal sector.
- Centralize publication process (e.g., the Government Gazette is published only in Maputo).
- Many departments need to be visited before the process is complete, suggesting the value of a "one-stop shop" where processes could begin and end.
- Lack of information on the registration process discourages foreign investment.

Suggestions and Comments

According interviewees, resolution of problems in this area depends on

- Creating one-stop shops;
- Simplifying processes;
- Training personnel in relevant departments;
- Decentralizing and computerizing norms and the system itself; and
- Conducting intense staff inspections to combat the culture of corruption rooted in almost all departments.

Perceptions of Development

There is certain equilibrium in perceptions about changes in registration processes. The number of those who thought that there were improvements are the same as those who thought that the situation had worsened (Figure 2-1). Therefore stagnation prevails. Promises by the executive that radical process and legislative improvements would occur by the end of 2004 created expectations in the business community.

Table 2-1
Development of the Company Registration Environment Over Last 5 Years

Rating	No. of Responses	%
Much worse	0	0
Worse	10	10
Same	12	12
Better	10	10
Much better	3	3
No comment	23	23
Not applicable	35	36

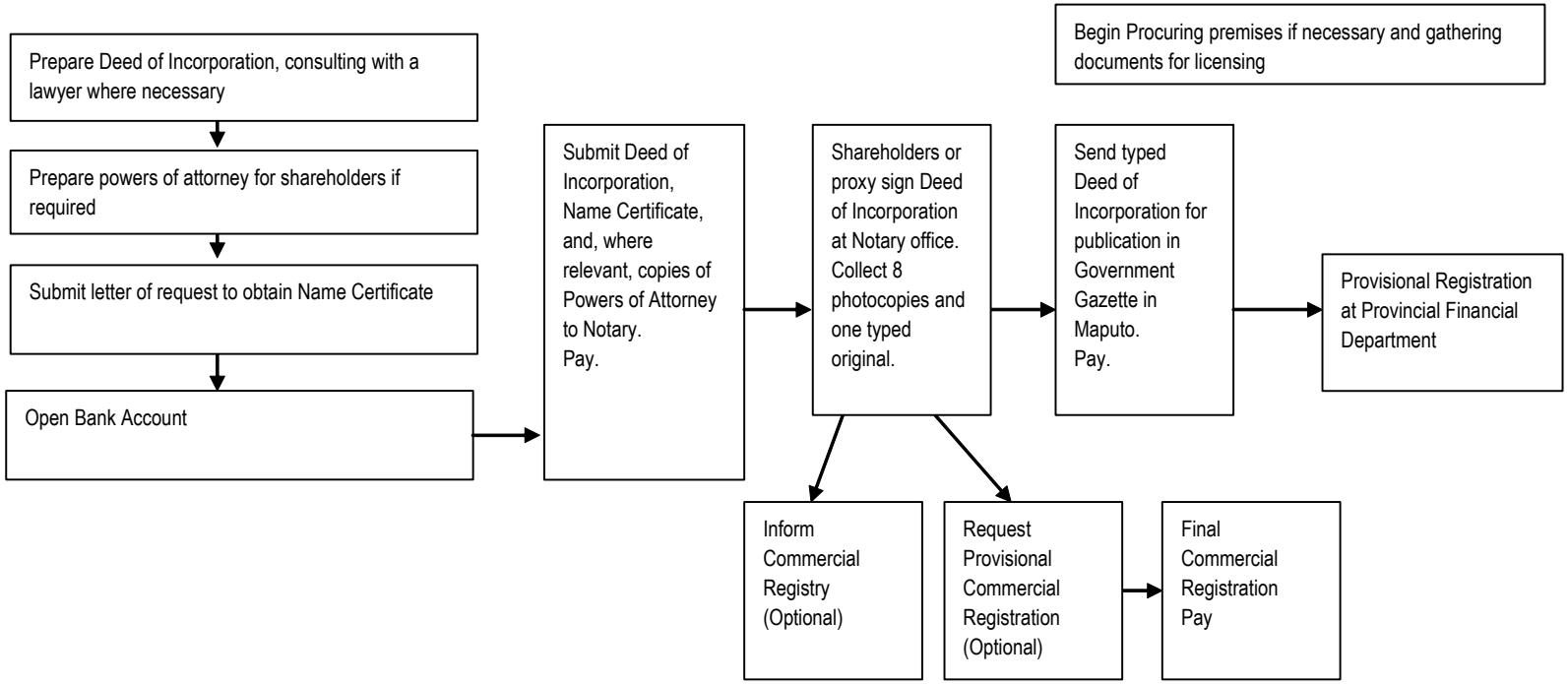
Conclusions

Figure 2-1 illustrates company processes required to register; Appendix C contains a description of the process including steps, costs, time periods, and applicable legislation. Excluding delays caused by publication in the Government Gazette, the greatest problems with company registration have more to do with process than regulation. For example, the manual writing of public deeds can be a major problem when handwriting or poor copy quality renders the certificates illegible. Publication in the gazette is required for a number of subsequent processes, and can take 2 or 3 months. This waiting period has no clear purpose, yet causes devastating delays in the start up of many companies.

In addition, the multiplicity of the licensing process is unnecessary and undesirable; the State needs to legislate a simplified and uniform basic process, omitting other requirements except when absolutely necessary.

The institutionalization of one-stop shops should also be considered as quickly as possible, assuming that such organizations are granted more autonomy than they now have. Once again, in this area lack of capacity and poor performance of functionaries worsens an already slow and costly regulatory process. The business community anxiously awaits fulfillment of the government's promise, made during the 8th Private sector Conference, to reduce the time taken to register companies to 2 to 3 days in line with neighboring countries.

Figure 2-1
Company Registration Processes



3. Licensing

Description

Ninety percent of those interviewed responded to questions on licensing, indicating the importance of licensing in the business community. As mentioned, new industrial and commercial licensing regulations had not yet had an impact when this survey was undertaken. In fact, the majority of those questioned did not know that the regulations had changed.

According to existing regulations, obtaining a license to open a restaurant consists of 7 distinct processes, and requires presentation of 92 documents (originals and copies), payment of 12 different sets of costs, and a legal linear time period of 421 days!

Licensing is one of the areas most often cited as a source of delays in business development, not only because of complex legislation but also because of sluggish processes. Even though parts of the process can take place concurrently, records from one-stop shops show that obtaining a license in the provinces takes on average 135 days, and never less than 25 days. In this regard, one of most efficient departments is the Governor's Office.

Of those interviewed, 23 percent had a commercial activity license, 15 percent an industrial activity license, 19 percent a service provision license, 4 percent a tourism license, 6 percent licenses for other activities, and 24 percent had licenses for multiple activities. For 9 percent, licensing questions did not apply or did not elicit a response.

Forty-one of the companies interviewed recently requested operating licenses. Of these, 13 percent had requested commercial licensing, 13 percent industrial, 20 percent service provision, 20 percent tourism, 7 percent other activities, and 27 percent multiple activities.

Great emphasis was place on the need for one-stop shops on the condition that they were more structured and had greater autonomy.

- ***Time periods***. According to those interviewed the complete process could take between 4 days and 10 months.
- ***Costs***. The issuance of an operating license varies between a minimum of 2 million and 75 million Meticais.

- ***Illicit Payments***. Without specifically mentioning amounts, two companies confirmed that they had made unofficial payments to facilitate processes.

Issues

Among the issues raised were the following:

- Excessive bureaucracy makes the system vulnerable to bribes.
- Centralization of the process in the capital.
- Lack of coordination between various departments (e.g., between the fire and health departments in relation to inspections).

Suggestions and Comments

Resolving problems will require simplifying the processes by

- Creating uniform one-stop shops with greater power and autonomy,
- Training personnel in each institution,
- Decentralizing and computerizing norms and the system itself,
- Computerizing the main institutions,
- Training key staff, including inspectors, and
- Combating corruption among inspectors.

Perceptions of Development

Despite the problems mentioned, 27 percent of those interviewed felt that licensing had improved over the last 5 years; 19 percent that nothing had changed; 39 percent preferred not to respond to the question; and 7 percent felt that the situation had worsened (Table 3-1). Licensing was one area of the business environment where perceptions improved significantly:. Only 6% of those asked felt that licensing did not improve and 29% of those asked felt that it had improved significantly. The differences in opinion between the Capital and the provinces, however, were clear.

The most recent World Bank indicators in the "Doing Business" survey attribute to Mozambique and the region the values presented in Table 3-2 (note that the World Bank analyzes registration together with licensing). Mozambique has a strong competitive disadvantage in the region. In South Africa 9 procedures are completed in 38 days without requiring the deposit of capital—a shocking contrast for those who operate or wish to operate in Mozambique.

Table 3-1
Development of the Licensing Environment

Rating	South		Center		North		Overall	
	No.	%	No.	%	No.	%	No.	%
Worse	3	4	1	8	2	11	6	6
Same	8	12	2	15	9	47	19	19
Better	24	36	0	0	3	16	27	27
Much better	2	3	0	0	0	0	2	2
No comment	26	39	9	69	3	16	38	39
Not applicable	4	6	1	8	2	11	7	7

Table 3-2
World Bank Indicators on Start of Activity (Registration and Licensing), 2004

Indicator	Mozambique	Regional Average	South Africa	OECD Average
Number of procedures	14	11	9	6
Time (days)	153	63	38	25
Cost (% of per capita income)	95,8	225,2	9,1	8
Minimum capital required (% per capita income)	14,5	254,1	0	44,1

Conclusion

Licensing regulations for industrial and commercial activities, two of the most important given the scale of their usage, have recently been revised, and associated processes simplified. Unfortunately, once again the opportunity to completely modify the system was lost, and both forms of licensing continue to require a number of subsequent bureaucratic processes. In addition, the effects of these revisions are not highly visible (e.g., the new commercial activity licensing regulation had not yet been published despite being approved by the Council of Ministers) and the implementation of the regulations is normally especially deficient in the provinces.

The business community has expressed much faith in the potential mitigative effects of one-stop shops though the shops have only helped a little, and their existence has not been accompanied by regulations establishing their institutionalization, autonomy, and coordination with bodies at national level. For this reason some shops have become yet another level of bureaucracy strangling the passage of processes with delays and costs.

Provisional authorization to operate should be institutionalized and the publication of articles in the Government Gazette as a prerequisite for licensing processes should be abolished. Figures 3-1 and 3-2 illustrate licensing processes for industrial and tourism activities. Appendixes D, E, and F contain a detailed list of costs and official time periods as well as the regulations and

applicable legislation for the most common types of licensing: commercial, industrial, and tourism.

Figure 3-1
Industrial Licensing Process

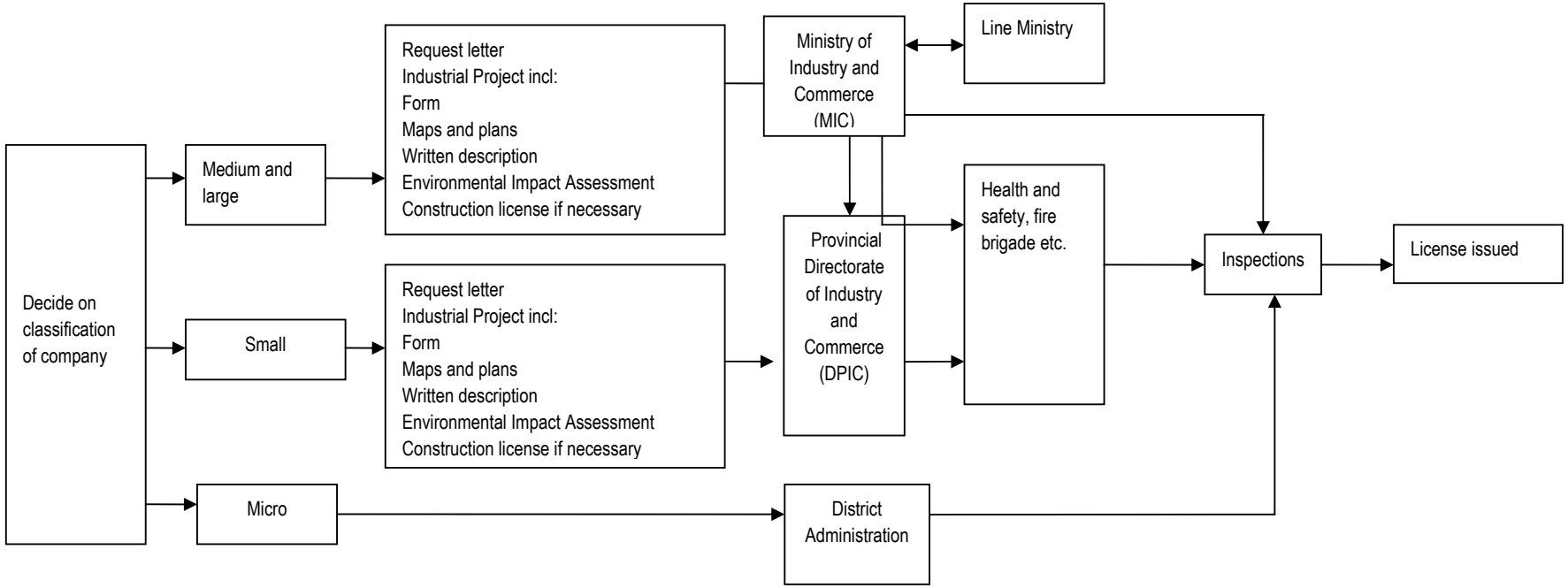
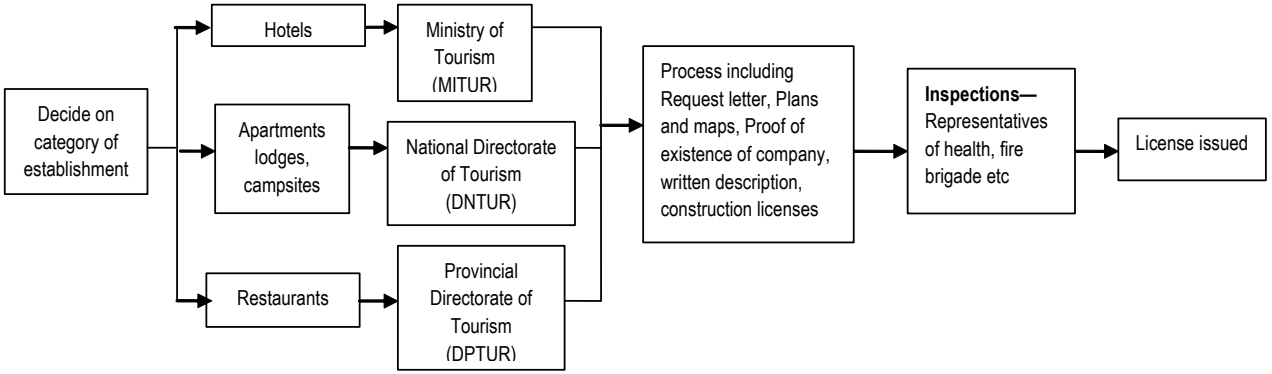


Figure 3-2
Tourism Licensing Processes



4. State Payment of Debts

Description

- ***Time periods***. Thirty of the companies interviewed maintain commercial relations with the State. On average, the State pays its debts within 5 months, though the process can go on for more than 2 years. The minimum time for VAT reimbursement is 90 days and the maximum is around 3 years, with the average being 10 months.
- ***Illicit payments***. As we have seen in other institutions illicit payments are requested from creditors of the State. In this case they are around 8 percent of the amount owed, which varies between 1.5 million and 30 billion Meticais. These values were given by 3 of those interviewed while 58 refused to respond to this question and others had no information on the subject.

Issues

Key issues were as follows:

- Delays in sorting requests for refunds and other credit owed by the Government.
- Apparent lack of funds.
- Excessive bureaucracy allied with inspections carried out on companies requesting reimbursements.
- Lack of training of functionaries in relevant institutions (e.g., archiving, accounting finance).
- Requirement for advance payment of VAT for raw materials made into products which are exempt.
- Notifications take 6 months to be issued or received, meaning that large sums of money are frozen, often requiring companies to resort to bank credit to support current activities.

Business is more costly when limitations on the repayment of taxes by the Government exist, principally for companies that purchase the majority of their stock or raw materials outside the country.

Suggestions and Comments

- Simplify the Government's finance and accounting system.
- Institute a form of tax compensation; for example a company should not be required to pay taxes while waiting for reimbursement.
- Train functionaries in accounting, finance and archiving to reduce delays and loss of documents.

Perceptions of Development

Eight percent of those questioned considered that state payment of debt worsened in the last five years, 21 percent saw no change, 12 percent saw improvement, 30 percent did not respond, and 22 percent had no information on this question. The typical perception was that there had been neither positive nor negative change

Table 4-1
Development of State Payment of Debt

Rating	No. of Responses	%
Much worse	2	2
Worse	10	10
Same	21	21
Better	10	10
Much better	2	2
No comment	32	33
Not applicable	22	22

.

5. Labor and Social Security

Payment of Subsidies and Pensions

Businesses consider labor legislation very rigid and conducive to informality.

- ***Time periods for reimbursement by INSS***. The pension for sickness or retirement can take more than a year to be repaid by the Social Security Institute (INSS), and on average according to those interviewed the process takes 75 days.
- ***Illicit payments***. Only one interviewee admitted making a payment, of 2,500,000Mt, and as a result the process was not delayed. Seventy percent of those questioned did not respond to questions about unofficial payments to INSS and the others did not have workers who were eligible for retirement pensions and/or sickness benefit.

Issues

- Diversion of funds within INSS for non-regulated ends.
- Lack of transparency within the entire system covering payments and attribution of pensions and subsidies.
- Companies are often required to make advance payments of subsidies and because of INSS delays resulting from disorganization and manual recording.

Suggestions and Comments

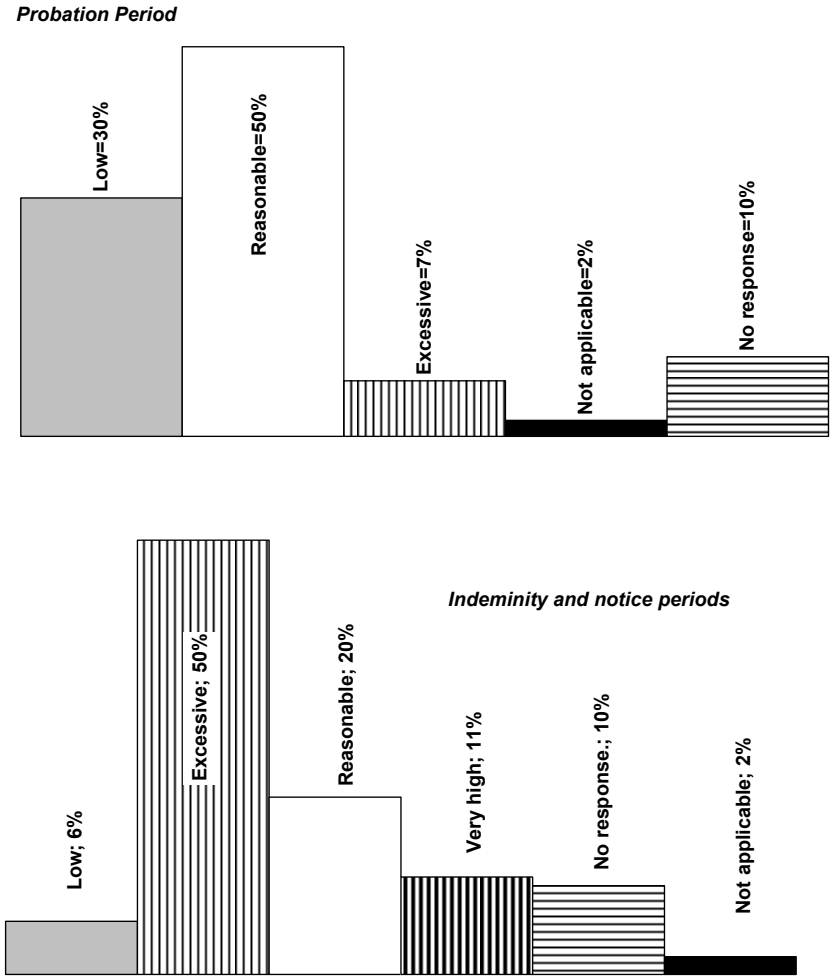
- Computerize the system.
- Conduct behavioral audits.
- Make procedures and norms for accessing pensions and subsidies transparent.
- Revise labor and social security laws.
- Allow alternatives to INSS, allowing the company to debit and make subsidy payments according to a system defined within the company.

Minimum Wage, Indemnity, and Contracting of Foreign Workers

In addition to the cost of indemnity and excessive notice periods, interviewees cited workers' lack of professionalism and limitations on contracting foreign workers as weaknesses in the labor system.

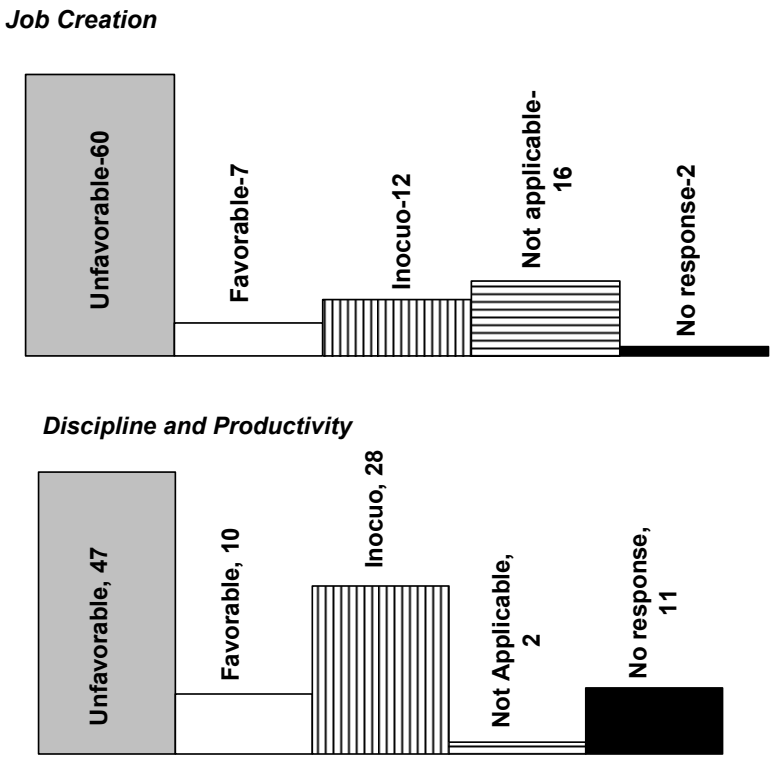
- ***Minimum wage.*** Sixty-three percent of interviewees agree at the Government should set the minimum wage; 26 percent do not. Thirty-nine percent consider the wage low; 18 percent consider it high; 26 percent consider it reasonable as a function of productivity in the country; and 2 percent believe it should depend on each activity.
- ***Probation and notice periods***. Figure 5-1 summarizes opinions regarding probation periods and indemnity and notice periods.

Figure 5-1
Opinions on Probation Period Duration and Indemnity Values and Notice Periods



- ***Labor legislation.*** Opinions on the effect of labor legislation on discipline, productivity, and job creation are summarized in Figure 5-2.

Figure 5-2
Contribution of Labor Legislation to Job Creation, Work Discipline, and Productivity



- ***Contracting of Foreign Workers***
  - — ***Time periods.*** According to those interviewed the contracting of a foreign worker can take between 30 days to more than 2 years. During the survey it seems that the new regulation had not resulted in major effects on the ground. Since then, however, the process has improved.
  - — ***Illicit payments***. Seven out of 8 of those interviewed who had made unofficial payments said that payment led to rapid approval of processes. Unofficial payments related to this process, according to the 8 interviewees who confirmed having made such payments, reached sums of more than US$ 1,000 per worker contracted.

Issues

- Excessive bureaucracy and delays in dispatch of approval of contracting foreigners.

- Generalized corruption among labor inspectors.
- Investment in training national workforce by companies not recuperated when workers leave the company.
- Lack of dissemination and transparency of legal procedures.
- Punitive rather than educational tendencies of labor inspectorate.
- Limitations in contracting of qualified foreign workers force companies to employ nationals with insufficient specialization, meaning that the company does not move forward.
- Rigidity of the labor law in relation to rescission, dismissal, notice periods, probation periods and compensation.
- Workers and unions lack knowledge of the law.

Suggestions

The following solutions, among others, were proposed:

- Liberalize hiring and firing of national and foreign workers.
- Stimulation thought the changes on the legal framework that to increase salaries and productivity and reduction of indemnities and notice periods.
- Increase probation periods for certain activities such as industry, construction and qualified professional categories.
- Revise the labor law and disseminate it to companies as well as workers, unions, and functionaries in government departments dealing with labor issues.

Perceptions of Development

As per Table 5-1, 10 percent of respondents considered that over the last 5 years the situation had worsened, 37 percent that there had not been major changes, 20 percent that the situation had improved, 4 percent that it had worsened a lot, and 25 percent had no opinion. Once again, the majority of comments reflect a stagnation even though the number of those who thought that things had improved was greater than those who thought that things had worsened.

The most recent World Bank indicators in the "Doing Business" survey attribute to Mozambique and the region the values presented in Table 5-2. Mozambique's indicators, when compared with regional and OECD averages, reveal a major disadvantage and explain why many labor-intensive industries have not yet invested in Mozambique. As long as this situation persists it is unlikely that they will do so.

Table 5-1
Development of the Labor Environment

Rating	No. of Responses	%
Worse	10	10
Same	36	37
Better	20	20
Much better	4	4
No comment	25	25
Not applicable	3	3

Table 5-2
World Bank Indicators on Hiring and Firing of Workers, ***2004***

Indicator	Mozambique	Regional Average	South Africa	OECD Average
Difficulty of admission	72	53.2	56	26,2
Hourly index	80	64.2	40	50
Difficulty of dismissal	40	50.6	60	26,8
Hourly index	64	56.0	52	34,4
Cost of dismissal (weeks wages)	141	59.5	38	40,4

Conclusions

The revision of the regulation governing employment of foreign workers was a partial success, but a significant number of businesses' concerns have yet to be addressed. The major battle has begun now with the revision of labor legislation started by the revision of the labor law itself. The terms of reference agreed between the partners are a reasonable point of departure but results will depend on the business community, in particular CTA, ensuring that the hoped-for goals are achieved.

Special attention must be paid to the existence, or absence, of a new social security law, which is allegedly already deposited with the Assembly of the Republic, but which has not been widely divulged, and has not been seen by CTA. This key piece of legislation cannot be passed clandestinely without the input of business when it deals with issues crucial to both business and labor. A fairer social security system that potentializes the values deducted and preferably allows for the existence of alternative systems remains an objective of the business community. Annexes G and H contain descriptions of processes as well as costs, time periods and applicable legislation.

6. Dispute Resolution

Description

- ***Time periods***. The survey posed questions about delays in judicial processes in the courts and other judicial situations. According to 42 companies, the average time for resolution of legal disputes is between 2.5 years and more than 10 years. Nine companies interviewed still had processes ongoing. Sentencing in legal processes for the recuperation of costs takes on average 2 years and 3 months but can take up to 6 years.
- ***Costs.*** Judicial processes cost on average 150 million Meticais, with the maximum declared value being US$ 40,000. For the only company that responded to the question about recuperating costs, the cost in official payments had been 33,600 million meticais.
- ***Illicit payments.*** While 59 percent of those interviewed preferred not to respond to questions about illicit payments, two acknowledged paying between 10 and 12 million Meticais to the registrar and the judge, respectively, to annul or expedite a case. With regard to cost recuperation, one of those interviewed acknowledged having paid 3 million Meticais (without specifying the level of the "beneficiary") to speed up the process. Another respondent, who preferred not to specify an amount, acknowledged paying "large sums" but without good result because the other party had paid more.

Issues

Companies cited the following as causes of process delays:

- Court system overloaded with old processes;
- Lack of technical capacity of judges and judicial magistrates;
- Weakness in operation of the supreme court;
- Lack of qualified professionals, principally in the provinces and districts;
- High level of corruption and bureaucracy;
- Lack of means for investigations and production of proofs of guilt ;
- Deep-rooted lack of motivation of judicial magistrates encouraged by low wages and intent on obtaining illicit payments.

Issues in cost recuperation

- Delay in the execution of sentences resulting in loss of value of goods or assets awarded.
- The remuneration of judges according to cases, which leads to large cases being dealt with first. Change of this remuneration system could completely change the current situation of justice in Mozambique.

Suggestions and Comments

To resolve these problems businessmen suggested

- Combating of deep-rooted corruption in the institutions of justice by exonerating or dismissing corrupt judges and magistrates;
- Improving working conditions and personal safety of judges and magistrates;
- Making the person filing the claim responsible for the costs of processes;
- Creating mediation, arbitration and dispute resolution institutions such as CACM and disseminate their existence to companies that could benefit from such institutions;
- Contracting professional and recently trained judges with the capacity to manage and coordinate processes that have been awaiting judgment for many years;
- Total legal reform and creation of labor courts;
- Creating specific courts to deal with specific cases;
- Inspecting judges to reduce corruption and alter the accumulation of large numbers of processes in the same court, and to improve the efficiency of judges and judicial magistrates.

Perceptions of Development

The national average indicates that 43 percent of those interviewed consider that the dispute resolution system has worsened in the last five years, 41 percent that it has not changed, 16 percent that it has improved.

Dispute resolution is without a doubt one of the less well developed aspects of Mozambique's business environment and one of the most worrying for business. It is also one of the areas in which North, Center, and South are in agreement about the negative situation, the majority of those questioned agreeing that the system has worsened over the last 5 years. The latest World Bank indicators from the "Doing Business" survey attribute the values presented in Table 6-1 to Mozambique and the region on contract execution. The difference separating Mozambique from its most direct competitors is overwhelming. Even in comparison with sub-Saharan Africa the disadvantages are clear. The recent official announcement that about 13,000 cases are awaiting resolution in the court, of which 7,000 are labor cases, means that each of the 70 or so judges has about 1,800 cases—an alarming situation requiring exceptional and immediate measures to change.

Figure 6-1
Development of Dispute Resolution System by Geographical Zone

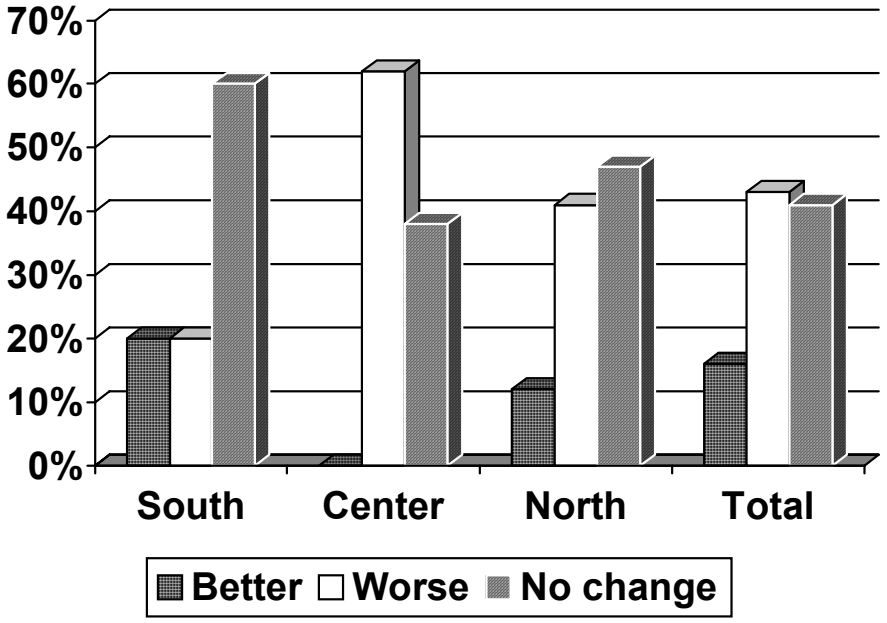


Table 6-1
World Bank Indicators on Contract Execution

Indicator	Mozambique	Regional Average	South Africa	OECD Average
Number of procedures	38	35	26	19
Time (days)	580	434	277	229
Costs (% value of contract)	16.0	43.0	11,5	10,8

.

7. Licensing for Construction and Works

Description

- ***Time periods and costs.*** Obtaining licenses for construction or works takes on average 1 year, but can take up to 2 and can cost on average 8 million Meticais, though payments of up to 20 million Meticais are recorded.
- ***Illicit payments***. Non-official payments—to various functionaries including technicians, inspectors, and even provincial directors—vary between 1.5 and 10 million Meticais. Two businessmen who admitted to making unofficial payments assured us that this resulted in the tender being awarded to their company, three processes were "accelerated" and the others had no result because the "beneficiary" lacked sufficient power.

Issues

- Public functionaries delay processes to elicit unofficial payments.
- The lack of municipal architects to inspect and approve works.
- Land law nourishes an atmosphere of bureaucracy and corruption.

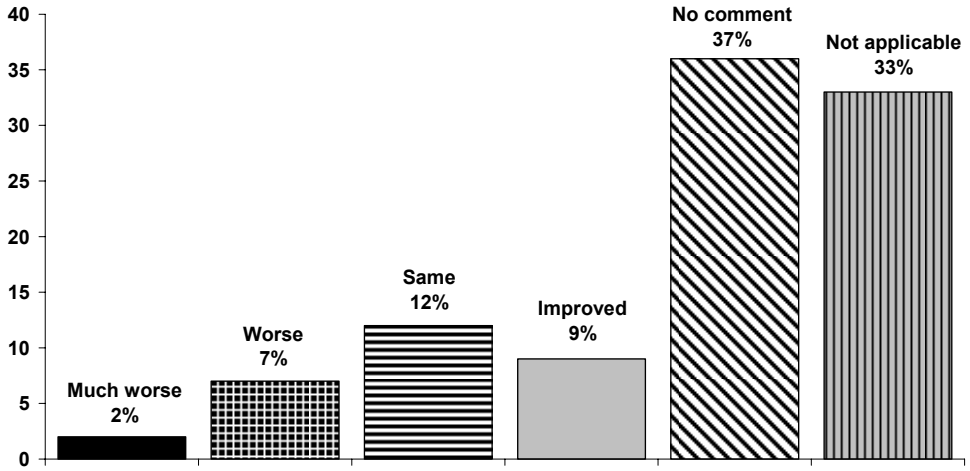
Suggestions

- More professionalism in public institutions.
- Automatic approval for license requests waiting for more than 3 months to be approved.

Perceptions of Development

Taking into consideration these constraints, the businesses interviewed thought that construction and works licensing had developed as shown in Figure 7-1:

Figure 7-1
Development of Works Licensing System



8. Immigration

Description

- ***Time periods and costs***. The issuance of documents such as Foreigner's Residence Document (DIRE), work visas, and passports have the following costs and time periods:

Table 8-1
Time Periods and Costs for Issuance of DIRE, Work Visa and Passport

Document	Time			Costs (10^3 Mts)		
	Min	Average	Max	Min	Average	Max
DIRE	5 days	3 months	5 years	300	1.884	9.600
Work visa	4 days	44 days	4 months	960	1.680	2.400
Passport	7 days	33 days	2 months	Official	Official	Official

Appendix I contains a detailed list of the costs and official time periods, regulations and applicable legislation.

- ***Illicit payments***. Four companies admitted making unofficial payments to directors and front-line functionaries, with values varying between 200,000 and 7 million Meticais. Payments resulted in the progress of the process and the issuance of a DIRE in two of the cases.

Issues

The main issue was corruption to facilitate progress through excessive bureaucracy in the directorates of immigration, and demands for payment as a function of a percentage of the contract value, which has no basis in law.

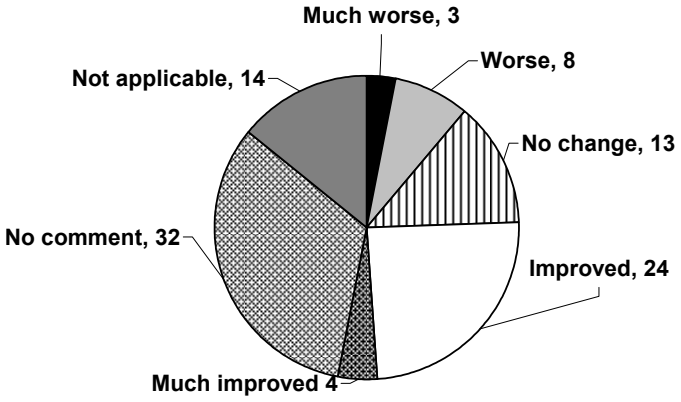
Suggestions

The situations mentioned could be improved by improving dissemination and public display of time periods and costs for issuance of documents dealt with by the immigration department; eradication of corruption and frequent inspection of immigration directorates to encourage flexibility, efficiency, and professionalism.

Perceptions of Development

Twenty-four percent of those interviewed considered that the immigration situation had improved over the last 5 years and 4 percent felt that improvement was significant; however, 13 percent felt that there had been no change, 8 percent that the situation had worsened, and 3 percent that it had worsened significantly.

Figure 8-1
Development of Immigration System



9. Environmental Licensing

Description

The question of environmental licensing was the least responded to. Of the 99 respondents only 10 percent answered this question with the others saying they had not yet had to deal with this issue.

- ***Time periods***. Interviewees said that concession of an environmental license took on average 4 months and could take more than a year. Official licensing periods are as follows:
  - Pre-evaluation, 5 working days;
  - Revision of environmental impact study: up to 60 working days;
  - Issuance of license: up to 10 working days following revision of the study;
  - Communication of rejection of the proposal or need for changes: up to 10 working days following revision of the study.
- ***Costs***. The costs reported vary between 1 and 6 million Meticais and those interviewed considered that they had only paid the official price.
- ***Illicit payments***. None of those interviewed mentioned making unofficial payments.

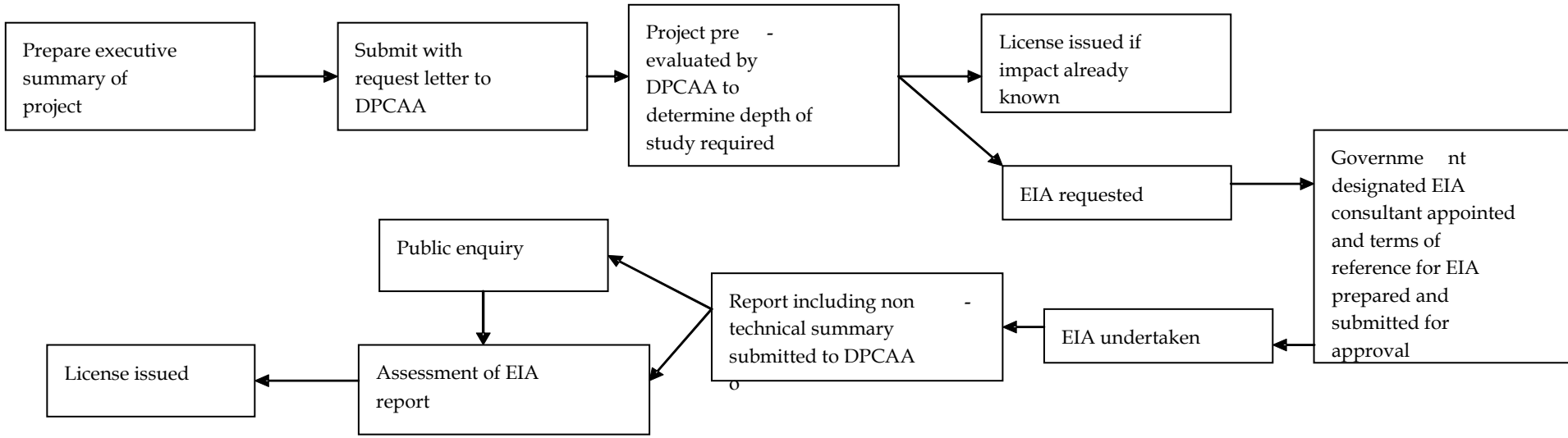
Issues

The companies considered that document preparation, being extremely complicated, takes the most time and causes considerable delay in issuance of licenses. Not all companies registered with MICOA are qualified to undertake studies in all areas but the fact that MICOA has licensed them enables them to do so anyway—resulting in possibly deficient studies. The businesses of Nacala and Manica considered this department to be the most efficient in local government though they felt it to be essential that decision-making powers for approval, currently centralized in Maputo, be decentralized. It was suggested that the provinces be given autonomy in this. Dissemination of environmental legislation is still considered deficient.

Perceptions of Development

Five of the 10 companies that responded to this question considered that the situation had improved in the last five years, 2 that it had remained the same, 1 that it had worsened, and 2 did not comment. Figure 9-1 depicts the process for obtaining an environmental license; Appendix J contains a description of the process along with costs, time periods, and applicable legislation.

Figure 9-1
Environmental Licensing Process



10. Import and Export

Description

Of the companies interviewed only 46 percent responded to questions related to import and export procedures. Of those that responded, 55 were importers and 14 were exporters. Only 15 percent of the importers were relatively recent (importing regularly in the last 5 years) while 44 percent had been importing for 6 to 10 years; 45.5 percent imported on a weekly basis, and 41.8 percent monthly. Practically half of the company managers had experience importing into other countries (i.e., South Africa, Portugal, and Zimbabwe). Among exporters, 33.3 percent had been exporting regularly for 6 to 10 years; 13.3 percent for only a year. Among exporters, 42.9 percent exported on a monthly basis while 28.6 percent did so on a weekly basis. Almost 60 percent of the managers of these companies had experience exporting from another country, namely South Africa.

- ***Import Time Periods.*** According to those questioned the issuance of a Single or Unique Customs Document[1] (*Documento Único*) by a clearing agent (*despachante*), following submission of the relevant documentation, takes in 70 percent of cases up to 3 days (24% - 1 day, 20% - 2 days e 26% - 3 days). If preshipment inspection is required, 34.6 percent said issuance of the DU could take up to 3 days, 19.2 percent up to 7 days, 34.5 percent between 10 and 30 days. Time for a customs clearance depends on the customs terminal used as follows:[2]
  - TIAR—59.1% of processes are dispatched in 3 days while the rest may take up to 15 days;
  - TIMAR—43.3% of processes are dispatched in 3 days, while the rest may take up to 2 weeks;
  - TIRO—58.1% of processes are dispatched in 3 days, while the rest may take up to 15 days;
  - TIAUTO—29.5% of processes are dispatched in 3 days, 23.6% in up to 7 days, and the rest can take up to 15 days.

The time needed to clear goods through a cargo terminal also depends on the terminal used:

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[1] Means import/export license
[2] In the case of this section only companies using Maputo terminals were considered

— TIAR—22.3% of cases goods could be collected on the day or on the following day while in 38.9% could be collected within 3 days and the rest took up to 7 days;

— TIMAR—only 5.9% of goods could be collected the following day while 35.3% took at least 3 days and the rest took between 9 and 15 days;

— TIRO—18.9% of goods could be collected on the following day, 40.5% in 3 days and in the rest of the cases it took more than 8 days;

— TIAUTO—50% of cases good were released in 2 days but in the other 50% of cases the process took up to 8 days.

- ***Export Time Periods.*** Issuance of an export license took 1 to 2 days in 27.3% of cases and between 2 and 3 days in 36.4% of cases, and could take up to 15 days. A Certificate of Origin could be obtained in 1 day in 50% of cases while in all other cases it took up to 3 days. A Phytosanitary Certificate took between 1 and 2 days in almost 70% of cases. A manifest could be obtained in 1 day in 22.2% of cases taking the rest 2 to 3 days. The customs process depended on the terminal and could take the following[3]:

  — TIAR, up to 3 days in 50% of cases or up to 5 days for the rest;

  — TIMAR, up to 3 days in 60% of cases or up to 5 days for the rest;

  — TIRO, up to 3 days in 57.2% of cases or up to 7 days for the;

  — At the other terminals the average was 3 to 4 days.

- ***Import Costs***. An official cost table is issued by the Chamber of Official Despachants (maximum fee 1.5% of the customs value of the dispatch, minimum US$30 per dispatch) but only 12% of those interviewed paid according to this table. The majority paid between 0.1% and 1.5%. Costs related to terminal operators depend once the terminal, but are stipulated in the respective guidelines.

- ***Export Costs.*** Payments for documents in the export process are made in accordance with the guidelines. In the remaining cases, prices vary between 0.7 and 2% or are subject to a fixed price (700,000 Mt for a Certificate of Origin and 2,100,000Mt for a phytosanitary certificate).

- ***Efficiency***. The clearing agents *(despachantes)* were considered efficient by 51 %. However, the efficiency of terminal operators are only considered reasonable.

- ***Illicit payments—Import Process***. Though none of the companies questioned responded with exact amounts paid unofficially, many mentioned that such payments would facilitate a procedure and that a little of this type of payment was required at all levels.

- ***Illicit Payments —Export Process***. Only one company acknowledged having paid 20 percent of the value of goods to be exported to facilitate an export process. No further information was provided.

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[3] In the case of this section only companies using Maputo terminals were included.

Issues

- Very high inherent costs, such as warehousing in terminals, are charged according to value of goods and not space occupied
- Excessive bureaucracy at the customs terminals frequently cause delays, raising costs for the company and encouraging unofficial payments.
- Corruption above all in the middle and lower levels of the hierarchy.
- The tariff book needs to be revised as tariffs are considered to be very high.
- Lack of appropriate location for verifying goods often results in delays and damage to goods.
- Reduced operating hours at borders and terminals.

Suggestions and Comments

In relation to the import process, some comments and suggestions were made with a view to improving the situation:

- Revise the method for calculating warehousing prices (not on value of goods) and a much better client service provided by the private operators of the terminals (especially Frigo);
- Create alternative road and rail terminals.
- Have 24-hour operations at the border.
- Continue organizing and simplifying processes, and encouraging transparency, clarity and efficiency in the terminals (especially Frigo).
- Improve dissemination of new legislation, and further clarify dissemination of procedures.
- Improve the IT system, which is currently the excuse for delays.
- Expedite clearance for certain types of goods, such as perishables and raw materials needed for national industry.
- Review the capacity for preshipment inspection which often penalizes importers by causing excessive delays through inefficiency.

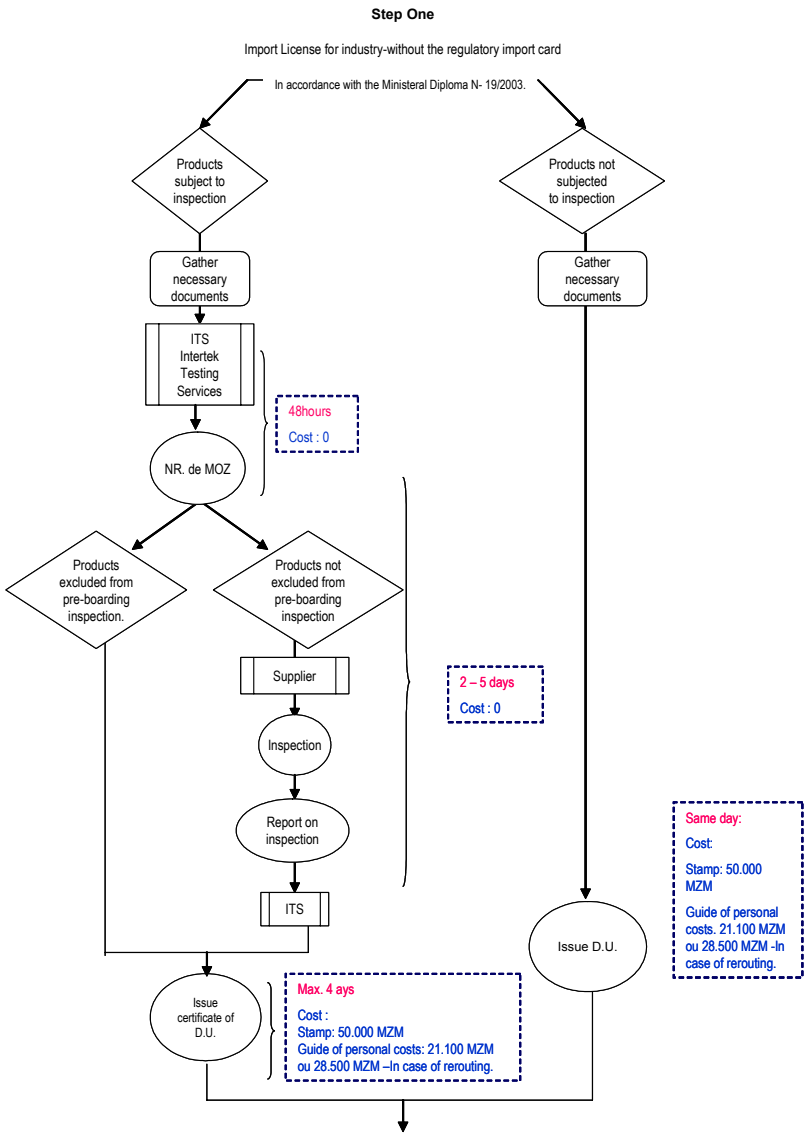
With reference to the export process the comments and suggestions were as follows:

- Revise costs applied.
- Improve functionaries' understanding of procedures.
- Speed up process and guarantee time required so companies can meet delivery deadlines for export products.

Perceptions of Development

According to 39.6 percent of those interviewed, import and export processes have improved over the last five years; 25 percent said that nothing had changed, 12.5 percent that the situation had deteriorated, and 14.6 percent that it had worsened a great deal. The perception that the situation has not improved much exists because so much remains to be done before processes can be completed in 1 to 2 days. The new Mahotas road-rail terminal, recently announced, could lead to much faster clearances and lower costs. Competition between operators can only improve the situation and benefit those involved in external trade. It is also possible that negotiations are taking place between CTA and TIRO to revise the formulae for fixing tariffs—this would benefit importers and exporters alike. Appendix K contains a description of the processes, time periods, costs and applicable legislation. Figures 10-1 and 10-2 depict import and export processes.

Figure 10-1
Import Process



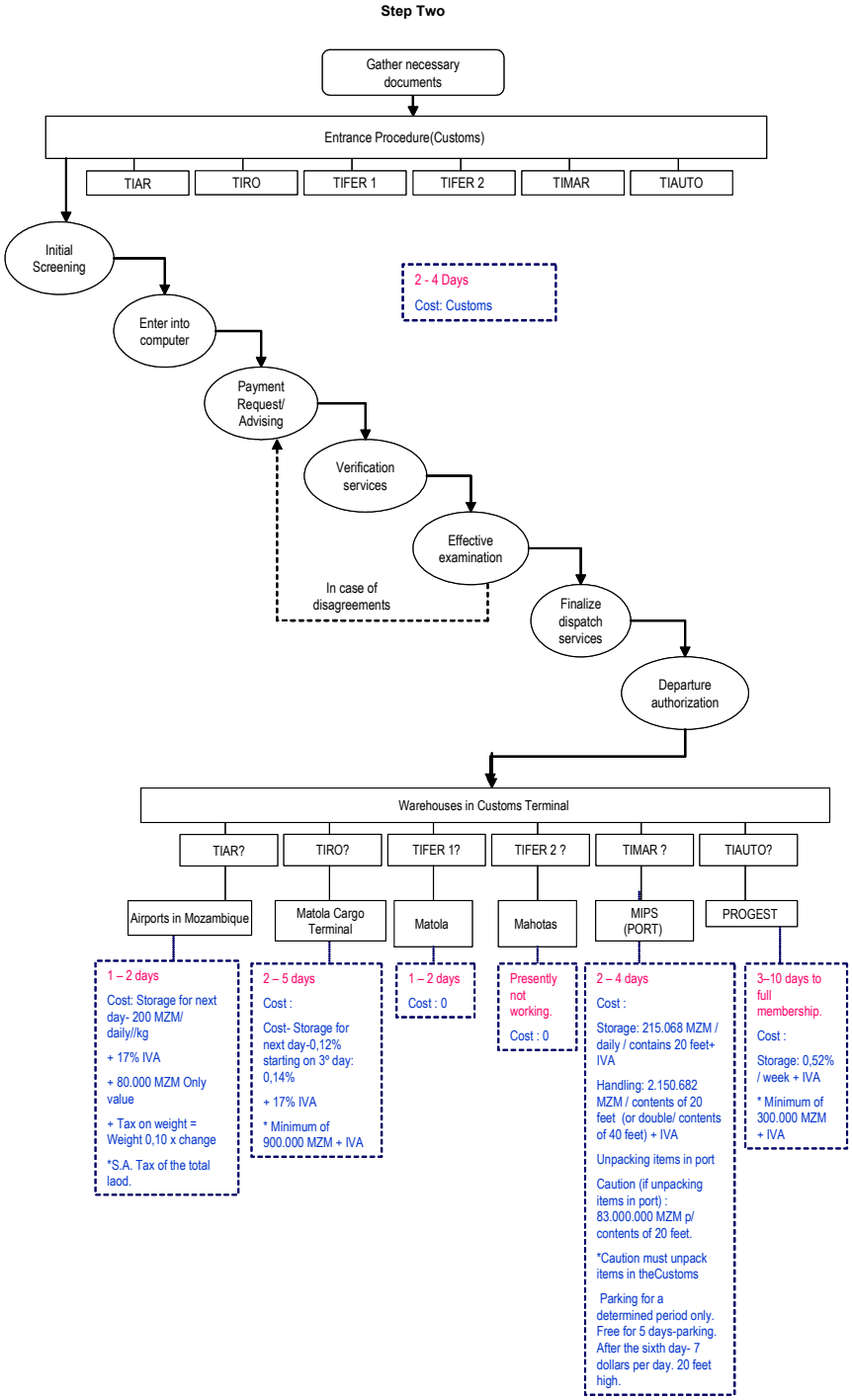
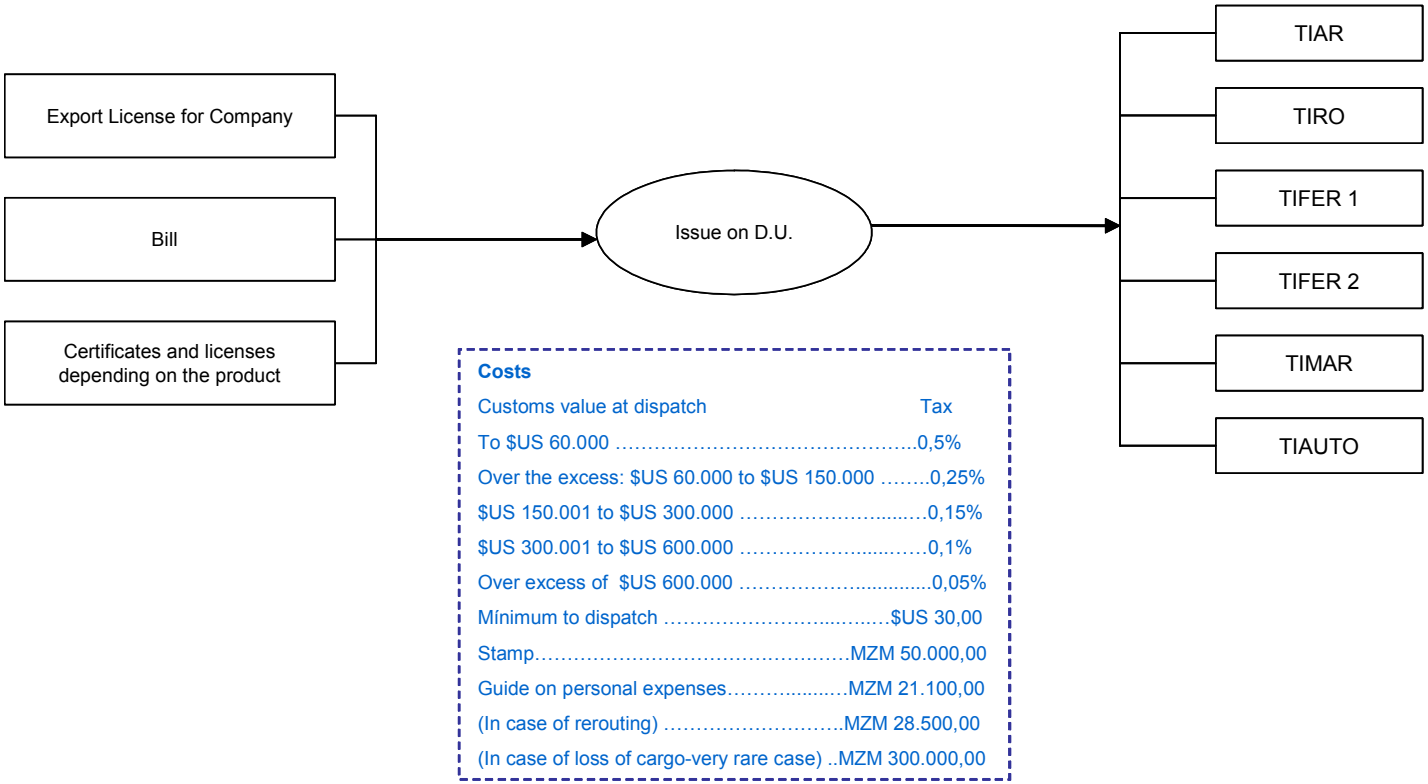


Figure 10-2
Export Process



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11. Personal Income Tax (IRPS), Company Tax (IRPC), and VAT

Description

Business holds the general opinion that the new tax system has worsened direct and indirect costs, time, complexity, and fiscal justice (Table 11-1). For personal income, company, and value-added tax (VAT), most companies stated that 10 percent would be an ideal rate for each.

Issues

It is no surprise that companies believe that tax rates are too high and that they share an opinion on ideal rates. Commenting on the tax system, those interviewed consider that

- The government and its functionaries are not interested in applying laws to better manage the country, but to better collect fines.
- Those working in finance departments do not have a solid understanding of the legislation, and this includes finance inspectors, who often charge payments not stipulated in the legislation.
- The rates are excessive in comparison with the cost of living in Mozambique and in fact reduction could increase income for the government because the informal sector is a refuge from formal sector taxes. Lower rates and better application would increase significantly the number of those contributing.
- Lack of punctuality of functionaries causes long lines, especially in the last 4 or 5 days before payments are due.
- VAT results in an increase in production in relation to importation.

Table 11-1
Implications of Tax System for Companies

Factor	Better	Worse	Same	No Comment
Direct cost	23		18	22
Indirect cost	21		24	26
Time	25	28	16	
Complexity	20		15	29
Fiscal justice	23		18	28

Figure 11-1
Ideal IRPS Rate

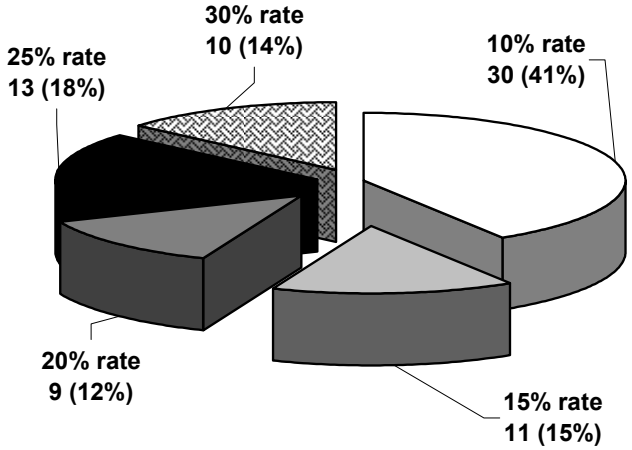


Figure 11-2
Ideal IRPC Rate

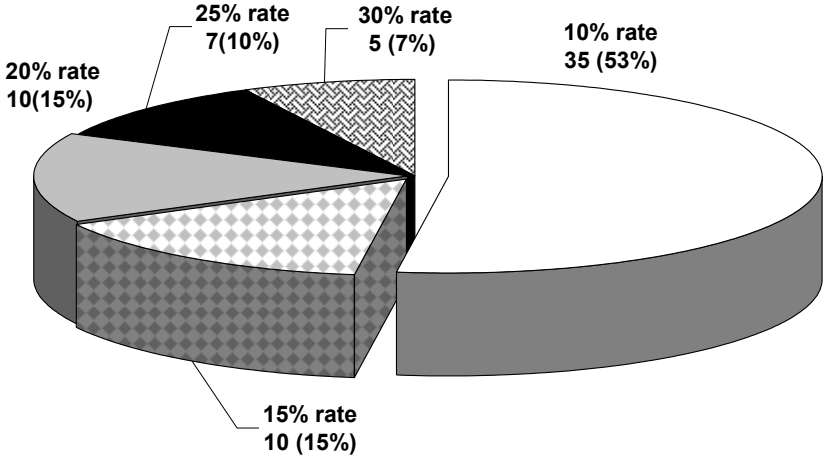


Figure 11-3
Ideal VAT Rate

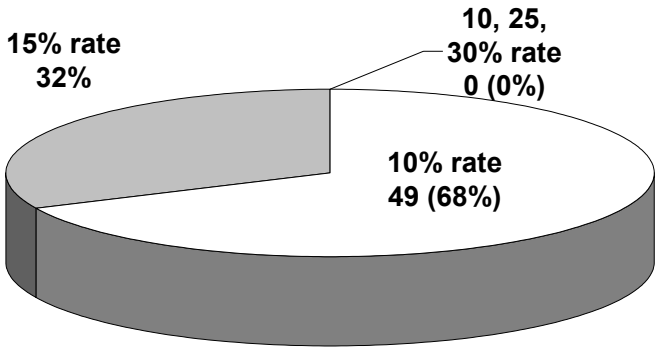


Table 11-2
Ideal Rates for Each Tax (no. of respondents)

Tax	10%	15%	20%	25%	30%
IRPS	30	11	9	13	10
IRPC	35	10	10	7	5
VAT	49	23	0	0	0

Suggestions and Comments

- Fiscal reform should be accompanied by incentives to modernize companies in accounting and financial management, as well as including the subjects of fiscal and labor law in accountancy as taught at technical schools.
- Disseminate laws.
- Reduce and differentiate VAT rates on certain products.
- Train those working in provincial finance departments.

Perceptions of Development

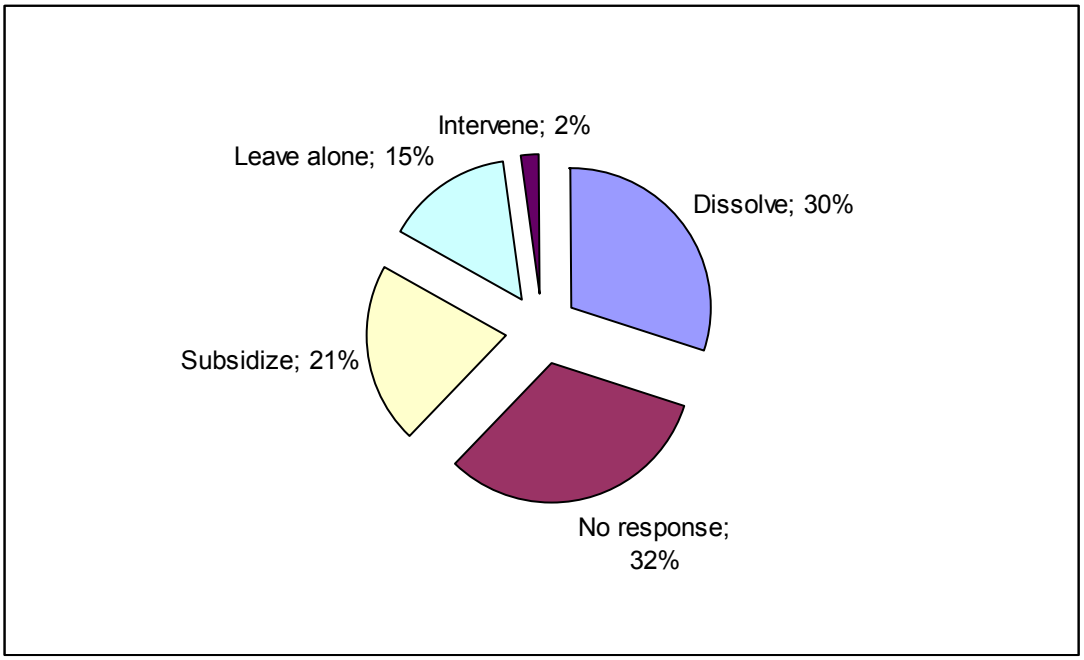
Of those interviewed, 14 percent thought that the tax system had worsened in the last five years, 14 percent that it had not changed significantly, 1 percent that it had worsened considerably, and 42 percent that the situation had improved. Twenty-seven percent did not respond.

12. Other Issues

Distressed Companies

30 percent of the companies interviewed thought that companies in financial difficulties should be dissolved, following determination of the situation; 21 percent that they should be subsidized by the government until the situation normalized; and 15 percent that they should be left to their own devices. A significant number of those interviewed cited the absence of adequate legislation and the necessity of rapidly filling this legislative gap as an issue.

Figure 12-1
Solutions for Distressed Companies



Twenty-two percent considered legislative reform on this issue to be very urgent, 31 percent urgent, and 3 percent not urgent; 31 percent did not respond to the question. For prioritization of interests in legislative reform on the issue of bankruptcy, the majority proposed that workers be given first priority, then creditors, then shareholders, then the state and any other party (Table 12-1).

Table 12-1
Priority of Interests in Case of Bankruptcy

Party	Priority				
	1	2	3	4	5
Workers	37	9	7	2	0
Debtors	13	28	14	0	0
Shareholders	4	9	14	12	13
State	4	8	15	15	10
Other	1	0	1	21	27

The World Bank's "Doing Business" figures for Mozambique and the region (Table 12-2) illustrate the penalty of the situation in Mozambique, especially in relation to the time taken to find a solution and the rate of recovery.

Table 12-2
World Bank Cessation of Activity / Bankruptcy Indicators

Indicator	Mozambique	Regional Average	South Africa	OECD Average
Time (years)	5	3.6	2	1,7
Cost (% assets)	8	20.5	18	6,8
Rate of recovery (US cents)	12.3	17.1	31,8	72,1

Solution for distressed companies should be analyzed case by case, taking into account the importance of the company to the national economy and the reasons for bankruptcy. In cases of technical bankruptcy or financial difficulties, government financing can lead to a vicious circle in which companies try to obtain this benefit. The state or courts should name a judicial manager for technically bankrupt companies. The situation should be regulated as soon as possible.

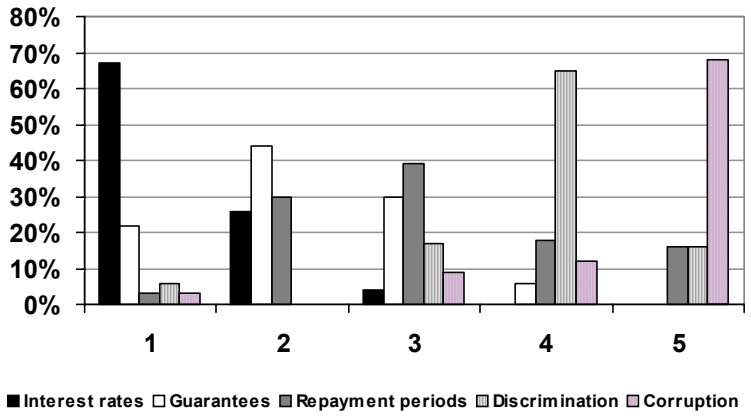
Credit

Sixty-one percent of those interviewed said that access to credit would help the development of their business and 16 percent that it would not help; 16 percent said they did not know if it would help or not; and 1 percent said it would depend on the period for which the credit was available. Of those interviewed, 42 companies had recently applied for credit—11 had applied in U.S. dollars, 13 in meticais, 10 in both, and the rest did not specify currency. The average interest rate for credit in meticais was 22 percent though it went as high as 40 percent. In relation to the dollar, the minimum rate was 3.5 percent, the average 7.8 percent, and the maximum 12 percent. Of all the companies that had applied only 3 were not asked for guarantees; the rest were asked for between 110 and 200 percent of the value of the credit applied for, in goods, equipment, and in some cases the actual company and even personal property. In the opinion of those interviewed the main difficulties in obtaining credit are (1) interest rate, (2) guarantees, (3) time periods for repayment, (4) a discrimination and (5) corruption.

Table 12-3
Difficulties Obtaining Credit

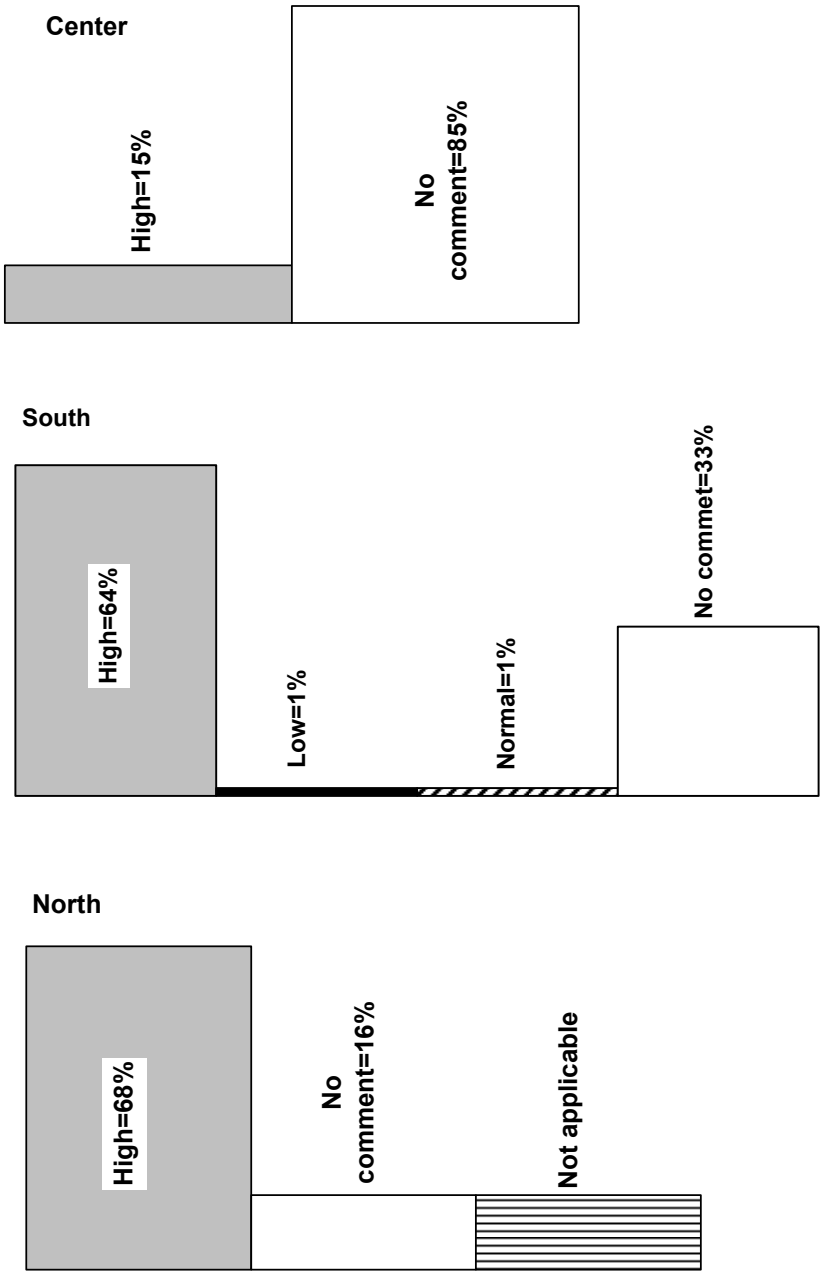
Indicator	1st	2nd	3rd	4th	5th
Interest		7	1	0	0
Guarantees	8		7	1	0
Time periods for repayment	1	8		3	3
Discrimination	2	0	4		3
Corruption	1	0	2	2	

Figure 12-1
Difficulties Obtaining Credit



Interest rates are considered high by 51 percent of the companies interviewed while 1 percent consider them low and 1 percent consider them normal. The remaining 35 percent did not respond to this question.

Figure 12-3
Opinions on Interest Rates by Region



Interest rates are seen as influenced by (1) the central bank, (2) bad loans, (3) supply and demand (4) treasury rates, and (5) the banking monopoly.

Credit is necessary but repayment periods must also be extended. Credit could reduce the time required to undertake many projects. More training is required in the construction, services, and marketing sectors. Power, water, and infrastructure are urgently required.

The World Bank's "Doing Business" survey presents the indicators presented in Table 12-4 for Mozambique and the region.

Table 12-4
World Bank Access to Credit Indicators, 2004

Indicator	Mozambique	Regional Average	South Africa	OECD Average
Cost (% per capita income)	5	?	2,3	41,8
Legal rights indicator	4	?	6	4,6
Information about credit indicator	4	?	5	2,1
Public credit register coverage (loans per 1.000 Adults)	5	?	0	1,1
Private department coverage (Loans per 1.000 Adults)	0	?	636	39,4

13. Other Aspects of the Business Environment

Interviewees also mentioned a vast array of other factors that they find relevant to the business environment, as follows:

- Infrastructure. Many areas of the country lack means of transport and the transport system is extremely expensive.
- Public Works Awards. The awarding of public works tenders should take into account quality as well as cost. Initial cost savings are undermined by poor quality work.
- Electricity Supply. Costs are very high. Cross-subsidization should be done away with because it is unacceptable that industry pays more for power than domestic users. In most cases the quality of supply was also prejudicial especially in the case of industry. Electricity suppliers refuse to assume responsibility for damage caused by bad power quality (e.g., short circuits and serious damage to domestic and industrial machinery and equipment).
- Fuels Costs. The cost of fuels and lubricants is extremely high and reduces competitiveness by increasing the cost of transport and national production. There should be regional harmonization.
- Channeling of External Funding. Contributions and donations from international partners should be directed through the private sector to ensure better execution of projects. Funds are often spent on studies and consultancies and not on practical application (i.e., most funds are spent on theoretical rather than practical matters and productivity).
- Lack of Transparency. Taxes and other charges levied by the government are completely lacking in transparency.
- Agricultural Development. Development of agriculture is important; a strong agribusiness sector can help reduce hunger and corruption and the impact of HIV/AIDS.
- Industrial Property Rights. There are problems related to industrial property rights in Mozambique.

14. General Business Environment

It was the opinion of 61 percent of interviewees that Mozambique's business environment has improved over the last 5 years; 21 percent felt that it had worsened and 18 percent felt that no significant change had occurred (Figure 14-1). The general opinion was that improvement could have and should have been much greater if only the government had been more committed to it and had exercised more political will. The disadvantages faced by businesses in Mozambique when compared regionally and internationally are still enormous. Should this continue, the already low capacity to compete is likely to worsen, turning Mozambique into a mere sideshow in terms of the potential in the region. According to those interviewed, the factors presented in Figure 14-2 contributed (positively or negatively) to the development of the economy to the point that it is at today

Figure 14-1
Evolution of Business Environment Over the Last 5 Years

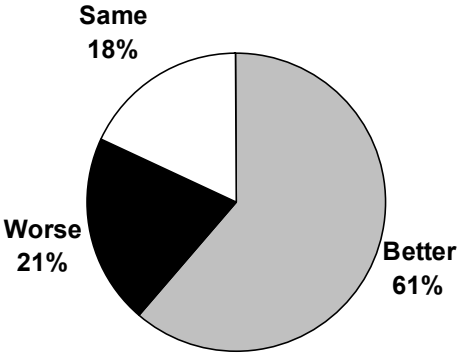
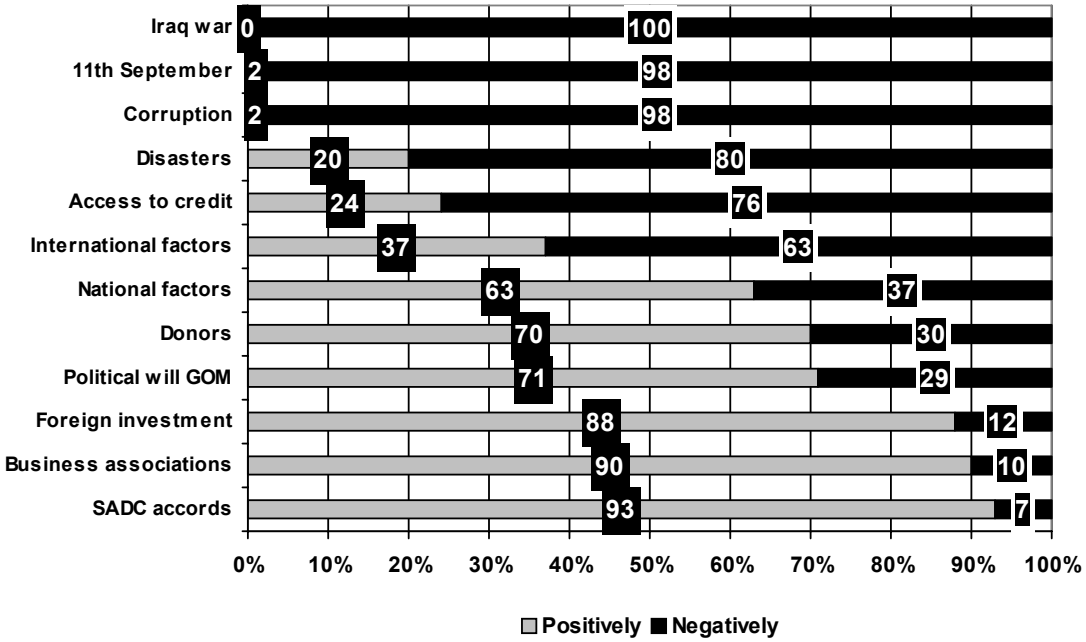


Figure 14-2
Factors Influencing Economic Development



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Appendix A. Survey Questionnaire

I) Interviewer:

Name: _____ Signature: _____

II) Data collection date: _____/_____/_____

III) Institution surveyed:

Activity: Commerce ☐ Industry ☐ Tourism ☐ Service ☐ Agriculture☐ Other ☐

Location: North ☐ Centre ☐ South ☐

N. º workers: Equal to or more than: 250 ☐ 125 ☐ 25 ☐ less than 25 ☐

Annual turnover: MT ☐ USD ☐ ZAR ☐ vale _____

Make sure that the data is as up to date as possible!

---

1. Access to Land

a. If the institution recently requested access to land was it:

Urban ☐ Rural ☐

Purpose: Residential ☐ Industrial ☐ Commercial ☐ Agricultural ☐ Mining ☐ Other ☐

Requested from which body: _____ Location: _____

b. How many days did it take to receive title:

Provisional: Urban: ☐ Rural ☐

Definitive: Urban ☐ Rural ☐

c. How many days after receiving the title did it take for the process to be registered in the Conservatory?

☐ Days

d. How much did it cost in terms of official payments?

MT ☐ USD ☐ ZAR ☐ Value: _____

e. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

f. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

g. In your opinion what are the major problems in terms of land access which cause delays and costs?

h. What other comments and suggestions do you have in regard to improving the situation?

i. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same ☐ Worsened ☐ Worsened a lot ☐

2. Company Registration

a. If you recently registered a company?

Did you undertake the process yourself ☐ Contract a third party ☐

Where did you undertake the process: _____

b. The whole process:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

c. The name certificate:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

d. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ value: _____

What level was the functionary who requested the payment?

_____

e. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How? _____

f. Notary procedure:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

g. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

h. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐

How_____

i. The Commercial Registry:

a. Provisional registration:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

b. Definitive registration

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

j. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

k. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

l. Publication in BR:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took ☐ Days

m. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

n. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

o. In your opinion what are the major problems in terms of company registration which cause delays and costs?

p. What other comments and suggestions do you have in regard to improving the situation?

q. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same ☐ Worsened ☐ Worsened a lot ☐

3. Licensing Activities

a. What type of Alvará or license does your company have?

Commercial ☐ Industrial ☐ Service ☐ Tourism ☐ Mining ☐ Agriculture ☐ Other ☐

b. If you requested a license recently what type of activity was it for?

Commercial ☐ Industrial ☐ Service ☐ Tourism ☐ Mining ☐ Agriculture ☐ Other ☐

Where did you submit the process: _____

c. Issuing the license or alvará:

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Took _____ Days

d. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

e. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

f. In your opinion what are the major problems in terms of obtaining licenses which cause delays and costs?

g. What other comments and suggestions do you have in regard to improving the situation?

h. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

4. State Payment of Debts

a. If your company supplies goods or services to the government how long on average does it take from presentation of invoice to payment?

☐ Days

b. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ %☐ Value: _____

c. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

d. In your opinion what are the major problems in terms of payment of debts by the government which cause delays and costs?

e. What other comments and suggestions do you have in regard to improving the situation?

f. If your company is regularly owed VAT rebates by the government on average what are:

The amounts owed: _____

The delays in repayment: ☐ Days

g. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

h. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

i. In your opinion what are the major problems in terms of VAT rebates which cause delays and costs?

j. What other comments and suggestions do you have in regard to improving the situation?

k. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same ☐ Worsened ☐ Worsened a lot ☐

5. Labor

a. In relation to the illness subsidy and retirement benefit payable by INSS:
How many workers in your company are eligible for retirement benefit? ☐
How many have already requested sickness benefit? ☐ Retirement benefit? ☐
How long does it take on average for INSS to pay these benefits? ☐ Days

b. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

c. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

d. In your opinion what are the major problems in terms of payments by INSS which cause delays and costs?

e. What other comments and suggestions do you have in regard to improving the situation?

f. During the last 3 years how many workers has your company contracted?

Permanent ☐; Temporary ☐; Casual ☐

g. What costs are implicit in the firing or termination of contracts of workers:

Permanent _____

Temporary _____

Casual _____

h. What other factors have a significant impact in your company in relation to the hiring and firing of workers?

Permanent _____

Temporary _____

Casual _____

i. Minimum wage

Do you agree that a national minimum wage should be legally established: Yes ☐ No ☐

The actual rates established are: High ☐ Low ☐ Reasonable ☐

j. Holidays and missed days (faltas)

The paid leave and days off established by law are: Too high ☐ Low ☐ Reasonable ☐

k. Probation periods

The probation period established by law is: High ☐ Low ☐ Reasonable ☐

l. Indemnity and notice

The value of indemnity and notice periods established by law are: Too high ☐ Low ☐ Reasonable ☐

m. Discipline and productivity

The current labour law in relation to high standards of discipline and productivity is:

Favorable ☐; Unfavourable ☐; Irrelevant ☐

n. Creation of employment

The current labour law in relation to creation of employment is:

Favorable ☐; Unfavourable ☐; Irrelevant ☐

o. If your company contracts or has in management, foreigners how long did it take for the approval, or non-approval of:

Work authorisation (ordinary foreign employee) ☐ Work permission (company director or mandate holder ☐

p. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

q. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

r. In your opinion what are the major problems which cause delays and costs in this area?

s. What other comments and suggestions do you have in regard to improving the situation?

t. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same ☐ Worsened ☐ Worsened a lot ☐

6. Dispute Resolution

a. If your company has recently been involved in a court case, between the submission of the complaint and the resolution of the case:

How long did it take? ☐ Days

Cost MT ☐ USD ☐ ZAR ☐ Value: _____

Which institution ran the process? _____

Where? _____

b. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment? _____

c. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

d. In your opinion what are the major problems which cause delays and costs in this area?

e. What other comments and suggestions do you have in regard to improving the situation?

f. If your company was involved in debt recovery through the court process:

How long did it take to obtain a court sentence? ☐ Days

How long did it take to execute a seizure of goods? ☐ Days

How much did the process cost? _____

g. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment? _____

h. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

i. In your opinion what are the major problems which cause delays and costs in this area?

j. What other comments and suggestions do you have in regard to improving the situation?

k. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

7. Licenses for Construction

a. If your company recently requested a construction license which level was it at:

Provincial ☐ Municipal ☐

Where? _____

b. In order for the license to be issued:

It took ☐ Days

It cost ☐

c. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment? _____

d. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

e. In your opinion what are the major problems which cause delays and costs in this area?

f. What other comments and suggestions do you have in regard to improving the situation?

g. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

8. Immigration

a. If your company recently requested the following documents please complete:

Description	Time taken in days	Cost	Where requested
Dire			
Work visa			
Passport			

b. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment?

_____

c. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

d. In your opinion what are the major problems which cause delays and costs in this area?

e. What other comments and suggestions do you have in regard to improving the situation?

f. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

9. Environmental License

a. If your company recently requested an environmental license:

How long did it take from the submission of the request to the issuance of the license?

☐ Days

How much did it cost? _____

Where was the process done: _____

b. If you were asked to make unofficial payments how much did you pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

What level was the functionary who requested the payment? _____

c. If you paid unofficially did this facilitate the process?

Yes ☐ No ☐ How _____

d. In your opinion what are the major problems which cause delays and costs in this area?

e. What other comments and suggestions do you have in regard to improving the situation?

f. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

10.Import and Export Processes

a. Import

i. Importer profile:

For how long have you been importing goods into Mozambique? ☐ Years;

Do you import regularly every: ☐ Year; ☐ Month; ☐ Week;

Have you imported into other countries? ☐ Yes; ☐ No;

If yes, where _____

ii. Despachante processes:

Does your company have the capacity internally to dispatch goods from Customs?☐ Yes;☐ No

For how long have you used the same despachante? ☐ Years; ☐ Months;

[Including the company's own despachante if you have one]

How long does it take your despachante to get a DU issued ☐

What is the percentage cost of goods imported charged by the despachante ☐%

On a scale of 1 to 4 evaluate the efficiency of your despachante 1☐2☐3 ☐4☐

(NB: 1 bad; 2 Reasonable; 3 good; 4 very good)

iii. Customs processes:

Which terminals does your company use *:

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

What is the average time, in days, taken to process a dispatch in Customs?

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

On a scale of 1 to 4 evaluate the efficiency of Customs in the respective terminals:

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

(NB: 1 bad; 2 Reasonable; 3 good; 4 very good)

*TIAR: Terminal Internacional Aérea; TIMAR: Terminal Internacional Marítimo; TIRO: Terminal Internacional Rodoviária; TIAUTO: Terminal Internacional de Automóveis.

In the case of companies outside Maputo please indicate where you clear your goods and rate each clearing point 1-4 accordingly

If applicable how long does the issuance of the DU certified by the pre-inspection agency take? ☐ Days.

If you were asked to make an unofficial payment how much did you, or do you usually pay? MT ☐ USD ☐ ZAR ☐ Value: _____

If you paid unofficially did this facilitate the process?
Yes ☐ No ☐ In what way _____

What was the level of the functionary who requested the payment?_____

iv. Procedures related to operators in the terminals:

On average the clearing of goods from the cargo terminal:

1. *Cost in % value of goods:*

TIAR ☐ %TIMAR ☐ %TIRO ☐ %TIAUTO ☐ % Other _____

Time taken in days:
TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

Other _____

On a scale of 1-4 evaluate the efficiency of the terminal operators:

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

Other_____

(NB: 1 bad; 2 Reasonable; 3 good; 4 very good)

b. Export

i. Profile of exporter:

For how long have you been exporting from Mozambique ☐ Years;

Do you export regularly every: ☐ Year; ☐ Month; ☐ Week;

Have you exported from other countries? Yes; ☐ No ☐

If yes, where _____

ii. If you are an exporter on average how long does it take for the issue of (in days):

Export license – maximum ☐ minimum ☐

Certificate of Origin? maximum ☐; minimum ☐ N/A ☐

Phytosanitary certificate? maximum ☐; minimum ☐ N/A ☐

Manifest? maximum ☐; minimum ☐ N/A ☐

iii. If you are an exporter on average:

An export license costs ☐ % of the value of the goods.

A certificate of origin costs ☐ % of the value of the goods.

A phytosanitary certificate costs ☐ % of the value of the goods.

A manifest costs ☐ % of the value of the goods.

iv. Customs procedures:

What terminal do you use to export *:

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

Other_____

How long does the Customs process take :

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

Other_____

On a scale of 1-4 evaluate the efficiency of Customs at the terminal:

TIAR ☐ TIMAR ☐ TIRO ☐ TIAUTO ☐

Other_____

(NB: 1 Bad; 2 Reasonable; 3 Good; 4 Very good)

TIAR: Terminal Internacional Aérea; TIMAR: Terminal Internacional Marítimo; TIRO: Terminal Internacional Rodoviário; TIAUTO: Terminal Internacional de Automóveis.

d. If you were asked to make an unofficial payment how much did you, or do you usually pay?

MT ☐ USD ☐ ZAR ☐ Value: _____

If you paid unofficially did this facilitate the process? Yes ☐ No ☐

In what way _____

What was the level of the functionary who requested the payment? _____

c. In your opinion what are the major problems which cause delays and costs in this area?

d. What other comments and suggestions do you have in regard to improving the situation?

a. Imports

b. Exports

e. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

11.IRPS/IRPC/IVA

a. How does the new tax system and respective taxes affect your company, in comparison to the previous system?

Direct costs: Better ☐ Worse ☐ Same ☐

Indirect costs: Better ☐ Worse ☐ Same ☐

Time: Better ☐ Worse ☐ Same ☐

Complexity: Better ☐ Worse ☐ Same ☐

Fiscal justice: Better ☐ Worse ☐ Same ☐

What should the maximum IRPC rate be? 10% ☐ 15% ☐ 20% ☐ 25% ☐ 30% ☐

What should the maximum IRPS rate be? 10% ☐ 15% ☐ 20% ☐ 25% ☐ 30% ☐

What should the maximum IVA rate be? 5% ☐ 10% ☐ 15% ☐ other _____

1. What other comments and suggestions do you have in regard to improving the situation?

b. Progress

In your opinion in the last five years this issue has:

Improved greatly ☐ Improved ☐ Remained the same☐ Worsened ☐ Worsened a lot ☐

12.Other

a. Companies in difficulties

What is the solution for companies in prolonged financial difficulties? Leave them to their fate ☐ Government intervention ☐ Government subsidy until things improve ☐ Liquidation ☐

The reform of the company bankruptcy legislation is: Very urgent ☐ Urgent ☐ Not urgent ☐ Not a problem ☐

If you think reform is necessary which interests should take priority (number priorities 1-5 1 being most important): Shareholders ☐ Creditors ☐ Workers ☐ State ☐ Other ☐

b. Credit

Access to credit would help the development of your company? Yes ☐ No ☐
Have you recently tried to obtain credit? Yes ☐ No ☐.
If you obtained credit, in which currency: MT ☐ USD ☐ ZAR ☐
What is the interest rate? _____%
Were guarantees requested? Yes ☐ No ☐ If so what? _____
What percentage of the credit requested was the guarantee? ☐ %
If you did not get credit what was the reason : Interest rate ☐ Guarantees ☐ Unexplained refusal ☐
What are the problems in obtaining credit (number from 1 -5 with 1 being most important)? Interest rate ☐ Guarantees ☐ Repayment periods ☐ Bribes ☐ Discrimination ☐
Do you consider interest rates: High ☐ Low ☐ Normal ☐
What is the reason for the interest rates(number from 1 -5 with 1 being most important)?? Banking monopoly ☐ Central bank rates ☐ Treasury rates ☐ Supply and demand ☐ Bad credit ☐

13.Other comments on subjects not dealt with above:

Power, infrastructure, transport, etc.

14. Summary

a. In the last 5 years the general business environment in Mozambique has:

Improved greatly ☐ Improved ☐ Remained the same ☐ Worsened ☐ Worsened greatly ☐

b. This change has been influenced by:

Positively	Agent	Negatively
☐	Actions and Financing by donors	☐
☐	International economic environment	☐
☐	National political environment	☐
☐	Corruption	☐
☐	Iraq war	☐
☐	Legal reform	☐
☐	Government's political will	☐
☐	Economic associations and business people	☐
☐	Disasters	☐
☐	World Bank and IMF policies	☐
☐	11th September	☐
☐	Access to credit	☐
☐	Foreign investment	☐
☐	SADC commercial agreements	☐

Appendix B. Access to Land (DUAT)

In the Republic of Mozambique land is the property of the State and cannot be sold or in any other way transacted. The State determines the conditions land use. A land usage title may be given to individual or collective persons taking into consideration intended use. In issuing usage title the State takes into consideration rights obtained through inheritance or occupation unless the land is legally reserved or legally attributed to another person or entity. The right to use land may not be conceded in zones that are totally or partially protected, or zones of public use (i.e., zones destined for use in the public interest). Use of these zones requires special licensing. The approval of an application for usage title does not preclude the need to apply for other authorizations and licenses as required by the relevant legislation, depending on the activity to be undertaken (e.g., agro-industry, animal husbandry, industry, tourism, commercial, mining and environmental protection). These licenses have their own periods of validity according to the legislation applicable in each sector, and such periods are independent of the period for which the usage title is conceded. Land usage title for economic activity is valid for a maximum of 50 years, and is renewable for an equal period. Following this renewal a complete new request is submitted.

Who May Apply

The following persons may apply for DUAT:

- National persons (individual or collective, male or female) including local communities.
- Foreign persons (individual or collective) when in possession of an approved investment project and in compliance with the following:
  - Individual persons who have resided for at least 5 years in Mozambique.
  - Collective persons legally constituted or registered in Mozambique.

How to Apply

The right to use land may be acquired by

- Occupation by single persons and local communities following norms and practices which of not contravene the Constitution;

- Occupation by single national persons who have in good faith occupied the land for at least 10 years; or
- Authorization of request submitted in accordance with the law

WHERE TO APPLY

The request for DUAT is made at the Provincial Mapping and Land Registry Service in the province where the land is situated.

WHO AUTHORIZES REQUESTS

In areas not covered by town plans authorization is made as follows:

- Provincial Governors may
  - Authorize requests for areas of up to 1,000Ha;
  - Authorize special licenses in partial protection zones;
  - Give opinions on requests directed to the Ministry of Agriculture and Fisheries.
- The Minister of Agriculture may
  - Authorize requests for areas of between 1,000 and 10,000Ha;
  - Authorize special licenses in total protection zones;
  - Give opinions on requests directed to the Council of Ministers.
- The Council of Ministers may:
  - Authorize requests for areas larger than those approved by the Minister;
  - Create, alter, or abolish total and partial protection zones.

In areas covered by town plans the mayor, village heads, and district administrators are authorized to issue usage title in their respective areas of competence as long as they have public map registry departments.

WHERE TO APPLY

Single persons must have attained legal majority or be legally represented by a parent or guardian. Collective persons must be constituted or legally recognized.

REQUIRED DOCUMENTS

To obtain DUAT by authorization (rather than occupation) the following documents are required:

- Form (available from provincial mapping and registry department)
- Copy of personal or company identification (ID, residence document, company registration document)

- Plan of the area requested
- Plan of what will be done with the land, or approved project document in the case of economic activity
- Community consultation
- Copy of published notification of request for land
- Deposit slip for land tax paid
- Land tax receipt.

Submitted documents are passed from the provincial mapping and registry service to the relevant body for approval. Provisional authorizations are valid for 5 years for nationals and 2 years for foreigners. At the end of the provisional authorization period, the applicant must request an inspection to verify compliance with what was presented in the original proposal. On approval of the inspection a definitive authorization is issued and the respective usage title issued.

Costs

Process Costs

Table I		Table 2	
Description	**Amount to pay (in MT)**	**Description**	**Amount to pay daily (in MT)**
Location draft	200.000,00	Senior technician	600.000,00
Fees	600.000,00	Mid-level technician	487.500,00
Recognition and consultation	See Table 2	Basic technician	397.500,00
Community Incentive	300.000,00	Fuel	5.000,00 / Km
Application form	10.000,00		

Formula for calculating land survey (R) and community consultation (C)

R = Technician x days + (5.000,00MT x K) = ___MT

C = Technician x days + (5.000,00MT x K) =____MT

Where R = Survey, C = Community Consultation, K = Distance in KM from headquarters to land requested

The costs are borne by the applicant. Non-payment results in cancellation of the application.

Tax Costs

TABLE 3. AUTHORIZATION TAXES

Type of authorization	*Value*
Provisional authorization	600.000,00 Mt
Definitive authorization	300.000,00 Mt

TABLE 4. ANNUAL TAXES

Purpose	*Value*
1. Cattle breeding, wildlife breeding, permanent crops	2.000,00MT/ha
2. Agriculture	15.000,00MT/ha
3. Other	30.000,00MT/ha
4. Tourism, temporary residential (holiday homes), commerce up to 1ha on the beach front	200.000,00MT

The value of the tax is calculated according to land location, size, and use.

TABLE 5. ANNUAL TAX ADJUSTMENT

Location	Maputo province	2,0
	Land in partial protection zones	1,5
	Priority development zones	0,5
	All other zones	1,0
Size	Up to 100 hectares	1,0
	From 101 to 1000 hectares	1,5
	Over 1000 hectares	2,0
Purpose	Community Based Associations	0,5
Annual applicable rate for single national persons		0,8

The indicator relative to size is not applicable to those in No. 1 of Table 4. The "location in Maputo province" indicator does not apply to cattle breeding.

TIME PERIOD

The maximum time period for land application processes is 90 days.

Legislation

Law 19/97 of 01 October – Land Law.[1] The Land Law comprises 35 articles and covers general issues (definition and scope), public land ownership, land usage rights, economic activity, areas of competence for issuance of usage titles etc., process for authorization of requests for usage titles, payments, and final issues.

1 BR 40, I Series, 3rd Supplement of Tuesday, 07 October 1997, pgs 200(14) to 200 (19).

Decree 66/99 of 08 December—Regulation of the Land Law.[2] This regulation comprises 47 articles covering general issues, public land, usage rights, process of obtaining usage title, inspections, taxes, and final issues.

Decree 1/2003, of 18 February,[3] **approved by Decree 66/98 of 08 December.** This decree comprises only 2 articles which alter Articles 20 and 39 of Regulation of the Land Law. The first alters procedures relative to acts subject to registration and the place where these must be carried out, and the second refers to infractions and penalties.

Ministerial Diploma 29-A/2000, of 17 March. This approves the Technical Annex to the Regulation of the Land Law.[4] The annex comprises 21 articles and deals with procedures related to delimitation of areas occupied by local communities according to customary practice, delimitation of areas occupied in good faith for over 10 years by single national persons and legal procedures for demarcation as part of a title process, of (1) areas occupied by local communities according to customary practice; (2) areas occupied in good faith for at least 10 years by single national persons; (3) areas covered by a provisional authorization. The annex has 5 forms attached concerning:

- Information and dissemination;
- Approval of process of delimitation of community area of or area belonging to good faith occupant;
- Phases of participative survey;
- Written description of map;
- Devolution.[5]

Decree 77/99 of 15 October. This decree updates the values of taxes to be paid by DUAT applicants and title holders and the respective tax adjustments.[6] It comprises 7 articles and updates the taxes in the Regulation of the Land Law, taking into account specific characteristics of certain activities.

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[2] BR 48, I Series, 3rd Supplement of Tuesday, 08 December 1998, pgs 225 (33) to 225 (40).
[3] BR 7, I Series, 2nd Supplement of Tuesday, 18 February 2003, pgs 40 (3) to 40 (4).
[4] BR 11, I Series, Supplement of Friday, 17 March 2000, pgs 50 (29) to 50 (36).
[5] "Devolution" is the obligatory provision of information to local communities and neighbors.
[6] BR 41, I Series, 2º Supplement of Friday, 15 October 1999, pgs 180 (30 to 180 (4).

Appendix C. Company Registration

The Commercial Registry is responsible for registering that a single or collective person is engaged in business, a compulsory stage in the registration of companies. If a company is not registered it cannot use the title "business" in relation to third parties, but may still be required to answer for obligations and responsibilities contracted using this name. Non-compliance with the requirement to register can result in a fine or even criminal proceedings. The amount of the fine depends on the social capital of the company. Foreign companies wishing to establish a branch or any other type of representation in Mozambique may only register if they have the relevant certificate passed by a Mozambican consular agent proving that they are legally constituted and operate in accordance with the law of their home country, as well as attaching the same documents required by a Mozambican national company.

Who May Apply

Single or collective persons both national and foreign can apply to register a company.

Where to Apply

The Commercial Registry Departments or *Conservatórias de Registo Comercial* are responsible for registration. The registry office responsible is the one covering the area in which the company is headquartered or has its main office. For companies registered outside Mozambique, the responsible registry is the one covering the area where the company has its main office in Mozambique. In the cities of Tete, Pemba and Inhambane (and others where they have been created), registry may be carried out at the one stop shops or *Balcões Únicos*.

When to Apply

Foreign nationals can register at any time. Registration of a branch or other representation of a company registered outside Mozambique must occur within 30 days of a operating license being granted.

Application Requirements

- ***Negative certificate***. This document is obtained from the Commercial Registry and provides proof that there is not another company with the same or a similar name operating in the same geographical area. The certificate is obtained by means of submitting an application letter.
- ***Opening of a bank account***. A bank account must be opened in the name of the future company. It is important to define the number of signatures on the checks (e.g., in a company with 3 quota holders 2 signatures should be sufficient; in a company with 2 quota holders both could sign). Most banks will not allow the account to be used until the public deed is presented.[1]
- ***Present Company articles of association***. Present company articles containing the following information:
  - ***Type of company***. This should take into consideration the types of company existing in Mozambique which are SARL; in drafting articles of association consider that four kinds of corporate persons exist in Mozambique: the limited liability share corporation (*sociedade anónima de responsabilidade limitada or SARL*), the partnership association (*sociedade em comandita*), the general partnership (*sociedade em nome colectivo*), and the limited liability quota company (*sociedade por quotas de responsabilidade limitada* or *Lda*). *SARLs* and *Ldas* are most frequently used to incorporate.
  - ***Number of participants, share, or quote holders and social capital***. SARLs must have at least 10 shareholders but no specified minimum capital. If the State is one of the shareholders then there can be two shareholders. Limited liability quota-held companies must have at least two quota holders and a minimum social capital of 1.500.000Mt.
  - ***Finality and shares/quotas.*** SARL is commonly used for large investments while an Lda is for small and medium investments where quota holders operate on a basis of mutual trust and personal acquaintance. In a SARL, the ownership interest in the equity is represented by shares, which may be bearer or nominative. Shares must be in nominative form for as long as the par value of the shares subscribed has not been fully paid.

A condition of incorporation for limited liability quota-held companies is that at least 50 percent of the capital be contributed.

  - ***Societal bodies.*** A SARL must have an administrative council, a general assembly, and a financial council. Executive direction is entrusted to an administration, and financial aspects, such as auditing, are entrusted to the financial council, both of which are elected by the general assembly. The general assembly is the highest body and contains all the shareholders. People can be elected to office from outside the SARL.

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[1] Banks require different documents. In some provinces, banks requests license and sometimes the NUIT (tax) number.

A limited liability quota-held company has management and a general assembly. The management is represented by one or more managers who may be chosen from among the quota holders or appointed from outside the company. The general assembly comprises all the quota holders and they may decide whether or not to have a financial council.

PUBLIC DEED

Documents Required

- Negative certificate
- Identity documents of shareholders
- Proof of deposit of initial social capital (bank deposit slip for deposit in account in name of future company)
- Articles of association.

Deed

- The documents are submitted to the notary for calculation of the value of the deed (normally approximately 10% of social capital).
- Set date to sign the document and pay.

Provisional Registration

Once the public deed has been signed a certificate and an extract are issued permitting the provisional registration of the company at the commercial registry office.

Publication of Articles in Government Gazette

The extract of the public deed is sent to be published.

Definitive Registration

Definitive registration is carried out after the articles are published in the government gazette. Registration is carried out at the commercial registry on application in writing with a copy of the government gazette and public deed attached.

POST-REGISTRATION AND PRE-OPERATION PROCEDURES

- ***Obtaining company tax number (NUIT).*** Once the company is constituted (i.e., has its public deed) a NUIT can be obtained from the local tax office by completing a form and attaching a copy of the public deed.
- ***Inspection***. Before an operating license can be issued, the place where the activity is to occur is inspected by a line ministry (e.g., tourism, industry, agriculture) and other bodies such as the health and safety department, fire brigade.

- ***Communication to labor department.*** Having obtained a NUIT and operating license the company must indicate its intention to start operating by writing to the municipal authorities and the provincial directorate of labor.
- ***Social security registration.*** The company must register all workers with the social security institute. Complementary social security systems are permitted but all companies have to be registered with the INSS (national social security institute). The employer withholds the monthly contribution value and pays it directly (by the 10th of each month) to the INSS.
- ***Time periods for registration of branches and representative offices of foreign companies.*** Registration is carried out within 30 days following licensing of the branch of representative office following presentation of a certificate passed by the relevant Mozambican consular agent proving that the company exists in its country of origin.

Costs

All acts undertaken in the registration process are subject to payments and taxes unless legally exempt.

- Negative certificate: 76.100.00 Mt.[2]
- For notarial acts and registration of companies with social capital up to the value of 5 billion meticais costs are calculated at a rate of two per thousand for each process.
- For acts above the value of 5 billion the cost is calculated at 0.1 per thousand.

When the value represented is in foreign currency the exchange rate used is that of the day prior to submission.

LEGAL TIME PERIODS FOR STATE SERVICES

- Negative certificate: 2 to 3 days
- Public deed certificate: 4 to 5 days
- Publication in government gazette: 90 days
- Final registration: 7 days.

Legislation

Commercial Code. The commercial code in force in Mozambique[3] was approved by the law of 28 of June 1988 and came into force through the decree of 23 of August 1988. The code contains 691 Articles, in three books, each divided into titles and chapters. The first book deals with general commerce, the second with special types of commercial contract, and the third with maritime commerce. The section referring to registration is dealt with in Articles 45 to 61 of Title

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[2] Regional differences have been noticed on the amount of taxes.
[3] Under revision.

V of the first book and basically deals with the following: office competent to carry out registration, acts requiring compulsory and optional registration, requirements for registration, dealing with companies registered outside Mozambique, provisional and definitive registration, legitimacy of application, cancellation and publicizing of registration, and recourse in case of doubts or recusal by the conservator.

Decree-Law 42 644 of 14 November 1959—General principles of commercial registration. This document contains 20 articles and deals with the completion of commercial registration, facts subject to registration, compulsory nature of registration, status of those not registered, sanctions for non-registration, notarial justification, registration of ships, payment of costs. The decree-law is accompanied by an annex of costs, which has recently been updated.

Decree-Law 42 645 of 14 November 1959—Regulation of Commercial Registry. This is organized in three different titles subdivided into chapters and sections totaling 93 Articles. The contents are as follows:

- Title I. Organization of the commercial registry: which are the competent bodies, and respective rules to define the competence of each, procedures for change of headquarters, cancellation of registration, organization and stamps required for registration books;
- Title II. About general acts of the registry: what comprises registration, how registrations are recorded, signatures, legitimacy, record of presentation, special registrations, types of enrolment, organization of registers, types of documents, enrolment of foreign companies, boats, female commercial operators, alterations and additions to registered items, non-use of enrolment and cancellation;
- Title III Final issues. Deals with alterations and revokes previous legislation.

Ministerial Diploma 19/98 of 04 March—Table of payments and Taxes for Commercial Registration. The table of payments and taxes for commercial registration and notarial service contains 7 Articles and 7 tables dealing with payments for civil, commercial, vehicular, and property registration as well as notarial acts, criminal registration, and the registration of associations.

Ministerial Diploma 150/2001 of 03 of October . This updates the costs payable for notarial acts and registration of companies and societies with social capital up to 5 billion meticais. It contains two Articles. Article 1 establishes costs payable for notarial acts and registration of companies and Article 2º establishes the entry into force of the diploma.

Appendix D. Commercial Licensing

All commercial activities must be licensed. The license proves the company's suitability to practice the activity for which the license has been requested. A new authorization is required for each new type of activity to be undertaken. Operating without a license is considered illegal trading and is subject to punishment by fine, suspension of operations, or closure of the establishment depending on the gravity of the case. The Inspector General, provincial director, or district administrator of industry and commerce are able to take such measures. Commercial establishments are subject to pre-announced inspections, the aim of which is to educate, and unannounced inspections whenever necessary to ensure proper operation of the commercial sector or when irregularities have been denounced.[1]

Who Can Apply

An operating license can be issued to single national or foreign persons with fixed residence in Mozambique and commercial companies duly registered in Mozambique. They can be external commerce operators, national or foreign.[2] Foreign companies can operate at the same time if in the possession of licensing of foreign representation and agency. The following can be classified as external commerce operators:

- Commercial establishments with license issued by the Ministry of Industry and Commerce, including importation and exportation.
- Economic agents with authorization to exercise productive activities, issued by the respective authority.
- Rehabilitation and development projects duly certified by State authorities.
- Non-govermental organizations and religious confessions with projects approved by State authorities.

Only the operators referred to in the first two items can register as operators.

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[1] If operators are in compliance with the law they may be issued an inspection exemption certificate valid for 6 months. This does not cover the need for inspections resulting from denunciations.

[2] The following entities are exempt of registration as external commerce operators: (a) those qualifying for the simplified import regime; (b) those importing personal use goods; (c) those importing samples of articles, without commercial value, by companies based in Mozambique.

Where to Apply

The bodies responsible for commercial activity licensing are the Ministry of Industry and Commerce, local representations of the same, and municipal authorities. The request for licensing must be sent to the licensing body in the area where the commercial establishment is situated. The body competent to issue the license depends on levels of authorization:

Body	Type of activity[a]
Minister of Industry and Commerce	Delegations, agencies or other forms of representation of foreign bodies. Note: the renewal of a license for these bodies is undertaken by the National Director of Commerce.
Provincial Governor	Commercial agent, agricultural commercialization agent, banca, barraca, cantina, ambulatory commerce, cumulative commerce, general commerce, wholesale and retail commerce, rural commerce, import, export, shops, service provision, tenda and other commercial activities not covered by specific legislation, including registration of external commerce operators (applicants for licenses to be exporters) Bodies and single persons from outside Mozambique with contractual arrangements with national companies for a period not exceeding 6 months.
District Administrator	Commercial activities undertaken in barracas, tendas or bancas and ambulatory commerce when undertaken in rural areas. The activities referred to above when carried out in an urban area where they are not covered by either of the competent authorities mentioned above.

[a] Different types of activity are as follows:

- Commercial agent: individual or collective commercial person who has a commercial organization and uses the same to carry out trade in the name of one or more bodies, either national or foreign, through an agency contract, or as mandate holder, as well as importers and producers.
- Agricultural commercialization agent: S/he who purchases agricultural products in rural areas and sells them in other places.
- Banca: Small space in the form of a table or display case installed in a market or other area where a variety of products, excluding arms, munitions, industrial machinery, tractors, airplanes, cars, tires etc. are sold.
- Barraca: commercial establishment of temporary construction larger than 5 m² where a wide range of products excluding arms, munitions, industrial machinery, tractors, airplanes, cars, tires etc. are sold.
- Cantina: retail commercial establishment in rural and suburban areas selling a range of products except for arms, munitions, industrial machinery, tractors, airplanes, and cars.
- Ambulatory commerce: commercial activity undertaken by individuals comprising retail sales of a variety of products in a number of different places, with products carried by hand and volume of products not exceeding 500kg, excluding arms, munitions, industrial machinery, tractors, airplanes, cars, tires.
- Cumulative commerce: simultaneous exercise of retail and wholesale commerce.
- General commerce: retail sale of various types of merchandise, non-specialized.
- Wholesale commerce: wholesale of products to retailers.
- Retail commerce: commercial activity comprising the sale of products to the consuming public either in specific establishments or through ambulatory commerce.
- Rural commerce: the exercise of retail commerce in rural areas namely in a shop, barraca or banca and also including ambulatory commerce.
- Export: sale or placement of products in markets outside the country.
- Import: acquisition of products outside the country, their entry into and transaction within national territory.
- Shop: commercial retail sales establishment which has a principal specialism.
- Service provision: obligation by one party to provide the other with certain results of their work, be it intellectual or manual, in exchange for compensation.
- Foreign commercial representation: economic activity undertaken within the Republic of Mozambique via a delegation, agency, or other form of representation of an entity based outside Mozambique.
- Tenda: small-scale temporary commercial establishment selling a range of products excluding arms, munitions, industrial machinery, tractors, airplanes, cars, tires etc.
- Rural area: any countryside area not falling under a municipal authority.

In the cities of Quelimane, Tete, Pemba, and Inhambane (and other places where they are being established) one-stop shops support the implementation of new investments and provide information services and technical assistance to move registry and licensing along.

When to Apply

Application can be made at any time.

Application Requirements

NATIONAL COMMERCIAL ESTABLISHMENT

Licensing request letter, with notarized signature, addressed to the licensing authority of the area where the establishment is situated, containing the following:

- Identification
  - For single persons, name, age, nationality, address, ID number and date and place of issuance.
  - For collective persons, name, public deed or government gazette, address of headquarters of company, identity of representative.
- Type of commercial activity
  - Classification number of economic activity (CAE-rev 1)[3]
  - Classes of goods to be commercialized[4]

The request must be accompanied by the following:

- A sketch plan of the installation to be used for the commercial activity
- Public deed or government gazette accompanied by the respective commercial registration (where applicable)
- Proof of commercial registration issued by the Ministry of Finance
- Request for inspection[5]

FOREIGN COMMERCIAL REPRESENTATIONS

Request letter applying for license with notarized signature, addressed to the relevant authority containing the following:

- Identification (same as that for national establishments)
- Identification of commercial activity
  - Location of representation/establishment in home country and in Mozambique
  - Detailed description of objectives

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[3] Published in Decree 58/99 of 08 of September.
[4] As per annexes I and II of the Decree Law regulating licensing of commercial activity.
[5] The inspection team comprises one representative from the licensing body, the local administrative authority (district, municipal), the local health body, the fire service, and others as necessary. Notification of date of inspection is issued following approval of the request. For foreign commercial representations, notification is issued on receipt of the request for issuance of a license.

- — Specification of type of representation to be opened
- — Period of time for which the activity will take place
- — Period when inspection can take place, except in the case of agencies.

- Request for inspection[6]
  - — Authenticated copies of constitution and registration of parent company in home country
  - — Power of attorney in favor of the person mandated to represent the company in Mozambique. The power of attorney must specify details of the type of representation to be opened (delegation, agency etc.)
  - — Authenticated copy of the ID document of the mandate holder/official representative, or alvará of Mozambican company acting as representative
  - — Opinion of the body responsible for the sector.

Undertaking commercial activity as a foreign individual. All the requirements as per those for a national operator as well as a business visa and/or residence permit compatible with the activity requested.[7]

Commercial activity in a rural area in a tenda, barraca or banca, ambulatory commerce or commercialization of agricultural products

- The request for license is made on a specially designed form
- The applicant must be in possession of the following:
  - — National person: BI or other civil identification document
  - — Foreign person: Residence authorization compatible with the activity requested, and issued by the relevant authority. For commercialization of agricultural products a business visa is required.
- Inspection request[8]

External trade operators[9]—application for registration as an external trade operator is made by completing a form, such as those used for registration as an importer or exporter. The application is accompanied by the following:

- Operating license issued by the relevant body,
- Proof of fiscal registration issued by the Ministry of Plan and Finance.

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[6] Foreign commercial representation undertaken as an agency does not require an inspection.
[7] The license is issued for the same period of time as the validity of the visa or residence permit.
[8] Commercial licensing of activities in rural areas does not require an inspection.
[9] The following are exempt from registration as an external trade operator: (a) importers in simplified regime as covered by art. 3 of Decree 56/98 of 11 of November; (b) any person national or foreign (resident in Mozambique), single or collective importing goods for personal use; (c) companies based in Mozambique when importing demonstration models and publicity and propaganda materials with no commercial value.

Costs

Taxes and costs are payable for all types of licensing and are regularly reviewed by joint ministerial diploma between the Ministries of Industry and Commerce and Plan and Finance.

Activity	Cities			Towns	Rural areas
	Group 1[a]	Group 2[b]	Group 3[c]		
ISSUANCE OF OPERATING LICENSE PER CLASS (METICAIS)					
Retail and wholesale commerce or wholesale only with import and export	500.000	400.000	300.000	150.000	50.000
Service provision	1.000.000	750.000	500.000	100.000	50.000
Additions	1.500.000	1.000.000	750.000	500.000	200.000
Wholesale and retail commerce	400.000	300.000	250.000	100.000	50.000
Wholesale only	300.000	250.000	200.000	1.500.000 *	750.000[d]
Retail or general commerce with or without export	250.000	150.000	100.000	1.000.000 *	500.000 [d]
COSTS FOR INSPECTIONS (METICAIS)					
Hypermarkets, supermarkets, commercial centers, vehicle and parts Sales stands, video clubs including sale of household electrical items, wholesale and retail Sales with import and export, hardware, interior design, household and furnishing shops	2.500.000	1.500.000	1.000.000	750.000	300.000
Grocery, general store, bakeries, chilled food stores, domestic goods, fishmongers, florists, chemist, auction houses, discos, sales of seeds, plants and medicinal herbs, sporting goods, decorative items, fashion outlets, hairdressers, watch sellers, optometrists, drinking establishments, butchers, video clubs and service	1.500.000	1.000.000	750.000	500.000	200.000
Tobacconists, perfume shops, photographers, cinemas, bread deposits, shoemakers, dressmakers, watch menders, repair of small electrical goods	1.000.000	750.000	500.000	300.000	100.000

Note: Any supplementary service or issuance of second copy of alvará costs 50% of the value stated above.

[a] *Maputo, Matola, Beira, Nampula, Nacala*

[b] *Pemba, Quelimane Tete Inhambane Maxixe, Xai-Xai Chimoio, Chokwé*

[c] *Lichinga, Other Cities*

[d] *Cost for each license.*

TAXES FOR COMMERCIAL REPRESENTATIONS

- Licensing - 12.000.000,00 Mt;
- Licensing of this activity by a national company - 5.000.000,00 Mt.

TIME PERIODS FOR PROVISION OF GOVERNMENT SERVICES

The process must move according to the following time frame:

- Provincial level: 15 days;
- District level: 8 days.

For authorization for commercialization of agricultural products the authorization requires the physical presence of the applicant.

- The license for an external trade operator is issued within 7 days.
- The process of licensing a foreign representation is completed in 10 days.

Start of activity is conditional on inspection as requested by the applicant and carried out within the time periods above for issuance of a license. Notification of decision is within 5 days, independent of the level of competency (i.e., district should be the same as national). For foreign commercial representation notification is within 2 days of the decision.

Legislation

Decree Law 49/2004 of 17 of November.[10] This regulation approves the new Commercial Activity Regulation and comprises 40 articles in 4 chapters as follows:

- I. Preliminary issues: legal definitions, objective and scope of application, concept of illegal trade
- II. About commercial activities: necessity of licensing, external trade, process for obtaining licenses (request, documents to annex, competencies and other procedures)
- III. Inspections, penalties and taxes: competencies, types of inspection, notifications, punishments, taxes
- IV. Transitional issues—regularization of those licensed before this legislation.

Seventeen annexes contain the following documents:

- References of type of activity and product traded
- List of goods
- Model license
- Form for rural trade licensing
- Model license for rural commercial operator
- Model of commercial representation license (delegation)
- Model of commercial representation license (agency)
- Form for exporter
- Form for importer
- Model ID card for external trade operator
- Form for licensing commercial establishments (individual name)

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[10] BR 46, I Série de Quarta-feira, 17 de Novembro de 2004, pgs 474 à 504.

- Form for licensing commercial establishments (commercial companies)
- Form requesting alterations (commercial establishments)
- Form for licensing foreign representations (agencies)
- Form for licensing foreign representations (delegation)
- Form for registering exporter.

Ministerial Diploma 46/2001 of 07 March.[11] Approves taxes for licensing commercial activities (inspection and issuance of license) and presents 7 articles on taxes and costs for inspections and issuance of licenses, costs for supplementary processes, destination of monies received, places where payments can be made, and entry into force of the diploma. Two annexes cover inspection costs and license issuing costs per class.

Ministerial Diploma 220/98 of 30 December.[12] Establishes taxes for licensing foreign commercial representations and comprises four articles. Article 1 establishes costs for licensing and additions; Article 2 establishes costs for foreign commercial representation by a national company; Article 3 establishes the destination of monies received; and Article 4 stipulates time period for entry into force of this diploma.

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[11] BR 10, I Series, Wednesday, 07 March 2001, pgs 48 (60 to 48 (8).
[12] BR 52, I Series, Supplement of Wednesday, 30 December 1998, pg. 240 (1).

Appendix E. Industrial Activity Licensing

The start up of industrial operations in Mozambique must be licensed. Activities likely to have an impact on the environment,[1] including those not officially listed, require an environmental license before an industrial license. The license is valid for an indeterminate period though it may be revoked by the issuing agency if any laws or regulations are violated. Other penalties include fines and others depending on the gravity of the situation. Penalizing authorities include the National Director, who may suspend activities, the Minister or Provincial Governor, who may close an industrial establishment, and the Inspector General and provincial directors in all other cases. Industries are classified as large, medium, small, and micro and categorized according to value of initial investment, electrical potential installed or to be installed, and number of workers.[2] A company may fit two out of the three categories. Micro-scale industries are the only ones not requiring authorization to begin operating. They are, however, required to register. Transforming, or value-added industries in agro-industry, food, textiles, metallo-mechanical, graphics, chemical industries, plastics and rubber sectors benefit from a special tax regime. This regime is currently being revised and likely to be change in the near future. (See section on Customs Regime)

Who Can Apply

Any person entity, individual or collective, national or foreign can apply.

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[1] See Annex of the Decree Law 45/2004 of 29 of September, Regulation of the Environmental Impact Evaluation Process.

[2]

Categories	Init'l investment (US$)	Electrical capacity (KvA)	No. Workers
Large	10.000.000 or more	1000 or more	250 or more
Medium	2.500.000 or more	500 or more	125 or more
Small	25.000 or more	10 or more	25 or more
Micro	25.000 or less	10 or less	25 or less

Where to Apply

The Ministry of Industry and Commerce is responsible for licensing large companies and can delegate the licensing of medium companies to Provincial Governors, who handle small-scale companies. Micro-scale companies must register but do not require authorization to operate.

Pre-licensing is undertaken by the National Directorate of Industry for large and medium-scale industries (medium-scale can be delegated to the provincial directorates). Local industry and commerce departments are responsible for licensing small-scale companies. In the cities of Quelimane, Tete, Pemba, and Inhambane (and other places where they are being established) are one-stop shops that support the implementation of new investments and provide information and technical assistance to moving processes through the registry and licensing stages.

When to Apply

As part of the licensing process the following temporary obligations exist:

- The process having been approved the applicant has a maximum of 180 days to begin implementing the project. Non-compliance with this requirement without previous authorization leads to cancellation of the authorization conceded.
- Once the license has been issued work must begin within 90 days or the license is cancelled.

Application Requirements

For large, medium, and small-scale industries the following are required:

- Request letter with notarized signature addressed to the relevant authority. In the case of large or medium-scale industries processes may be submitted locally and passed up to the relevant authority. The application must contain name, nationality and address in the case of individual persons, or details of headquarters, representative, and copy of the government gazette or public deed in the case of collective persons. The application must also include the location where the industry is to operate.
- The application must be accompanied by an "industrial project" that includes:
  - Topographical plan to scale of the area (including buildings, roads, water courses etc.)
  - Scale plan of the industrial site including workshops, warehouses, stores and offices and anything else necessary for the operation of the industry.
  - Written description of the project and how it will be implemented (including manufacturing processes, production capacity, security systems and other requirements).
- Large and medium scale enterprises may only begin installing their industrial unit after receiving approval of their project.

- Small-scale industries must present their project to the provincial industry and commerce department up to 30 days before applying for an inspection. Approval of project documents for small-scale industry is not required.
- Micro-scale industries do not require authorization and do not have to prepare a project document[3].
- Environmental Impact Study approved by the Environment Ministry or proof of exemption from the same.
- Whenever civil construction is required the project must also provide proof of permission to construct given by the relevant authority (Ministry of Public Works or Municipal authority)
- Rental contract or proof of ownership.

If the planned establishment is in an urban area or covered by an urban plan the request will only be authorized if the establishment is within the areas identified as industrial zones.

Costs

When the licensed is approved, taxes are paid according to tables. Payment is made at the finance department in the area where the industrial establishment is to be situated using a special form. The factor used to calculate the taxes owed is minimum wage (SM). The value of minimum wage is multiplied by the number in the table to give the amount payable.[4]

Scale	Issuance of license x SM	Approval of alterations x SM	Inspections x SM	Cert. /decert of Industrial Equipment x SM	Transport Mt/Km
Large	5	4	6	1	5000
Medium	4	3	4	1	5000
Small	2	2	2	1	5000
Micro	1	-	-	-	5000

TIME PERIODS FOR PROVISION OF SERVICES

- Decision on the application: 8 days including day or receipt
- Notification of decision: 3 days including day of decision
- Opinions of health and safety, fire brigade etc: 15 days
- Evaluation of project: 30 days from reception of the same
- Notification of decision on the project: 3 days from date of approval
- Inspection: Must be undertaken within 6 days of receipt of application for inspection and concluded within 8 days.

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[3] With the exception of the food and pharmaceuticals industries which are governed by specific legislation.

[4] Minimum wage is updated annually and published in a joint ministerial diploma from the Ministries of Plan & Finance and Labor. The 2004 wage is 1.120.297.00 Mt for workers in industry, commerce and other sectors and 805.444.00 Mt for workers in the agriculture sector and was approved in Decree 75/2004 of 28 April.

LEGISLATION

Decree 39/2003 of 26 November, Regulation of licensing of industrial activity.[5] This regulation comprises 46 articles which essentially deal with scope of coverage, classification of industry, procedures for registering each, documents required, bodies responsible, obligations and rights of those licenses, inspection and penalties. Four annexes include a model license, registration form for small-scale industry, costs, and licensing form.

[5] BR 48, Series I, Supplement Wednesday, 26 November 2003, pg. 495 to 507.

Appendix F. Licensing of Hotels, Tourism, Restaurants and Similar Sectors

All types of economic activity must be licensed by the government. In the tourism, hotel, and catering industries, applicants must first obtain an environmental impact certificate. Starting construction of a hotel or tourism establishment without authorization is subject to fines of between 50 and 100 million Meticais, and unauthorized activity is subject to fines of between 20 and 50 million Meticais (values updated by joint diploma of the Ministries of Plan & Finance and Tourism). Hotels are defined as "tourism establishments which provide accommodation with or without meals in exchange for payment." Similar establishments are defined as "tourism businesses which provide to the public food and or drink to the public in exchange for payment. These establishments may also provide shows or dances." The definition includes restaurants, drinking establishments, and dance halls. Hotels are divided into four groups: deluxe, 1st, 2nd and 3rd class. Hotels are further classified as follows[1]:

- Classification of types of lodging
  - Group I Hotels: one to five star
  - Group II Boarding house: one to four star
  - Group III Lodging house: single classification
  - Group IV Inn: one to four star
  - Group V Motel: one to four star
  - Group VI Apartment hotel: one to four star
  - Group VII Tourist village: One to three star
  - Group VIII Guest house: single classification

- Classification of complementary types of accommodation
  - Group I Tourist apartment: classes 1 to 3
  - Group II Tourism accommodation unit: classes 1 to 3

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[1] As the tourism sector is a fundamental contributor to development the government has approved a special customs regime for the hotel industry which allows for the investor to present a list of items to be imported to the Ministry of Plan and Finance. The approved goods then benefit from duty and VAT exemptions.

— Group III Rural tourism units or agro-tourism: single class
— Group IV Lodges: 1st, 2nd and 3rd class
— Group V Camp site: single class
— Group VI Personal lodging (holiday home): single class

The classification given to an establishment may be altered either by the relevant authority or at the request of the license holder, whenever the type of accommodation offered means that the establishment falls into a lower category.

Who Can Apply

Any person, individual or collective, national or foreign may apply

Where to Apply

Tourism accommodation licensing is the responsibility of the Minister of Tourism or the National Director of Tourism following delegation by the Minister. Restaurants and drinking establishment licensing is the responsibility of the Provincial Governor or the Provincial Director of Tourism following delegation by the Governor. In the cities of Quelimane, Tete, Pemba and Inhambane (and other places where they are being established) one-stop shops support the implementation of new investments, provide information and technical assistance, and move processes through the registry and licensing stages.

When to Apply

The applicant must comply with the following time periods:

- Having been notified of the approval of their request the following documents must be submitted within 120 days: map of location, plan of establishment, written description. This period can be extended by a further 60 days on written request
- Once the initial project has been approved a further time period of 1 year for hotels and 60 to 90 days for other establishments to present the final project
- Once this project is approved the applicant has 180 days to request an inspection.

Non-compliance with any of these time periods results in cancellation of the authorization to proceed.

Application Requirements

- Application with notarized signature addressed to the relevant responsible authority. For individuals, the application must include name, nationality, and address. For collective persons, it must include details of a representative, headquarters, and a copy of the government gazette where the articles of association were published. The application must also include details of the location of the proposed establishment.
- Approval from municipal authorities if the establishment is located within an urban area.
- Environmental certificate.
- Construction project including topographical plan, implementation plan, water, drainage etc. plans.
- Written description including plans, photos, sketches etc. depending on whether the establishment exists already, or is to be constructed.
- Rental contract or proof of ownership.
- Request for inspection, approval of name, and price list.
- Request for issuance of license and registration of managers.
- Registration of the establishment is completed authorization to open is given. In order to register the following are required: identity of directors; company running the establishment including judicial status; identification of directors or managers; identity of person responsible for the establishment.

Costs

Costs (in meticais) are payable for all acts subject to licensing.

LODGINGS

- Group I--Hotels, including lodges etc.
  - Project analysis 3.500.000
  - Inspections 8.000.000
  - License issuance 5.000.000
  - License alteration 3.000.000
  - Name approval 500.000
  - Management certification 3.500.000
  - Management registry 300.000
  - Health & safety and fire brigade 2.000.000

Total 27.550.000

- Group II to VII-- Boarding houses and inns
  - Project analysis 3.000.000

— Inspections 5.000.000
— License issuance 3.500.000
— License alteration 3.800.000
— Name approval 350.000
— Health & safety and fire brigade 2.000.000

Total 17.650.000

- Group VIII-- including residential tourism units, rural and agro-tourism

— Project analysis 2.500.000
— Inspections 3.500.000
— License issuance 3.000.000
— License alteration 2.600.000
— Name approval 300.000
— Health & safety and fire brigade 2.000.000

Total 13.900.000

- Group I and III--Tourism apartments and rural tourism residential units

— Project analysis 1.500.000
— Inspections 3.000.000
— License issuance 2.500.000
— License alteration 2.300.000
— Name approval 250.000
— Health & safety and fire brigade 2.000.000

Total 11.550.00

- Group II--Residential tourism units

— Project analysis 1.000.000
— Inspections 2.000.000
— License issuance 2.000.000
— License alteration 2.200.000
— Name approval 150.000
— Health & safety and fire brigade 2.000.000

Total 9.350.000

RESTAURANTS AND DRINKING ESTABLISHMENTS

— License issuance 2.000.000
— License renewal 1.000.000

Total 3.000.000

TRAVEL AND TOURISM AGENCIES

— Project analysis 5.000.000

— Inspections 5.000.000
— License issuance 3.000.000
— License renewal 1.500.000
— Change of location of establishment 2.000.000
— Opening of branch 1.500.000
— Foreign delegation 6.000.000
— Change of location of establishment 5.000.000
— Bank guarantee 100.000.000
— Insurance 100.000.000

Total 232.000.000

TIME PERIODS FOR SERVICE PROVISION

- Consideration of the process—60 days for accommodation establishments, and 30 days for restaurants and drinking establishments.
- Decision on application—8 days for accommodation establishments and 5 days for restaurants and drinking establishments.
- Inspections—20 days from date of submission of application.
- Inspection report approved by higher authority—8 days, then communicated to applicant within 7 days.
- Issuance of license—5 days following approval of inspection.

Pay attention to the applicant's time periods (See section on When to Apply.)

Legislation

Presidential Decree 9/2000 of 23 May. Defines attributes and responsibilities of the Ministry of Tourism (created by Presidential Decree 1/2000 of 17 January, which restructured the Ministry of Industry, Commerce and Tourism)[2]; comprises 5 articles on Ministry responsibilities.

Law 4/2004 of 17 June. Approves the Tourism Law.[3] The Tourism Law comprises 30 articles that deal with objectives and scope, planning tourism activities, training and promotion, tourism activities, rights of operators and consumers, quality standards, inspections and control, penalties and prevention of sex tourism. The law has an annex of technical definitions.

Decree 69/99 of 05 October. Approves the Hotel Industry and Similar Regulation.[4] This regulation comprises 279 articles covering location of establishments, classification, rules for

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[2] BR 20, Series I Supplement Tuesday, 23 May 2000, pgs 78 (1) to 78 (2).
[3] BR 24, Series I, Supplement Thursday, 17 June 2004, pgs 210 (1) to 210 (5).
[4] BR 39, Series I, 4th Supplement Tuesday , 05 October 1999, pgs 174 (19) to 174 (64).

operation of each class, responsibilities of those involved in licensing, documents and procedures required, taxes and costs, infractions and penalties. Seven annexes contain:

- Table of minimum dimensions for accommodation;
- Notices and signs;
- Model license;
- Management certificate;
- Model complaint books;
- Model accommodation price table;
- Model food and drink price list.

Decree 70/99 of 5 October. Approves the tourism and travel agency regulation.[5] This regulation and comprises 72 articles on scope of application, types of activity covered, processes to be followed, licensing procedures, guarantees and insurance, costs, inspections, and statistical requirements. Five annexes contain

- Model license,
- Model operating license,
- Model of tourism guide ID document,
- Model of trainee tourism guide ID document, and
- Model complaints book.

[5] BR 39, Series I, 4th Supplement Tuesday , 05 October 1999, pg. 174 (65) to 174 (86).

Appendix G. Labor

In the contracting of labor it is necessary to comply with the rules established by the State, which aim to create a work environment that protects all parties, while being more protective of the worker, who is considered "the weaker party." All workers have the right to a fair wage, rest, holidays, and a safe and healthy working environment. Workers may only be dismissed in accordance with the law. They have the right to unionize and to strike, while lock-outs may not be used. Below are a number of specific aspects relevant to investors. This information is general and in the instance of specific cases employers are recommended to consult the relevant legislation. The business community has been urgently seeking revision of the labor legislation to make it more flexible; a review process is underway.

Types of Labor Contract

Mozambican law defines two types of employment contract for full-time work: fixed period contract and permanent contract. The two are not interchangeable. Fixed period contracts may only be used for positions that exist for a fixed period, for seasonal activities, or to provide substitution for workers who are absent. Even in these circumstances the maximum length of such a contract is two years, renewable once for an equal period. All contracts not specifically for a fixed period are considered permanent. The probation period for a fixed period contract is 30 days (15 days in the case of contracts of less than 6 months) and 90 days for a permanent contract. During the probation period the worker may be dismissed without implications for payment of indemnity. On completion of the probation period the worker has all the same rights as the other employees, in terms of indemnity etc.

Holidays and Absences

Workers have the right to 21 paid holidays for the first year worked and 30 days for each subsequent year. Workers are permitted to be justifiably absent from their posts for a variety of reasons including marriage (6 days), death of close family member (6 days), death of other relative (2 to 3 days) and sickness or accident (no limit).

Any absences not considered "justified" under the terms of the labor law are considered unjustified. Workers taking unjustified absences can be penalized by loss of pay for the period of absence, and loss of rights to leave without prejudice to a future disciplinary process.[1]

Discipline and Contract Termination

Disciplinary actions other than verbal warnings follow an administrative process. Each process has stages to be followed with specific time periods. These must be scrupulously complied with.

Following a disciplinary infraction the employer, having undertaken a successful disciplinary process, has a number of options. In selecting from among these, employers must take into consideration the gravity of the offence, damage caused, as well as the fault, circumstances, economic situation and conduct of the worker. Sanctions include suspension without pay, fine, demotion, or termination of contract.

The calculation of indemnity to which a worker is entitled on termination (not resulting from a disciplinary process) depends on time served. Workers employed for more than 3 years on a permanent contract receive three months' salary for every two years or additional fraction worked (e.g., a worker who has been with a company for six years and one day is entitled to one year's salary on termination). If it is proven that a contract was rescinded unlawfully the value of indemnity payable may be doubled.[2] For fixed-period contracts, the value payable in indemnity if the contract is terminated prior to its conclusion is the value of the amount of time remaining on the contract.

Contracting Foreign Workers

Those wishing to enter Mozambique to work must obtain a work permit from their nearest Mozambican consulate or embassy (see Immigration Procedures). For a long time, the difficulty of contracting foreigners was the most persistent complaint of the business community. But legislation covering this area of employment has been revised recently resulting in some improvement.

All foreign citizens wishing to work in Mozambique are subject to authorization by the Ministry of Labor, even if such work is to be unpaid. Foreign directors, managers, mandate holders and other representatives of companies are also subject to authorization. For workers, authorization depends on approval of their work contract; such authorization is usually valid for 2 years. Directors, managers, and mandate holders are conceded a work permit that lasts as long as their

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[1] Absences without justification of three consecutive days or of six non-consecutive days per semester justify disciplinary or when the presented reason of absence is proved to be false.

[2] Without prejudice of payment of another three months of prior notice, in the case of this requirement has not been followed.

mandate or management contract. The process for work permission is less involved than work authorization. .

Projects in industrial free zones or "*zona franca*" are covered by their own regime which permits the employment of foreigners as up to 15 percent of their workforce for up to 7 years.

Who Can Apply

Any company, national or foreign, with any non-Mozambican citizen working for them, either as management or a member of their workforce, even in a non-remunerated capacity must apply.

Where to Apply

Provincial delegations (or Maputo city delegation) of the National Institute for Employment and Professional Training (INEFP) which is delegated by the Ministry of Labor to deal with issues around employment of foreign workers

When to Apply

- Temporary workers using a work visa and employed for 90 days or less—existence of such workers must be communicated to the Ministry of Labor within 15 days of their arrival and departure.
- Company managers, directors. and mandate holders—application must be submitted at least 30 days prior to start of operations.

Application Requirements

CONTRACT

- National workers. A written contract should be signed. The labor law contains guidelines of what should be included (e.g., identification of the parties, professional category or job description, place of work, contract duration, conditions for renewal if applicable, amount form and periodicity of remuneration, start date). Other clauses may be introduced by agreement.
- Foreign workers—Work Authorization

- — Request letter containing applicant company's name, address, and sector of activity of; identity foreign worker to be employed, including category, job description and contract duration, plus copy of passport or residence document;
- — Proof from INEFP that the proposed employee is qualified and that there are either none or insufficient national workers with the same qualifications;
- — Three copies of the proposed employment contract;
- — Notarized copies of qualifications or proof of relevant professional experience (officially translated into Portuguese)
- — Approval from company Union representation.
- — In the case of employers with projects approved by the Investment Promotion Center (CPI) application requires a request letter, 3 copies of the contract and a copy of the CPI authorization of the investment project.

- Foreign Workers—Work visa (temporary work). The law permits a special regime for foreign workers employed temporarily (e.g., undertaking specific projects on secondment from the parent company). Such a worker may be employed for 90 days or less by simply communicating the fact to the Ministry of Labor. Permission for this type of employment may be extended for another 90 days if justified.
- Foreign Workers—Work permission
  - — Written request as per that for work authorization
  - — Documentary proof of mandate held in terms of the law and company articles
  - — Photocopy of passport or residence document
  - — Authorization for the company to operate in Mozambique in the form of an operating license or *alvará*.
- Work Schedule. Complete a form available in government stationers, in duplicate and submit both copies to the Provincial Directorate of Labor for approval.
- Name List of Workers. Using a form available in government stationers complete a list of all workers, including their professional level, salary, etc. and submit to the Provincial Directorate of Labor annually.[3]
- Employment Card. This must be provided by a national worker when employed and a copy must be kept on the personnel file.[4]
- Payroll or document proving payment of salary. This is submitted to the Provincial Directorate of Labor in duplicate each month.
- Uniforms Where Necessary. Certain sectors and activities have specific health and safety requirements.

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[3] This information is used for administrative support and statistical information.
[4] Because this is not used on a regular basis by companies, the Labor Inspection does not verify its existence. However, a number of small businesses still use them.

- Registration with Social Security Institute. Both the company itself and each worker are required to register. Registration of workers and deduction of social security dues is the responsibility of the company.
- Medical Examination of Workers. Prior to employment each worker must undergo a series of medical examinations, and in certain sectors tests such as the catering trade, tests must be undertaken on a regular basis.
- Insurance. Companies must have collective insurance to cover work-related accidents and illness. For activities that represent a particular risk, companies must cover workers for that risk.

Costs

- Work authorization—12 percent of contractual monthly salary.
- Work permission—five times minimum wage.[5]

Legislation

Law 8/98 of 20 July, Labor Law [6,7]. The labor law comprises 218 articles on general aspects (scope, objective, special regimes and sources of labor law), relationships, rights, and obligations, work contract including duration, suspension, salary, cessation etc., special work regimes, collective rights, strikes, health and safety, workers health, work related accident and sickness, professional training, foreign workers, social security, inspection and contravention.

Law 5/93 of 28 December.[8] Establishes the legal regime for foreigners in Mozambique (the "Immigration Law"). Comprises 58 articles on scope, definitions and glossary, rights and guarantees, entry into the country, types of visa, and responsibility for concession of entry documents, residence authorization, control, and departure from the country, inspection, infractions, and sanctions.

Decree 57/2003 of 29 November.[9] Defines legal regime for foreigners working in Mozambique and contains 15 articles on work contracts, work permission, control, and sanctions.

Decree 75/99 of 12 October.[10] The conditions of work in Industrial Free Zones and operation of companies established in such zones. Contains 10 articles on authorization and permission to work, initiation and duration of activity, procedures for obtaining authorization and

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[5] Minimum wage is subject to annual adjustment by joint ministerial diploma from the Ministries of Plan & Finance and Labor. The current wage for 2004 is 1.120.297 Mt for industry, commerce and other sectors and 805.444 Mt for agricultural workers as approved by Decree 75/2004 of 28 April.
[6] BR 28, Series I, 2nd Supplement Tuesday 20 July 1998, pgs 108 (9) to 108 (39).
[7] The current labor law is being revised; a simplified version is expected to be in force by early 2006.
[8] BR 51, Series I, 2nd Supplement Tuesday, 28 December de 1993, pgs 222 (4) to 222 (8).
[9] BR 52, Series I, Supplement Wednesday, 20 December 2003, pgs 626 (5) to 626 (6).
[10] BR 40, Series I, 2nd Supplement Tuesday, 12 October 1999, pgs 178 (9) to 178 (10).

permission, exemptions obligations of the employer, contraventions, collective relations, and areas of responsibility.

Appendix H. Social Security

The social security system ensures subsistence and minimum security to enrolled workers in case of illness, incapacity, or retirement, and affords certain rights to the families of workers who die. The system is administered by the National Institute of Social Security (INSS). Both workers and employers are obliged to contribute 7 percent of the worker's monthly wage, 4 percent by the employer and 3 percent by the worker. Employers retain the contribution at source and then pay it monthly to the INSS. Seasonal, domestic, and temporary workers are not covered, though the system may be expanded to cover them should capacity and conditions permit. Expansion of the scope of the social security system is the responsibility of the Council of Ministers.[1] Workers rights are as follows:

- **Illness payment**. [2] For accident or sickness not related to work or for absence of parent worker taking children to the hospital.
- **Retirement**. For women 55 years of age and men of 60 years with INSS subscription for at least 20 years and 120 months of contributions; or workers with at least 30 years of subscription and 300 months of contributions, independent of age.
- **Anticipated Retirement.** Workers of 50 years suffering premature physical or mental decline.
- **Old-age Allowance.** Worker of retirement age, who ceases remunerative activity without meeting other requirements, or who is 50 years old but suffers premature decline without meeting other requirements for retirement.
- **Disability Retirement.** Worker who has suffered a permanent reduction in physical and mental capacities because of accident or non-work related illness and who is unable to earn more than one-third of the remuneration of a comparable worker, or worker who has reached the limit of foreseen time to benefit of the illness payment (365 days continuous).

The rights of families of enrollees:

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[1] When Social Security was established in 1989, entities with less then 10 workers were not covered. This changed in 1997.

[2] Illness payment is not paid in the first three days of the illness and will be paid in a time frame less then 365 days; from that time forward the worker is covered by Disability Retirement.

- **Survivor's Pension.** For widow or widower not earning wages or disabled, disabled widow or widower that had been under the care of the deceased, and minors that had been under the care of the deceased, in case of the death of the
  - Bearer of the old-age allowance, anticipated retirement, or disability retirement;
  - Worker who met conditions required to obtain retirement benefits due to disability or old age;
  - Worker who had at least 60 months of payment to the INSS.
- **Survivor's Allowance.** For survivors of a worker who had not yet acquired rights to the retirement due to disability and who had less than 60 months of contributions.[3]
- **Death Subsidy.** Surviving spouse of fact or minors who had been under the care of the deceased, or descendants, or a fund destined to grant workers with complementary and extraordinary benefits, in case of death of the worker with 6 months of registration and 3 months with payment of contributions.
- **Sanitary and Social Share.** The resources of the sanitary and social share will be used, in accordance with a settled program, to:
  - Concession of not pecuniary installments to workers' families;
  - Create and manage sanitary and social centers for protection of mothers and babies, to battle disease, and to hygiene and medical services
  - Financial aid or participation in public or private institutions, in sanitary and social domain that have interest for the population covered by the system;
  - Aid in the construction and improvement of housing conditions of the families of the workers.

Who Must Register

All employers and their workers, national or foreign must register. Foreigners able to prove that they are registered in the social security system of another country need not register.

Where to Register

At the local of provincial delegations of INSS. In the cities of Quelimane, Tete, Pemba, and Inhambane (and other places where they are being established) one-stop shops support the implementation of new investments and provide information and technical assistance in moving registry and licensing processes along.

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[3] The deceased who received old-age allowance will not benefit from this payment.

When to Register

Employers must register 15 days from start of operation of the company; 15 days from start of contract of employment of employee.

Registration Requirements

- Request for registration is made on a form issued by INSS and includes
  - Name of company;
  - Name of commercial establishment (if different);
  - Complete address, and in the case of branches, branch and head office;
  - Date of start of activity;
  - If relevant date of acquisition of company and name of predecessor;
  - Type of activity undertaken
- The form must be signed and stamped;
- Documents proving legal existence of the company (government gazette);
- Operating license;
- ID documents of proprietor;
- Identification of workers.

If the worker is already registered with INSS then s/he may be transferred using an existing registration number, by completing a form issued by INSS.

Costs

- Monthly costs payable to INSS – 7% of monthly wage (4% paid by the employer and 3% by the worker).
- Costs of forms, receipt books etc. issued by INSS vary per province.

TIME PERIODS FOR PROVISION OF SERVICE

When the documents are delivered to INSS registration is undertaken immediately.

Legislation

Law 8/98 of 20 July, Labor Law.[4] The Labor Law contains 218 articles divided into 8 chapters. Social security is dealt with in chapter VI, articles 182 to 206 which elaborate the following:

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[4] BR 28, Series I, 2nd Supplement Tuesday, 20 July 1998, pgs 108 (9) to 108 (39).

objectives of the system, scope of application, retirement ages, compulsory and voluntary registration, management, and accounting of the system.

Law 5/89 of 18 September.[5] Creates the social security system and has 34 articles and essentially deals with the following: scope of application, objectives, exemptions, compulsory and voluntary registration, internal organization of the system.

Law 8/2001 of 07 July, Alters Article 28 of Law 5/89 of 18 September.[6] Contains 3 articles dealing with alteration of article 28 no 1 of Law 5/89 of 06 May, defining responsibility for extending the scope of social security.

Decree 17/88 of 27 December.[7] Creates the National Social Security Institute (INSS) and contains 21 articles dealing with: nature and objectives of INSS, administrative council, management and employees.

Decree 46/89 of 28 December.[8] Approves regulation for application of the social security law. Comprises 49 articles dealing with sickness subsidy, pensions, death subsidy (including conditions for payment), financial organization and sanctions.

Decree 4/90 of 13 April.[9] Establishes the contribution to INSS at seven percent and contains of 5 articles dealing with contributions, their payment and division, and possibility for revision.

Ministerial Diploma 45/90 of 09 May.[10] Approves standards for application and procedures of regulation of social security law. Contains 79 articles dealing with the following: enrollment of workers, maintenance of voluntary contributions, administration, financial organization, payment, claims, forms to be used, centralized payment and penalties.

Dispatch 07 of May 1997.[11] Extends the social security system to companies with ten or fewer employees.

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[5] BR 37, Series I, 3rd Supplement Monday, 18 September 1989, pgs 348 (5) 349 (9).
[6] BR 27, Series I, Supplement Saturday, 07 July 2001, pg. 150 (1).
[7] BR 51, Series I, 4th Supplement Tuesday 27 December 1988, pgs 441 (21) to 441 (24).
[8] BR 52, Series I, 4th Supplement Thursday 28 December 1989, pgs 454 (23) to424 (29).
[9] BR 15, Series I, Supplement Friday 13 April 1990.
[10] BR 19, Series I, Supplement Wednesday 09 May 1990, pgs 110 (1) to 110 (8).
[11] BR 21, Series I, Wednesday 21 May 1997.

Appendix I. Immigration

The entry into the country, by a non-citizen through any border is governed by requirements for entry and stay. Requests to enter Mozambique may be made for a variety of reasons. In Mozambique the following visas accommodate those wishing to enter:

- Diplomatic visa
- Courtesy visa
- Official visa
- Residence visa (for foreigners wishing to reside in Mozambique, this is valid for one entry and for 30 days, renewable up to 60 days. This visa is obtained prior to obtaining a residence permit)
- Tourist visa (for tourism travel, may not exceed 90 days)
- Transit visa (for those who must enter the country in order to reach their country of destination. May not exceed 7 days)
- Visitors visa (entry for any purpose not covered by the previous types of visa—valid for 15 days renewable up to 90 days)
- Business visa (business-related travel valid for 30 days renewable up to 90 days)
- Student visa (12 months renewable)
- Work visa (to enter the country to work for 30 days renewable to 60 days)
- Border visa (issued for those coming from countries where there is no Mozambican consulate or embassy - though when representation exists payment of 25% surcharge may be paid – the visa is issued at the border. Valid for 30 days renewable up to 60 days).

Visas may be individual, collective, single, or multiple. Foreigners with residence permits (DIRE) or from countries with which Mozambique has a suppression of visa agreement do not need a visa.

Who Can Apply

Any foreign national of legal age of majority, or minors with authorization from a parent or guardian, who has means to subsist and who has not been banned from entry or previously expelled.

Where to Apply

The Ministry of Foreign Affairs, the Immigration Service, and embassies and consulates.

When to Apply

Whenever necessary. In countries with Mozambican embassies and consulates it is as well to consult with them some time before travel as issuance of some types of visas may take several weeks.

Application Requirements

- Visa to enter and/or stay
  - Completed form
  - Valid passport
  - Authenticated copy of passport
  - Letter of responsibility from employer or institution if applicable
  - Stamps to value of 1.220.00 Mt.
- Work visa
  - Completed form
  - Valid passport
  - Authenticated copy of passport
  - Declaration of responsibility from employer or institution
  - Letter from employer expressing intention to employ
  - Stamps to value of 1.220.00 Mt.
- Residence authorization (DIRE) for workers
  - Completed form
  - Valid passport
  - Residence or work visa
  - Legal authorization or permission to work issued by INEFP
  - Letter confirming employment
  - Criminal record check from home country
  - 3 passport photographs
  - Stamps to value of 1.220.00 Mt.

- Residence authorization for company directors and mandate holders
  - Form
  - Authenticated copy of valid passport
  - Work or residence visa
  - Authenticated copy of public deed
  - Authenticated copy of operating license (*alvará)*
  - Letter from the company confirming employment
  - Criminal record check from home country
  - 3 passport photographs
  - Stamps to value of 1.220.00 Mt,
- Residence authorization for non-working spouses
  - Form
  - Authenticated copy of valid passport
  - Residence visa
  - Criminal record check from home country
  - Declaration of responsibility from spouse
  - Spouse's work contract
  - 3 passport photographs
  - Stamps to value of 1.220.00 Mt.
- Residence authorization for minors
  - Form
  - Authenticated copy of valid passport
  - Residence visa
  - Mother or father's work contract
  - Declaration of responsibility from parent
  - 3 passport photographs
  - Stamps to value of 1.220.00 Mt.

Costs

Tax	Concession	Extension
Border Visa		
Tax	240.000,00	120.000,00
Surcharge	60.000,00	30.000,00
Total	300.000,00	150.000,00
Work visa		
Tax	907.200,00	453.600,00
Surcharge	181.440,00	90.720,00
Total	1.088.640,00	544.320,00

Tax	Type of Document	Cost by Type of Processing (MT)			
		Normal	Urgent	Very Urgent	Outside normal working hours
ENTRY VISA (NOT COVERED BY THE ABOVE)[1]					
Tax	Transit visa	43.200.00	64.800.00	75.600.00	86.400.00
Surcharge		8.640.00	12.640.00	15.120.00	17.280.00
Total		51.840.00	77.760.00	90.720.00	103.680.00
Tax	Single entry visa 1/30 days	86.400.00	129.800.00	151.200.00	172.800.00
Surcharge		17.280.00	12.960.00	30.240.00	34.560.00
Total		103.680.00	77.760.00	181.440.00	207.360.00
Tax	Single entry visa 30/60 days	172.800.00	259.200.00	302.400.00	345.600.00
Surcharge		34.560.00	51.840.00	60.480.00	69.120.00
Total		207.360.00	311.040.00	362.880.00	114.720.00
Tax	Single entry visa 60/90 days	259.200.00	388.800.00	453.600.00	518.400.00
Surcharge		51.840.00	77.760.00	90.720.00	103.680.00
Total		311.040.00	466.560.00	544.320.00	622.080.00
Tax	Multiple entry visa 3 months	288.000.00	432.000.00	504.000.00	576.000.00
Surcharge		58.600.00	86.400.00	100.800.00	115.200.00
Total		345.600.00	518.400.00	604.800.00	691.200.00
Tax	Multiple entry visa 6 months	576.000.00	864.000.00	1.008.000.00	1.152.000.00
Surcharge		115.200.00	172.800.00	201.600.00	230.400.00
Total		691.200.00	1.036.800.00	1.209.600.00	1.382.400.00
Tax	Multiple entry visa 12 months	864.000.00	1.296.000.00	1.512.000.00	1.758.000.00
Surcharge		172.800.00	259.200.00	302.400.00	345.600.00
Total		1.036.800.00	1.555.200.00	1.814.400.00	2.073.600.00
RESIDENCE AUTHORIZATION					
Tax	DIRE adults	360.000.00	540.000.00	630.000.00	720.000.00
Surcharge		72.000.00	108.000.00	126.000.00	144.000.00
Total		432.000.00	648.000.00	756.000.00	864.000.00
Tax	DIRE minors	192.000.00	360.000.00	420.000.00	384.000.00
Surcharge		38.400.00	72.000.00	84.000.00	76.800.00
Total		230.400.00	311.040.00	504.000.00	460.800.00

TIME PERIODS FOR PROVISION OF SERVICES

Not applicable. Visas must be used for initial entry into the country within 60 days of the date of issuance.

[1] The differentiation in the payment of the taxes consonant the order is normal, urgent or very urgent, it estimates the attainment of the document in little time. However, the legislation that fixes the cited taxes does not mention the period that each tax applies to.

Legislation

Law 5/93 of 28 December.[2] Establishes legal regime for foreigners including norms for entry, stay, and departure. Comprises 56 articles on scope and glossary of terms used, rights and guarantees, obligations, documentation, types of visa, authorization to reside, control, departure from the country, infractions and penalties.

Ministerial Diploma 113/96 of 16 October.[3] Updates fees charged by Immigration Service. Contains 2 articles that introduce new charges for services. Five annexes cover prices for border posts, passports, alterations, travel documents, entry visas, DIRE (including extensions) and other documents taking into account costs for normal, urgent, and very urgent processing, as well as for processing on Saturday afternoon, Sundays, and public holidays and other times outside normal working hours.

Decree 26/99 of 24 May.[4] Establishes work visa and comprises 4 articles on the creation of a new type of visa, who is covered, what are the conditions for application responsibility of the employer to repatriate foreign employees, costs of the new visa.

Ministerial Diploma 144/2000 of 1 November.[5] Establishes fees for work visa and extension of the same and comprises 6 articles on cost and extension.

Decree no. 38/2000 of 17 October.[6] Creates a border visa and comprises 8 articles on creation of a new type of visa, eligibility, and cost.

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[2] BR 51, Series I, 2nd Supplement Tuesday, 28 December 1993, pgs 222 (3) to 222 (8).
[3] BR 42, Series I, Supplement Thursday 16 October 1996, pgs 212 (1) to 212 (6).
[4] BR 20, 2º Supplement Monday 24 May 1999
[5] BR 44, Series I, Thursday 01 November 2000, pg. 188.
[6] BR 41, Series I, 2nd Supplement 17 October 2000, pgs178 (13) to 178 (14).

Appendix J. Environmental Licensing

Any activity that could affect the environment requires authorization based on an impact study[1] and an environmental certificate from the Ministry for Environmental Action. The environmental impact regulation[2] categorizes activities as follows[3]:

- Category A: Must have an Environmental Impact Study[4];
- Category B: May have a simplified environmental study;
- Category C: Are subject to the norms of good environmental management

The law identifies activities that could have significant impact and for which an impact study is required (i.e., technical analysis of the consequences of implementing the activity and identification of possible mitigative measures). Activities not covered by the list are required to undergo a pre-evaluation to determine whether or not a full impact study is required.[5] The Ministry for Environmental Action can also request an audit of activities that started before the current legislation came into force, or that were not originally covered by the legislation.

Who Must Apply

Environmental licensing must be applied for by those in the circumstances described above.

Where to Apply

Environmental licensing is the responsibility of the Ministry for Environmental Action and its subsidiary provincial directorates. The cities of Quelimane, Tete, Pemba and Inhambane (and

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[1] Environmental viability is the way in which an activity can be implemented without significant environmental damage or with mitigative measures.
[2] Environmental impact is any change in the environment for better or worse in particular on air, land, water and the health of communities resulting from human activity.
[3] For a full list of activities in each category see annexes I, II and III of the Environmental Impact Assessment Regulation (Decree 45/2004 of 29 September).
[4] EIA is a technical and scientific study of the environmental consequences of development activities.
[5] Pre-evaluation categorizes the activity to decide what type of evaluation to undertake

other places where they are being established) have one-stop shops that support implementation of new investments and that provide information and technical assistance, particularly in moving registry and licensing processes along.

When to Apply

Apply during project preparation and planning. Some other licenses (e.g., industrial operation, forestry concession, tourism, final CPI approval) depend on prior issue of an environmental license. Once the license has been issued the project must begin operation within 2 years or the license will expire. Extension of the validity of the license depends on approval by the Ministry for Environmental Action, which may require a new study. A decision on the application will be given in 30 working days, either extending the period or approving or requesting changes to the study undertaken. Licenses for Category A are valid for 5 years renewable on request. Such a request must be submitted at least 180 days before expiration of the license

Application Requirements

For an AIA the following is required:[6]

- Written description of activity
- Justification of activity
- Legal status of activity
- Socioeconomic and environmental information about area
- Current land use in area
- Information on stages to be covered during the AIA such as Terms of Reference (ToR), pre-viability and scoping (EPDA), Environmental impact assessment (EIA) simplified EIA (EAS);
- Completed form.

PRE- EVALUATION

Pre-evaluation is undertaken based on the information above[7] taking into consideration the criteria defined,[8] previous knowledge and experience of this activity, and the location as well as existing categories. Pre-evaluation can have one of three outcomes: study not required, or simplified study to be undertaken; rejection; or categorization of the type of activity and study required.

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[6] It must be noticed that public participation throughout all the process must be ensured. From the conception phase until the submission of the of EIA and EAS reports, public participation is of the proponent responsibility. In the phase of the ToR until the ambient licensing this responsibility is of the MICOA.

[7] Pre-evaluation is the process whereby the project is studied in its preliminary concept form and its potential impacts identified.

[8] Criteria: number of persons or communities affected; ecosystems plants and animals affected; location and size of area; probability, nature, duration, intensity and significance of the impact; direct and indirect effects; reversibility of impact.

PRE-VIABILITY AND SCOPING (COMPULSORY CATEGORY A, FOR COST OF APPLICANT)[9]

Report undertaken and submitted along with ToR (plus supporting data). Report contains

- Non-technical summary
- Identity of applicant and team undertaking EIA
- Details about the proposed area
- Description of activity including planning, construction demobilization etc.
- Key aspects to be investigated in EIA.

Revision of report: A technical commission will be created to study, revise, and provide final opinion on the report presented.

EIA TERMS OF REFERENCE

- Description of specialist studies identified in EPDA
- Viable alternatives to be investigated
- Methodology
- Description of public participation process
- Identification of applicant
- Identification of team responsible for EIA and EAS
- Other information to be required.

EAS TERMS OF REFERENCE

- Identification of applicant
- Location of activity including maps
- How activity fits with current land use and planning
- Description of activities
- Description of public participation process
- Identification of environmental areas to be studied
- Description of methodology
- Identification of team undertaking EAS.

EIA undertaken based on ToR and directives issued by MICOA (for category A this is entirely responsibility of the applicant).

EIA report. Submit at DNAIA with support documentation. The report contains the following:

- Non-technical summary
- Legal basis for activity
- Description of activity
- Geographical delimitation
- Comparison of alternative activities

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[9] EPDA aims to determine fatal questions on the activity implementation or the scope of the AIA on the design of ToR's.

- Identification of mitigative measures
- Environmental management plan
- Public participation report
- Specialists reports.

Revision of EIA. The same technical commission which evaluated the EPDA evaluates the EIA and provides a technical report and detailed opinion on the report.

Simplified EIA (EAS). Undertaken based on the ToR and specific directives (for category B it is for the cost of the applicant).

EAS REPORT. Submit at DPCA. The report contains:

- Technical summary
- Location and description of activity
- Legal basis for activity
- Environmental description and diagnostic
- Identification and evaluation of impacts
- Environmental management plan
- Identification of team
- Public participation report.

Revision of report. The same technical commission that evaluated the EPDA evaluates the EIA and provides a technical report and detailed opinion on the report

Deciding body can issue license or reject application totally or partially. Until national standards are developed those used for air, water, soil etc. Are those established by international bodies and conventions ratified by Mozambique.

Costs

Category A and B—0.1% of investment value; Category C—0.01% of investment value. The applicant bears the costs of the environmental impact study and of an environmental monitoring program.

TIME PERIODS FOR PROVISION OF SERVICES

- National-level processes:
  - Pre-evaluation: up to 5 working days;
  - EPDA and ToR: up to 30 working days
  - EIA: up to 45 working days
  - Issuance of license: 8 working days from payment of fee
  - Partial or total rejection is notified within 5 working days .
- Provincial-level processes:

- Pre-evaluation: up to 8 working days
- Terms of reference: up to 15 working days
- EAS: up to 30 working days
- Issuance of license: 8 working days from payment of fee
- Partial or total rejection is notified within 5 working days.

Whenever additional information is requested the time period is suspended until the information is provided. In exceptional cases with written notification, the time periods may be extended by up to 30 days.

Legislation

Law 20/97 of 01 October, Environment Law.[10] Comprises 33 articles on definition of technical terms, objective and scope, principles, responsibility, environmental protection measures, prevention of environmental damage, environmental evaluation, environmental audit, rights and responsibilities, infractions and sanctions.

Decree 32/2003 of 12 August.[12]Approves the environmental audit regulation and comprises 17 articles on types of audit, objectives and responsibilities, auditors, costs and licensing of auditors, infractions, and sanctions.

Decree 45/2004 of 29 September. Approves environmental evaluation regulation. Comprises 28 articles on definition of terms, scope, categorization of activities, responsibility, processes, public participation, time periods, and costs. Four annexes on activity categories and a form for preliminary application.

Decree 18/2004 of 02 June.[13] Approves environmental quality standards. Comprises 26 articles on definitions, objective and scope, responsibility quality parameters, pollution and adoption of standards. Six annexes cover air quality; industrial gases; industrial effluents; domestic effluent; receiving body (sea/ocean) standards; and classification and qualification of laboratory analysis of soil and water.

Decree 26/2004 of 30 June. Approves environmental regulation for mining and comprises 30 articles on definitions, scope and responsibility, mining activities, environmental management, inspections and penalties, application to existing licenses.

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[10] BR 40, Series I, 3rd Supplement Tuesday 07 October 1997, pgs 200 (19) to 200 (24).
[12] BR 34, Series I, Supplement Wednesday 20 August 2003, pgs 379 to 381.
[13] BR 22, Series I, Supplement Wednesday, 02 June 2004, pgs 206 (6) to 206 (29).

Appendix K. Import and Export Customs Regime

To improve procedures related to foreign trade, the Government has been adopting legislative measures to simplify processes for imports and exports. The most significant for imports was abolition of the requirement of licensing of individual imports. Beginning in December 1998, the Single Unified Document (DU) has been the principal document controlling goods entering and leaving the country. Some imports are subject to pre-departure inspection (IPE), a procedure undertaken by Intertek Testing Services, (ITS) who are contracted by the government. Inspections include verification of quality, quantity, price, tariff, and indication of duties payable. Products requiring pre-inspection are on a "positive list" that includes items such as grain, flour, sugar, cooking oil, chemicals, pharmaceuticals, tires, used clothes, and vehicles. Duties are calculated according to the customs value of the goods as indicated by Article VII of GATT, on the basis of "ad valorem" taxes, and vary between 2.5% (raw materials) and 25% (non-essential goods). As well as customs duties imported products are subject to value-added tax at a rate of 17% and an ICE or specific consumption tax ranging between 15% and 65%. Luxury products such as tobacco, alcohol, perfume, beauty products etc. are subject to ICE. There are also other taxes on certain products such as anti-dumping tax, surcharge, customs service charges etc. Export duties have been suspended.

Any form of customs process must be carried out through an official "*despachante*" who is licensed by the Director General of Customs. The operator must also be licensed as an importer or exporter, with a license issued annually by the Ministry of Industry and Commerce.

Special Regime for Transforming Industries[1]

To encourage national industry the government has introduced fiscal incentives on the import of materials for manufacture and processing. Individuals and companies undertaking industrial activity in certain sectors are eligible for these incentives. The incentives are based on the non-

[1] Already some modifications to this regime have been approved by the Government, namely widening the enclosed branches of activity and diminishing the necessary income volume for the eligibility. However until this date such modifications had not been published in the BR.

payment of duties. To be eligible, companies must be legally registered and invoice more than US$250,000 per year. They must also prove added value of at least 20 percent. The following sectors are eligible to apply for exemptions under this scheme:

- Agro-industry
- Food
- Textiles
- Metalo-Mechanical
- Graphics
- Chemicals, plastic, and rubber.

To be eligible companies must

- Have no fiscal debt,
- Not have been bankrupt,
- Not have a criminal record (company shareholders and managers) for a variety of listed crimes,
- Have secure premises to guard the imported items,
- Be able to provide adequate information to enable supervision and inspection of the goods imported by the customs department including provision of office facilities, and
- Have registered methods of control including accounts, audits etc. enabling inspection and reconciliation.

Obtaining the incentives requires the applicant to put up a guarantee to the following value:

- 20% of value of imports equal to or less than USD 500.000.00
- 10% on the additional value for imports of between USD 500.000.00 and USD 1.000.000,00
- 3% on the additional value of values over USD 1.000.000.00.

Guarantees can be made as follows:

- Cash deposit
- Treasury bond
- Bank guarantee
- Mortgage.

The exemption only applies to duties and does not cover other taxes and costs charged by customs.

This regime is under review, with a view to extending it to other sectors and reducing the rate of VAT payable.

Who Can Apply

All entities, singular or collective, that import or export in the national territory pay rights and customs impositions except if another customs regime applies. They can be operators of the

external commerce, as much national as the foreign ones.[2] The foreign companies can exert in parallel the activity of operator of external commerce, if they possess licensing of foreign representation under agency form. The following entities could qualify as operators of external commerce:

- Traders licensed by the Ministry of Industry and Commerce that import and export;
- Economic agents authorized to undertake productive activity, emitted for the respective agency superintendent of the area;
- Development or whitewashing projects duly confirmed by the competent agencies of the State;
- NGOs and religious organizations with projects approved for the competent agencies of the State.

Only operators under the first two areas can register themselves as exporting.

Where to Apply

Application for registration as an importer or exporter—Provincial Directorate of Industry and Commerce; submit Customs declarations and import/export documents to the relevant customs authority.

When to Apply

Applications can be made at any time.

Application Requirements

While import and export processes themselves are only subject to customs processes those involved in external trade must be registered as importers or exporters. Registration requires the following:

- Completion of form
- Operating license, including the right to import and export
- Proof of tax registration
- Payment.

Having received the documents and payment the provincial industry and commerce department will inform the relevant departments. The process is centralized at the Ministry of

[2] The following entities need not register as operators of external commerce: (a) those that fit the simplified import regime; (b) those importing good for personal use; (c) those importing samples without commercial value (companies domiciled in Mozambique).

Industry and Commerce and a license is issued. Once in possession of the license the operator may proceed to gather the documents necessary for an import or export process.

Export Requirements

- Customs dispatch is undertaken using a DU.[3] Export duties are currently zero rated.
- Having secured a market for the goods an invoice is issued in favor of the buyer.[4] The certificate of origin is attached along with other necessary documentation depending on the product.

Examples

- Timber—Phytosanitary certificate issued by Provincial Directorate of Agriculture Ministry of Agriculture.
- Fish—Health certificate issued by the Provincial Fisheries Department.
- Charcoal—Declaration from the Provincial Directorate of Minerals and Power.

The register of operator of external commerce has the following validity[5]:

- Importation—one year to count of the date of the emission of the respective card.
- Exportation:
  - For the same period of the validity of authorization of exercise of the activity of the company.
  - For 5-year period for companies with activity licenses or licenses without definitive periods of validity; For companies of extractive industry (mining) or another ones with licenses of exploration with validity for more than four years.

Import Requirements

- Pro-forma invoice from the supplier
- Dispatch is carried out using a DU or DUS (for simplified import regime) and on payment of duties and other costs
- If preshipment inspection is required the supplier must contact ITS for an inspection. If no inspection is required the goods may be shipped;
- In the case of inspection, following issuance of the ITS certificate the goods may be shipped;

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[3] The Cabinet created the DU in 1998 to simplify administrative procedures for gradual liberalization of commerce and to harmonize procedures with international standards, especially those applied by Austral Africa. DU summarizes all previous documents and models used in importation and exportation of goods.
[4] The origin certificate is obtained near the Mozambique Chamber of the Commerce.
[5] Please note that this date validity is included with new Commercial Activity Licensing Decree approved by the Council of Ministries and published in the BR n.º 46, I Série, 17.11.2004.

A license to import is valid for one year. Goods no longer have to be pre-declared.

Costs

Export

- Registration and renovation—250.000.00 Mt
- Duties are zero-rated

Import

- Registration and renovation—1.250.000.00 Mt
- ICE—Varies according to tariff heading
- Customs service tax—On all goods regardless of duties, value, exemptions etc. US$50
- Duties—Customs value
- Surcharge—Calculated on an individual basis where required
- VAT—17%, the taxable value is calculated after the addition of all other possible taxes such as duties, ICE, surcharge.

TIME PERIODS FOR PROVISION OF SERVICE

Not applicable.

Legislation

Decree 30/2002 of 2 December.[6] Approves the general rules for customs clearance and contains 50 articles on definition and scope, formalities and processes, specific aspects of the customs regime, benefits and exemptions, and control. Nine annexed tables cover

- Prohibited goods (import);
- Prohibited goods (export);
- Special regimes (import);
- Special regimes (export;
- Goods benefiting from duty reduction or exemption;
- Goods eligible for temporary import;
- Goods eligible for temporary export;
- Re-importable goods;
- Time periods of temporary import for vehicles.

Decree 39/2002 of 26 December.[7]Approves the tariff book and comprises 22 articles on scope, tariff headings and classification, duty values, dispute resolution, abbreviations used etc.

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[6] BR 48, Series I, Supplement Monday 02 December 2002, pgs 352 (1) to 352 (13).
[7] BR 52, Series I, Supplement Thursday 26 December 2002, p. 386 (2) to 386 (422).

Annexed by the tariff book listing all products subject to duties and other customs fees, and the respective duty values.

Decree 56/98 of 11 November.[8] Abolishes licenses for individual processes and creates the DU and comprises 13 articles on abolition of licensing for individual processes, creation of DU and DUS, and associated costs. Two annexes contain model of DU and form for controlling the same; and a model of Simplified DU.

Ministerial Diploma 202/98 of 12 November. Approves regime for registration of an external trade operator and comprises 20 articles on objectives, scope, process, period of registration and renovation, cancellation and costs related to the processes. Two annexes contain registration forms for the importer and for the exporter.

Ministerial Diploma 203/98 of 12 November.[9] Defines a single charge for issuance of a license to be an importer and comprises 7 articles dealing with the single charge, values, cost of issuance of the license, and destination of monies collected.

Ministerial Diploma 21/2003 of 19 February. Approves the customs value regulation and annexes.[10]

Ministerial Diploma 99/2003 of 13 August.[11] Approves the customs regime for transforming industries[12] and comprises 20 articles on technical terms, scope nature, and conditions of the benefit, requirements to obtain exemption, process for requesting exemption, authorization, and penalties. Annexes contain model authorization requests, forms for calculating percentage value added, requests for exemption from duties, authorizations of exemption, and quarterly report.

Decree 29/2002 of 02 December.[13] Abolishes predeclaration for importing goods and comprises three articles dealing with abolition of the need to predeclare, and revocation of previous legislation

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[8] BR 45, Series I, Supplement Wednesday 11 November 1998, p. 180 (11) to 180 (17).
[9] BR 45, Series I, 3rd Supplement Thursday 12 November 1998, p. 180 (24).
[10] BR 8, Series I, Wednesday, 19 February 2003, p. 47-59.
[11] BR 8, Series I, Wednesday 19 February 2003, pgs 47 to 59.
[12] BR 33, Series I, Wednesday 13 August 2003, pgs 363 to 374.
[13] BR 48, Series I, Supplement Monday 02 December 2002, pg. 352 (1).