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|  | **NEWS RELEASE**  |

**Good practices that make it easier do to business can be found across Mozambique’s Provinces, but Bureaucratic Hurdles Remain**

*Wider adoption of best practices among different provinces would boost Mozambique’s global ease of doing business ranking*

**Maputo, Mozambique, June 5, 2019**— A new World Bank Group report assessing the business environment for domestic firms in Mozambique finds good practices across Mozambican provinces. These practices could help lift the country’s overall ranking on the ease of doing business if implemented more widely.

Released today, *Doing Business in Mozambique 2019* is the first subnational *Doing Business* report for the country. It measures three regulatory areas (starting a business, registering property and enforcing contracts). impacting the business environment in ten provinces It also evaluates the ease of trading across borders through three ports (Beira, Maputo and Nacala) and one land border crossing (Ressano Garcia).

According to the report, Mozambican entrepreneurs face different regulatory hurdles depending on where they establish their business, but good practices were found in many of the provinces measured which could provide a model to follow for those provinces that are further behind. By adopting the best practices of other provinces, Mozambique’s ranking on the World Bank’s global *Doing Business* index could rise 22 places from 135 to 113, among 190 economies. Adopting local best practices in the area of enforcing contracts, for example, could lift Mozambique’s ranking in that specific indicator by 132 places.

Despite the sizeable number of good practices documented in the report, challenges remain. Firms across Mozambique still face inefficient and complex procedures, especially in the area of starting a business. Entrepreneurs across Mozambique must take 11 steps to set-up their business and start operations, placing the average of the ten Mozambican benchmarked provinces among the 12 economies where starting a business is most complex worldwide.

Manica Province is the best performer on the enforcing contracts indicator while Zambezia leads in registering property. Maputo City—which is evaluated in the annual *Doing Business*—is the best place to start a business. Gaza province is among the top three provinces on two of the indicators measured: registering property (2nd) and in starting a business (3rd).

On the trade front, the Ressano Garcia border is the easiest trading location in Mozambique—reflecting the success of the one-stop border post pilot project—and would be near the top third of the *Doing Business* ranking on trading across borders.

*“As Mozambique emerges from a period of economic volatility, it will be important for the government to identify new drivers of economic growth,”* said the **Country Director, Mr** **Mark Lundell***. “By shining light on bottlenecks and identifying best practices beyond the main business city, Maputo, this report provides a roadmap for policy makers.”*

The report was produced by the World Bank Group at the request of the Ministry of Industry and Commerce of Mozambique, and funded by DFID from the UK Government, Government of Switzerland through the State Secretariat for Economic Affairs – SECO and by the World Bank Group.

*‘’We should continue to work together and seek solutions to remove obstacles that negatively affect the business environment. The British Government will carry on supporting initiatives that will improve Mozambique’s economic development and diversification’’* said **the British High Commissioner for Mozambique,** [**Ms. NneNne Iwuji-Eme**](https://www.gov.uk/government/people/nnenne-iwuji-eme)**,**

‘’*Switzerland is proud to be part of the first Subnational Doing Business survey in Mozambique. It is valued in particular the exchange of experiences, good practices and an honest dialogue about the problems facing businesses. It is also important to see that each province has a good story to tell, as well as areas where joint learning could add value to country’s effort to enhance private sector development’’* saidthe**Ambassador of Switzerland in Mozambique,** **Mr Mirko Manzoni.**

Key findings include:

* Maputo City is the best place to start a business followed by Cabo Delgado and Gaza. Cabo Delgado and Gaza, together with Tete, have 50% lower publishing costs, thanks to the successful implementation of a reform that allows publishing only a simplified abstract of the articles of association. Entrepreneurs in Nampula, which brings up the rear, face higher costs and have to wait twice as long (40 days) as in Maputo City to start a business (17 days).
* In registering property, Zambezia is the top performer saving entrepreneurs time by allowing the transfer tax payment (SISA) to be authorized by the municipality’s urban planning department instead of the Mayor’s office. As a result, transferring property in Zambezia is twice as fast as in Sofala, where it takes 83 days. Gaza is the runner up and Inhambane is the third-best performing province.
* Resolving a commercial dispute is easiest in Manica, thanks to lower demand, speedy courts and low attorney fees. It is most difficult—and it takes the longest—in Maputo City. Nampula is the second-best performer and Niassa the third-place finisher.
* In trading across borders, it is easiest to go through the Ressano Garcia land crossing thanks to shorter times and lower costs associated with terminal handling and fewer documentary requirements. High costs are the main obstacles for traders in Mozambique when importing by sea, and all four locations in Mozambique would rank in the last quartile of all economies on border compliance costs for imports. On the other end, exporters face long delays at the border.
* There are significant gaps between the best- and worst-performing provinces in each area—suggesting there are important lessons that provinces can learn from one another to improve their business environments.

Replicating these and other successful experiences nationwide, such as the use of the license by simple notice (*mera comunicação previa*) implemented in Cabo Delgado, Inhambane, Manica, Maputo City and Niassa, would help create an environment in which new entrants with drive and ideas can get started and where good firms can invest and expand. Action areas addressing common themes across indicators—such as internal coordination within different agencies and increasing the capacity of public officials —would improve prospects of reforms bearing fruit.

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