



## REPUBLIC OF MOZAMBIQUE

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### MINISTRY OF INDUSTRY AND COMMERCE

### PUBLIC - PRIVATE DIALOGUE IN MOÇAMBIQUE

#### **1. Introduction**

It is my pleasure to be here with you today. Thank you for allowing me to share with you how public-private sector functions in Mozambique.

The private sector in Mozambique plays an important role in the economic development of the country. It is private initiative that creates companies, increases employment, and aids the production of goods and services, all of which serve to improve the well-being and the prosperity of the Mozambique people.

The Economic Rehabilitation Program (PRE) approved by the Government in 1987, has with a social component and helped Mozambique transition from a centrally-planned economy to a market economy, marking the end of the central role of the State in economic activity in the country.

The State, however, remains accountable in helping to create a well function business environment, to facilitate business operations, and making available services, infrastructures and a healthful macro-economic environment.

The combined efforts of the public and private sector to improve the business environment is necessary for the success in the fight against absolute poverty that constrains our country.

The dialogue between the public and private sectors is vital for identifying constraints as well as solutions relating to private sector and economic growth in the country.

This presentation is intended to highlight public-private dialogue in Mozambique, activities carried out in the scope of the related dialogue, as well as perspective consolidation and improvement in the structure of the current dialogue.

## **2. The Public-Private Dialogue Mechanisms in Mozambique**

### **2.1. The Role of the State in the Consultative Mechanisms of Dialogue**

Our current public-private sector dialogue mechanism is the basis of a relationship in which the private sector is able to advise the government on constraints and methods to overcome constraints to doing business in Mozambique.

This process began in 1995 with our first Annual Private Sector Conference in Mozambique. At that time, the Government still did not have a mechanism or organization that represent the combined interests of all entities involved in economic activities.

The first Annual Private Sector Conference led to the creation of the Confederation of Mozambique Business Associations (CTA) in 1997. This was a result of efforts by the Government that determined that the enterprise sector needed to be organized in order to present a clear and unified voice to the Government on its concerns as they relate to doing business in Mozambique.

The systematization of the concerns faced by the private sector has facilitated the joint definition of activities on which the Government must concentrate efforts for the improvement of the business environment in Mozambique.

Aware of the necessity to remove administrative barriers to trade, investment and doing business, and in response to concerns from the private sector, the Government has actively developed and pursued specific reforms as they relate to public administration and the economy.

To solve the main problems identified during the annual conferences of the private sector, the Government created an Inter-ministerial Group for the Removal of the Barriers to Investment

This group meets regularly under the coordination of the Minister of the Industry and Commerce. The Group integrates senior officials from all the economic ministries as well as others whose activity has a direct or indirect impact on the business environment.

The goal of this Group, is to identify constrains and develop solutions to problems that obstruct private sector development.

For example, the Inter-ministerial Group, which reports periodically to the Council of the Ministers, carried out the following activities:

- Approval of the new Commercial Code. Which greatly improves regulations that regulate commercial activity in Mozambique.
- Approval Decree nº1/2006 of 3 of May on Registration of Legal Entities. The new law enables companies to be registered in a maximum of two days. This was made possible, due to the simplification measures introduced by this Decree as well as computerization of the procedures.
- Approval of legislation related to the publication of registration information in National Press. Prior to the work of the Inter-ministerial group, this process could have lasted up to 90 days. The new legislation now states that this process will be done electronically and in a maximum of five days. This has been made possible by enabling interested parties from the public or private sectors to see publications through the website of the National Press.

With regards to efforts to combat red-tape and minimize bureaucracy, the following actions have been carried out:

- I. Simplification of the licensing process;
- II. Creation of a one stop shop

The simplification of the licensing process in diverse areas, namely, commerce, industry, tourism, fishing, environment assessment, transport, agriculture, and others, will greatly contribute simplifying and reducing the time and costs it takes to obtain licenses for economic activity in Mozambique. .

Equally, the approval of the Decree that creates the one stop shop in Maputo and in the provinces will assist in helping businesses both register and obtain licenses for economic activities in Mozambique.

These efforts will also bring positive impact in the harmonization and standardization of administrative requirements for licensing of activities and will contribute to the acceleration of reform efforts for those areas that impact on registering and licensing of businesses.

The revision of legislation to the reality of the country is a process that encompasses many sectors and will assist with the decentralization of activities, resulting in increased procedural clarity, improved transparency of procedures, and ultimately by creating the simplicity and speed that businesses need to register their business and obtain licenses - thereby reducing the need of the private sector to operate dishonestly.

The reform of licensing of simple activities will have significant positive impacts on the business environment, on public security and health, and will be beneficial to a significant number of entrepreneurs as they will now have fast and reliable access to the business registration and licensing procedures.

### **3. Consolidation of the Public-Private Dialogue Mechanisms**

The Public-Private sector dialogue process in Mozambique is robust and has helped Mozambique create a better business environment. Regular and systematic meetings in which the more and more private sector participants participate, helps to ensure that the Annual Private Sector Conference culminates in a rich dialogue between the Government and private sector on issues of importance to the economy.

One of the great successes of this long process of creating a strong public-private sector dialogue mechanism is the collaborate relationship between the public and private sector, looking jointly solutions to the problems that occur every day. Although there sometimes exist divergences in substance between the Government and the private sector, both sides agree that the public-private sector dialogue is valuable, has helped – and will continue to help – improve the business environment in Mozambique.

The Public-Private sector dialogue is guaranteed through the participation and realization of the following activities:

(ii) At the Provincial level:

With the participation of the Provincial Governors, regional conferences are carried out in the North, Center and South regions of the country to survey the existing problems in those regions.

(ii) At the Central level:

Monthly Meetings between CTA and technical focal points of the Government;

Quarterly Meeting of the Ministers and CTA;

A high-level meeting with the Prime Minister and the Executive Board of CTA;

An Annual Conference of the Private Sector – led by the President of the Republic and with the participation of the Prime Minister and all the Ministers.

#### **4. Perspectives**

To intensify the public-private sector dialogue and to widen it to other levels, the strategy of the Government will be to:

- Consolidate the consultation mechanisms and coordination between the diverse public institutions;

- Intensify the interaction between the Government and the private sector and creation of consultative mechanisms aimed at defining solutions to policies and regulations that negatively impact the business environment;
- Extension of the mechanisms of consultation to the provincial level, through the creation of a forum where the private sector expresses its concerns.

Thank you for your attention.

Gaborone, 10 May, 2007