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THE CONSTRUCTION PERMITS PROCESS IN MOZAMBIQUE

ANALYSIS AND RECOMMENDATIONS

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PREFACE

This study was made possible thanks to the United States Agency for International Development, through the Mozambique Support Program for Economic and Enterprise Development (SPEED).

Although every attempt was made to obtain as much information and knowledge as possible about its topic, the study by no means attempts to draw a comprehensive, socioeconomic and administrative diagnostic of the construction permits process in Mozambique. This is because the study is based on a specific case or prototype project defined by the Doing Business Report. Therefore, the results of the study may not correspond to the challenges posed by other kinds of projects that may require more or less visits to the municipality and to other institutions and utility companies that participate in the process. In addition, the study was a short term, non-exhaustive assessment that had to support itself more on secondary sources and interviews than on more precise, primary mechanisms of information gathering.

However, the author believes that significant findings and clarifications have been drawn from the study that also helped define a significant number of recommendations with great potential for reducing the burdens to the citizen and entrepreneur in conducting business. Furthermore, the study has demonstrated that if implemented, these recommendations could also contribute greatly to a more equitable distribution of the land and construction development opportunities of the country.

In addition, this was not only an opportunity for an external consultant to contribute on a specific public administration matter. Thanks to the work of SPEED and the support from USAID, a very interesting, richly attended and productive seminar took place on December 8 that allowed a large number of key Mozambicans to participate, discuss and contribute their views and ideas with respect to the topic. This was also followed by very productive, in-depth discussions of several of those ideas, many of which have been incorporated in this report.

Therefore, while the challenge continues to be great, the path toward reform is clearer. It does require, however, active continuation and support from the donor community through the next steps and mechanisms that are being proposed.

Washington and Maputo, April 16, 2012

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ABBREVIATIONS

AM	Acueducto de Maputo
BAU	Balcão de Atendimento Único
CMIP	City of Maputo Internal Process
COM	City of Maputo
CRP	Conservatório de Registro de Propriedade
DBR	Doing Business Report
DC	Departamento de Cadastro
DCPI	Dealing with Construction Permits Indicator
DMI	Direção de Servicio Municipal de Infraestruturas
DMPUA	Direção de Servicio Municipal de Planeamento Urbano e Ambiente
DPU	Departamento de Planeamento Urbano
DUAT	Direito de Uso e Aproveitamento da Terra
DUC	Departamento de Urbanização e Construção
EM	Energia de Mozambique
GDP	Gross Domestic Product
GOM	Government of Mozambique
MCAA	Ministry for Coordination of Environmental Action
MCPP	Mozambique Construction permits process
MOPH	Ministry of Public Works and Housing
MS	Ministry of Health
MTC	Ministry of Transport and Communications
PROMAPUTO	Programa de Desenvolvimento do Município de Maputo
SADC	South African Development Community
SIGEM	Sistema de Informação de Gestão Municipal
TCM	Telecommunications Company of Mozambique
TUATU	Título de uso e Aproveitamento da Terra Urbana

EXECUTIVE SUMMARY

The overall goal under which this study has been commissioned is to increase competitiveness and business attraction in Mozambique, by promoting reform on several areas of economic activity, including land development and construction. Based on the ‘Dealing with Construction Permits Indicator’ that is part of the Doing Business Report, the purpose of the study is to analyze and recommend reform that simplifies the country’s construction permits process as it takes place in the Capital of Maputo.

In Chapter One the analysis determined that, in Mozambique, the five ‘traditional’ or ‘classic’ elements that comprise a construction permits process under a market economy ((i) ownership of land and/or development rights, (ii) land use and construction regulations, (iii) ensuring compliance with the latter, (iv) issuing construction licenses and (v) issuing completion approval for occupation) subdivide themselves into eight different stages that involve, depending on the type and complexity of the project, having to deal with no less than three and sometimes more municipal departments and between three to six additional institutions and/or utility companies.

Because of the access to land and the development regulations in place, the citizen who wishes to obtain a construction license is required to visit some of those departments and institutions more than once, and in different stages of the process; this creates a very complex inter institutional workflow that rarely follows the same path. Within the municipality, the study also found that the construction permits process reaches at least 20 different units of the organization chart, potentially involving no less than 42 specialists and 20 supporting personnel.

Because of this reality, in which, according to the DBR, 370 days is what in 2011 it takes to obtain a construction license, the Government of Mozambique (GOM) as well as the City of Maputo (COM) have initiated a series of reforms that include the Program for the Development of the Municipality of Maputo (PROMAPUTO), a program for the modernization of the national registry, a program to progressively implement single-window service delivery solutions for National, provincial and municipal services, and most importantly, the issuance of the *Regulamento do Solo Urbano*, in which several key reforms about urban land development have been included.

As a result of this analysis, and of the fact that some of the institutions or departments that participate in the construction permits process will benefit from the aforementioned reform initiatives, it was determined that this study ought to focus its main efforts in the *Departamento de Urbanização e Construção*, better known as DUC. This department was recently created as a result of the PROMAPUTO efforts but, due to the complexity of the latter, it was not included in a second phase and therefore has lost a critical source of support to continue its reform path.

Therefore, in Chapter Two, three analyses were conducted of the licensing process inside the DUC:

1. An analysis of time expenditures within the department.
2. A work flow analysis of the complete process within the department
3. A series of simple economic analyses.

The analysis of time expenditures looked at the consumption of time according to official workflow documents provided to the author, as well as a real case as similar as possible to the case that is used for

determining the DCPI. A third time scale was built using the information from the real case, but placing it in the sequence used to determine the DCPI.

The analyses indicate that the DCPI case (where a DUAT is obtained first of all and independently of the construction process) is to some extent reflective of the worst scenario, in which the time expenditures could reach almost twice what the DBR has established¹. They also may be indicative of a process that may be more common, where the DUAT is negotiated between third parties and is transferred during the construction process (thus bypassing the first step of the DCPI), which results in the same time consumption that is indicated in the DBR. Finally, they indicate that, if all other factors were taken out of the calculation, the net time that the DUC (based on its official statements) represents 33% of the entire process, which is a relatively good (for its short) participation.

The workflow analysis, which was based on a real case very similar to the one profiled in the DCPI, looked at the complete set of steps and cross functions within the DUC. It found that the 6 stages that officially comprise the process subdivide themselves into 125 steps that entail numerous transfers of the file within the department, annotations, requests to the citizen to complement the information and other actions that add up to very long processing periods. It also found that whenever an official communication is expected from the DUC with regards to a file in process, the complete dossier has to undergo two transfers to the Director's office from the technical division in charge of that specific aspect of the file: one is for concurrence with a proposed decision (called *parecer*) and the other is for signature of the resulting document (called *decisão*).

A detailed analysis of just one of the six stages indicates at least three visits to the department by the interested party and eleven foot transfers of the file between subdivisions of the DUC, with their corresponding ingress and egress annotations. Based on this, the analysis concludes that:

1. Two of the six stages yield one outcome and therefore require two visits to the DUC each.
2. Another three stages yield two outcomes and therefore require between two and three visits to the DUC, each.
3. One stage requires only one visit to the municipality, for submission of the request.
4. Accordingly, a citizen will have to visit the DUC a minimum of between 13 and 16 times in order to process a file. The citizen will also have to fill-up 6 forms. Therefore,
5. In total, the 6 stages end up requiring 125 secondary steps, ranging between 13 and 28 steps per process.

This analysis also found that 69% of the time is being used in professional work and 31% in administrative work. Based on the real case analyzed previously, this would represent, for the entire process, approximately 290 days for professional work and 100 days for administrative work; it could also mean that the latter could be significantly reduced if a technical, electronic solution was implemented that reduced the file transfer time.

The economic analyses include:

1. A survey of the number of official administrative acts issued by the DUC for the years 2008 – 2011.

¹ This was calculated on the basis of only one real case and therefore is not indicative nor is it intended to challenge of the average time established by the DBR.

2. Determination of the income generated by the department through the different fee based services.
3. Projections of the above two from 2012 to 2016, based on average growth and on the potential yearly addition of 10,000 plots of land to the formal stock of parcels of Maputo, as a result of the implementation of the PROMAPUTO program.
4. A simple supply and demand analysis to determine the requirements for a net gain in the time taken to deliver a construction license and the impact of increasing the personnel base as a mechanism for this.

Based on these analyses, Chapter Three presents an integrated assessment and series of recommendations, which are divided in the following topics:

1. The institutional setting
2. Inside the DUC
3. Financing the construction permits process, and
4. Demand growth management.

Regarding the institutional setting, the study demonstrates how the construction permits process seems to be ‘trapped’ amidst the more complex land administration process of the country. This ‘trap’ is literal, because, as illustrated in Figure 3 (page 15), the core of the process cannot begin without a DUAT in place and cannot finish without the proper formalization of property, which, in the case of Mozambique, corresponds to the construction(s), or ‘betterments’, that the citizen builds on the parcel of land. In consequence, a major goal should be to ‘unlock’ the construction permits process, allowing for it to occur as independently as possible from the DUAT/property process.

As a result, the study proposes to aggressively pursue the implementation of the TUATU provision in the *Regulamento do Solo Urbano*, and merging the *Certidão de Benefeitorias*, into the *Licença de Utilização*.

The evaluation conducted inside the DUC reveals a very positive evolution of a process that was far more cumbersome than it is today, and was effectively transformed as part of the first phase of the PROMAPUTO program. However, the current mechanisms and performance within the DUC are still far from standards of practice and service delivery that are visible in other countries, as demonstrated by the time and workflow analyses presented in Chapter Two. The only above-standard measure is the willingness and desire of the department’s personnel to do a good job.

Per the analysis of the DUC, the following recommendations are made:

1. Delegating signing authority, to the different Division Chiefs, of all formal communications (other than licenses and certain milestone communications).
2. Eliminating the two stages, of *parecer* and *decisão*, from all processes that require signature by the *Diretor Adjunto*.
3. Introducing an electronic workflow system that enables centralization of the file and documents, filling submission forms only once, automatic transfer of actions from division to division, automatic accounting of time expenditures, and other issues relevant to effective management. According to some interviewees, the systems design for the DUC’s workflow was one of the products of first phase of PROMAPUTO. Although this could not be accessed, it could mean that the Department would only require the hardware and training on the software for its implementation.

4. Implementing a system of electronic communications that eliminates the need for the citizen to self-notify about the results of requests.
5. Providing hardware and equipment capable of handling very large files in drawing format (CAD).

With regards to the financing of the construction permits process, the study found an uneven distribution of the income generated by the construction licenses processed by the DUC, which is putting the department at risk of failure. In fact, the study demonstrates that the overall operation of the DUC could be financed with the money that it receives from other processes apart from the construction licencing. In other words 100% of the revenue that the industry is paying for construction licenses is being redirected to municipal programs and services other than the delivery of a good licensing process.

Based on the analyses of supply and demand, the study demonstrates that the long-term challenge that the municipality faces with regards to the construction permits process, is that its current infrastructure and capacity to effectively deliver the service are simply not sufficient for the expected growth in demand. This is even if no additions are made to the stock of formal parcels of land and the demand grows at the pace at which is growing today.

Consequently, in the medium to long-term, the municipality needs to consider alternative mechanisms of service delivery that meet this challenge. Based on the experiences of other countries, there are at least two mechanisms that would seem possible to implement in Mozambique:

1. To concession the construction licensing stage of the process to the private sector under a scheme that ensures competition in terms of proximity, effectiveness and efficiency in producing the license.
2. To delegate the delivery of this service to quasi-public institutions, such as the professional associations of architects and/or engineers.

The study offers detailed explanations of these mechanisms, pointing out the impact and benefits that they have had in two countries in which they have been implemented, Colombia and Costa Rica. A general description of the different kinds of ‘one stop shop’ mechanisms is also provided.

All three of the above, assessment, recommendations and mechanisms, were discussed and refined in a seminar and a series of subsequent discussions, which rendered the 13 recommendations, potential impact and requirements that appear illustrated in Table 1.

Table 1: Summary recommendations, time savings and requirements for simplifying the construction permits process in Mozambique.

	Recommendation	Time Savings	Requirements
1	Implementation of the <i>Regulamento do Solo Urbano</i> provision that transforms the <i>DUAT</i> into a <i>TUATU</i>	30	Presidential and Mayoral executive orders and strong follow up.
2	Merging the <i>Certidão de Benefeitorias</i> , into the <i>Licença de Utilização</i>	95	A National decree reforming the <i>Regulamento do Solo Urbano</i>
3	Transfer of the onus, responsibility and liability of the pre-review to the professional(s) in charge of the design. Require the purchase of liability insurance.	60	A National decree reforming the <i>Regulamento do Solo Urbano</i>

	Recommendation	Time Savings	Requirements
4	Delegation of authority to approve all projects to the <i>Diretor Adjunto</i> of the DUC	RFS*	A National decree reforming the <i>Regulamento do Solo Urbano</i>
5	Concession of the licensing stage of the construction permits process to private operators or to a quasi-public organization such as the architecture and/or engineering associations. Require the purchase of liability insurance.	130	A National decree reforming the <i>Regulamento do Solo Urbano</i>
6	Transfer, to the DUC, the authority to carry out the complete post-review, including acceptance of the water and electricity installations.	134	A National decree reforming the <i>Regulamento do Solo Urbano</i>
7	Implementation of the <i>licença de utilização</i> as the document required for connecting the construction to the different utility grids.	RFS*	A National decree reforming the <i>Regulamento do Solo Urbano</i>
8	Dividing the DMPUA in two independent departments: A Directorate of Cadaster and Land Administration, and a Directorate of Planning and Environment.		A <i>Postura Municipal</i>
9	Integrated reform: Delegation of ALL approvals to the <i>Diretor Adjunto</i> ; elimination of the stage of <i>Parecer</i> , from the processes that require signature by the <i>Diretor Adjunto</i> ; delegation, from the <i>Diretor Adjunto</i> to the different division chiefs, of the authority to sign intermediate official documents; and implementation of a system of electronic communications that provides fast notice to the client on actions required in order to continue the process.	100	A <i>Postura Municipal</i> Hardware and software
10	Design and implementation of one single form for all construction permit related processes	14	A <i>Postura municipal</i>
11	Increase the DUC budget to reflect a fair redistribution of the income generated by the department. This allows the immediate installation and maintenance of better equipment, software and training programs.		Political decision and executive order by the Mayor. Strong follow up by the industry.
12	Implementation of a <i>processing fee</i>		A <i>Postura Municipal</i>
13	Implementation of a global information service		Executive decision by the DUC Financing.

RFS: Requires further study

Source: author's calculations.

Notwithstanding their 'promising' nature, these recommendations and savings should be taken with caution and studied in greater detail. In addition, the savings in time could not be added together, for even though they are realistic, some of them (for example granting the licensing to a concessionary) will still require time and labor expenditures that are not calculated here. Depending on their scope and reach, other reforms (such as the transfer of the onus, responsibility and liability of the pre-review to the professional(s) in charge of the design, or delegating the authority to approve all licenses to the *Diretor Adjunto*), may result embedded in other reforms (concession).

Apart from the savings they represent in time, several benefits were also discussed for the given recommendations. In sum, these would be:

1. The raise of a system in which the 5 ‘classic’ (and necessary) elements of a construction permits process are also the five stages that a citizen has to undergo.
2. A clear division of roles and responsibilities, in which five institutions administer each one of the 5 elements or stages. This grants independence to the institutions and gives clarity to the citizen or entrepreneur.
3. In the case of opening the concession of the licensing stage to the private sector or to the association of architects and/or engineers, the benefits would be:
 - a. A system shared with other institutions that have legitimate, public and social interests on the land development and construction economies. This can help balance the concentration of public powers, increase transparency, reduce speculation and bring home more long-term investment.
 - b. A new area of professional activity for the numerous architects and engineers that are graduating from universities and have limited areas and markets to practice their skills.
 - c. A more feasible way, as opposed to one in which the public sector is the only investor, to implement and maintain mechanisms such as the multi institutional single window or the multiservice centers that require large capital investments and continued upgrading.
 - d. New market opportunities for insurance companies.
4. A system in which the checks and balances necessary for good, transparent governance could be better defined, carried out and overseen by control agencies and by the public. This could result in an environment of reduced chances for political manipulation, corruption, speculation, and unfair access to land development and construction opportunities.
5. A system in which a large portion of the public wealth created by the construction economy (the fees paid for licenses) is more evenly distributed and, by returning greater portions to the departments that actually enable that wealth to be created (the DUC), better equipment, tools, training can be provided to the individuals that comprise that division, and whose well-being is key to the success of the operation.
6. A greater willingness to pay, and to pay more for the construction license fees, by those who own the resources and are interested in land and construction development. This is, provided a better, less cumbersome and timely service was provided.

A preliminary evaluation of the recommendations on the basis of their cost and impact results in the following four groups that are arranged by priority for the reasons that are explained for each one:

1. A group of recommendations that can be implemented now and would bring high impact rapidly. This is because their costs would be relatively low (their requirements are in the realm of good management and pragmatic decision making by city officials), and their impact could be very high.
2. A group of recommendations that can bring high impact but require long-term commitments. This is due to the fact that they require more detailed analyses, interaction with institutions from the National level, and more resources.
3. A group of recommendations that can be implemented now but whose impact is not very significant, for they would not produce significant impacts on the process and their cost is relatively low. Finally,

4. A group of recommendations that should be kept for further action down the road, since they can only bring some impact and their cost is high.

A general implementation schedule is provided for these recommendations, followed by a proposal to set up a public / private, ad-hoc institutional framework to define, champion and administer the reforms, as well as the proposal for sending a committee of representatives from the municipality and the private sector to visit places in which the mechanisms that were presented as viable solutions for Mozambique have been successfully applied.

Further studies are suggested, associated to the different forms of access to land, in-depth economic analyses of construction licensing in Maputo, the current capacity of the DUC to deliver net reductions and more effective and efficient services and full cost benefit analyses of the recommendations. These would not only provide a much stronger case with respect to the construction permits process reform, but also to comprehensively approach and provide answers as to how should Mozambique transform its land policy framework in such ways that it enables a more effective, efficient and equitable land development market, without affecting its Constitutional tenet of public ownership of land.

In concluding, the study stresses the need for a more even and fair distribution of the resources generated by the construction licensing process, which would render immediate benefits in terms of the desired goal if they were applied to the quick wins that the first group of recommendations would represent.

However, the long-term solution of more personnel (not even mentioning fixed costs) does not seem economically or politically viable. Therefore, in order to address an increased demand, the structural changes of opening the possibility of concession of certain services, of merging of the *Certidão de Benefeitorias* with the *Licença de Utilização* and of implementation of the TUATU reform, are critical for reaching and being able to sustain a reformed process. Therefore, immediate, coordinated action to attain this should commence immediately.

A call is made to the industry to champion a continued process that makes public authorities implement decisions already made as well as pass legislation for further reform. However, the private sector is also reminded of the need, in today's world, to be willing to, and actually pay for the city and the services we want.

In sum, the study concludes, it comes down to where the municipal and National authorities, as well as the private and associated sectors would like to go with this: whether they prefer to (i) 'squeeze', at maximum, the municipality's profit generating areas, at the expense of a very poor service (that contributes to continued extra-legal and informal action by the private sector); or (ii), have a service delivery system that effectively and efficiently responds to the demand generated by the industry, which can help increase the amount of revenue by attracting new investment. Once again, the municipal and National authorities must be reminded of this and it is the role of the industry and professional associations to lead and persevere on this.

The study finishes by pointing out that, as seen in the summary recommendations table (above), several of these entail having to review the *Regulamento do Solo Urbano* and most likely issuing a National decree that reforms it on several areas. Also, that some of the recommendations that stem from the analyses have an impact or are related to other urban development processes that are beyond the scope of this study. In consequence, further studies are required to establish whether such recommendations are possible. This should be included in the following phase of this project, which should include a Mozambican expert in legal matters pertaining to urban development.

INTRODUCTION

GENERAL BACKGROUND

In many areas associated with business and economic development (import-export, opening and closing a company, paying taxes, dealing with construction permits, etc.), Mozambique has been consistently occupying poor places in the worldwide scale as well as in the more relevant South African Development Community. In consequence, with support from the United States Agency for International Development, through the Mozambique Support Program for Economic and Enterprise Development (SPEED), the Country has been working on several of these areas to envision and implement reform aimed at reducing some of the difficulties that contribute to that performance.

PROJECT GOAL

Based on this, the goal of the project is to increase competitiveness and business attraction of Mozambique through a series of actions on several areas, including the area defined as *Dealing with Construction Permits*.

OBJECTIVES

To contribute to this goal, this study is aimed at fulfilling two objectives:

1. To simplify or streamline Mozambique's construction permits process (MCP) as it takes place in the City of Maputo, for the case study that serves as basis for the Doing Business indicator called 'Dealing with Construction Permits'. The MCP process involves citizen interaction with, and internal operations of, several national institutions or departments such as the Ministries of Energy and Electricity, of Public Works, of Justice, the Water Company of Maputo, as well as the Municipality of Maputo.
2. To simplify or streamline the City of Maputo internal process (CMIP) associated with the above, which presently includes, among others, verification / validation of cadastral concurrence, establishing ownership of property rights (DUAT), land use compliance, approval of the architectural project, approval of other, specialized components of the project (structure, hydraulics electricity, etc.); issuance of a construction license, ongoing supervision of the construction works, and issuance of a permit to occupy the newly constructed edification.

EXPECTED RESULTS

The expected products of this project are the following:

1. A 'model' for a streamlined CPP that brings to a minimum possible the time and costs, to the entrepreneur, to legally build, occupy and begin using a building.
2. A 'model' for a streamlined CMIP that maximizes the city's contribution to the reduced CPP.
3. General recommendations with respect to the construction process legislation at both, the National level (*regulamentos*), and the City of Maputo (*posturas*).

CHAPTER ONE: GENERAL CONTEXT

COUNTRY INDICATORS

According to the 2012 Doing Business Report, and indicated in Table 2, Mozambique occupies the 126th position within 183 countries that are measured for this index.

Table 2: 2012 Doing Business country rankings and DCPI time for Mozambique and four additional regions

Country/Region	DB Ranking	DCPI Days (1)
Mozambique	126	381
SADC	109	238
Latin America	97	296
EU	65	189
OECD	53	152

Source: Doing Business report for 2012.

(1) Average time measured in calendar or natural days.

As indicated in Table 3, in terms of the Dealing with Construction Permits Indicator (DCPI), which is one of 9 indicators that comprise the DBR index, Mozambique is currently placed on the 155th position globally. In relation to comparator economies used by the DBR, it is only followed by Tanzania, which occupies position 179. The country requires 17 procedures, which is the same number required in the SADC and in South Africa. However, the latter consumes 174 days, which is somewhat less than 50% of the time consumed by its neighbour.

Table 3: 2012 DCPI No. of procedures and time for SADC region

Selected Economy	DCPI Rank	DCPI No. of Procedures	DCPI Days (1)
Mozambique	155	17	381
Media SADC	119	17	176
Angola	128	12	328
Botswana	127	24	167
Mauritius	39	18	107
South Africa	52	17	174
Tanzania	179	22	328

Source: Doing Business report for 2011.

(1) Average time measured in calendar or natural days.

To also have a measure of the context from a primary source, the author was able, and thankful to the City of Maputo for this, to randomly select a file similar to the DCPI case study. While this is explained in greater detail further in this document, as indicated in Table 4, a total of 703 calendar days were required

in that case to complete the construction permits process. However, subtracting the days that the construction of the warehouse took (229 calendar days or 164 working days), the DCPI comparable results would be 474 calendar days or 338 working days².

Table 4: 2011 DBR and ‘real case’ comparison of days required to complete the construction permits process

	<i>DBR 2011</i>	<i>Real Case Total</i>	<i>Real Case - Construction</i>
Natural or calendar days	381	703	474
Work days	272	502	338

Source: author’s calculations based on study of real case file.

In order to have a better perspective with regards to the situation in Maputo on several indicators related to construction licensing, the author developed the comparative chart that appears in Table 5, which includes several cases in Colombia, well known to the author.

Table 5: Comparison of Maputo and several Colombian cities on several indicators related to construction licensing

Variable		Bogotá	Cali	Manizales	Barranquilla	Maputo
Population	No. of Persons	7,434,453	2,224,639	430,389	1,186,640	1,589,000
Total area	Km ²	1,587	564	572	154	326
Urban area	Km ²	400	130	140	90	130
Population density (urban)	Pers. per Km ²	18,586	17,113	3,074	13,185	12,223
Average approved licenses	Units	4,082	1,818	432	288	458
Average area approved	m ²	4,977,088	1,245,771	238,951	356,397	368,409
Average area per license	m ² / license	1,219.3	685.2	553.1	1,237.5	804.4
Yearly average of approved licenses per person	Licenses per person	0.0005	0.0008	0.0010	0.0002	0.0003
Average area approved per person	m ² / person	0.7	0.6	0.6	0.3	0.2
Average m ² approved / total area	%	0.31%	0.22%	0.04%	0.23%	0.11%
Average time for obtaining a construction license	Days	74	93	98	91	370
No. of urban curatorial offices	Units	5	3	2	2	0

CIA World Fact book 2011, DANE, Doing Business
Colored cells represent city closest to Maputo.

² However, it is very important to clarify that the latter is not presented to question the veracity of the DBR, or to establish a new, (less positive) assessment of the days spent in the City of Maputo to complete the construction permit process. It is only to include all the elements utilized to better understand the context.

This reveals some interesting results: Barranquilla, which is also a seaport, seems to be the city that best matches Maputo. Both cities share about the same population density, produce around 350 thousand square meters of licensed area, for an average licensed area between 0.2 and 0.3 square meters per person. However, Barranquilla produces a much lower number of licenses, almost half, making the average area per license to be about 2/3 more than in Maputo. Manizales would seem to be the closest to Maputo in number of approved licenses, with 432 per year; and Cali would seem to be the closest to Maputo in terms of average area per license, with 685 m². What is telling, of course, is that Maputo spends more than three times the number of days that take to produce the licenses.

Finally, for several analyses that are discussed further in this document, a general understanding of the distribution of land and parcels in Maputo is useful. According to several persons interviewed, the formal – informal divide in the urbanization of land in Maputo stands at approximately 30% - 70% respectively. Therefore, as indicated in Table 6, at a population of approximately 1.589 million and a rate of 5.5 persons per household, it is possible to establish that Maputo is comprised of approximately 290 thousand parcels. These are likely to be divided in approximately 200 thousand informal parcels and about 87 thousand formal parcels. Given that the division between single-family dwelling and multifamily dwelling unit stands at approximately 85% and 15% respectively, this results in approximately 74 thousand single-family unit dwellings and 13 thousand multifamily dwelling units for Maputo.

Table 6: Formal and informal distribution of land and property in Maputo

Variable	Value	Participation
1. Population	1,589,000(1)	-
2. People per households	5.5(2)	-
3. Parcels	288,909	100%
3.1. Informal	202,236	70%(3)
3.2. Formal	86,673	30%
3.2.1. Single family unit	73,672	85%(4)
3.2.2. Multifamily unit	13,001	15%

(1) Source: CIA World Fact Book

(2) Source: conversation with local economic expert.

(3) Idem.

(4) Idem.

THE DEALING WITH CONSTRUCTION PERMITS INDICATOR (DCPI)

The case study used by Doing Business in determining the ease of obtaining a construction permits process is the construction of a medium warehouse by a local business, under the following assumptions / characteristics:

For the business:

- It is a small to medium-sized limited liability company in the construction industry, located in the economy's largest business city;
- It is 100% domestically and privately owned and operated;

- It has 60 builders and other employees, and has at least one employee who is a licensed architect and registered with the local association of architects.

For the project

- It is a warehouse that is a new construction (there was no previous construction on the land);
- It has two stories, both above ground with a total surface of approximately 1,300 m² (14,000 f²);
- It has complete architectural and technical plans prepared by a licensed architect and licensed engineers;
- It will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line;
- It will be used for a general storage of non-hazardous goods, such as books, and
- It will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

THE FIVE ‘CLASSIC’ ELEMENTS OF A CONSTRUCTION PERMITS PROCESS

As in many open-economy-based countries, in Mozambique the construction permits process involves the following five ‘classic’ elements, which appear illustrated in Figure 2:

Figure 2: Five classic elements of a construction permit process



1. Establishing the legal standing of both, the individual who claims ownership of the rights to develop a specific plot of land, and the legal and physical constitution of the latter, as determined and safeguarded by the Cadaster and the Public Registry.
2. Applying a series of parameters, limitations or conditions of development, as defined by the State. These are normally established by the land use plan, road, transport and public utilities

master plans, construction codes and other public instruments based on the state’s power of eminent domain.

3. Verifying compliance of the development to be constructed with the aforementioned conditions or limitations.
4. Issuance of a formal permit or license to undertake the development. Generally, this requires payment of development and licensing fees that help finance urban development, infrastructure, as well as the administration of the planning and permit operations of the government.
5. Building the development in accordance to the parameters indicated above, inspecting the evolution of the works and concluding the process with a permit of occupation. This is a public document stating that the construction has complied with all matters and can therefore be occupied and utilized.

THE EIGHT STAGES OF THE CONSTRUCTION PERMITS PROCESS IN MOZAMBIQUE

In general terms, countries have evolved from systems in which the government directly intervenes in each and every one of the ‘classic’ elements described in the previous section, to systems in which the latter are distributed amongst separate, governmental or independent actors governed by appropriate legal frameworks and accountability mechanisms. This fosters an environment of clear responsibilities and allows for the checks and balances required for good, democratic governance, to properly operate.

Having studied the DBR, analysed a real case that was randomly selected, and interviewed staff from the municipal department in charge of the process, it is possible to establish that in Mozambique, the five ‘classic’ elements subdivides itself into the following eight stages, which are managed by four municipal departments and two national companies. These stages and institutions appear illustrated in Figure 3, and are the following:

Figure 3: Stages of the Mozambique construction permit process



1. Access to formal land. This refers to (i) a parcel that is properly cadastered, and (ii) a concession, by the State, of the right to use and exploit that land. This is called the DUAT, for its meaning in Portuguese³. This stage is managed by the *Departamento de Cadastro (DC)*, which belongs to the *Direção de Serviço Municipal de Planeamento Urbano e Ambiente (DMPUA)*.

³ *Direito de Uso e Aproveitamento da Terra*

2. Compliance with land use, easements, building codes and other limitations and specifications about the specific activity that will be carried on the parcel. This is managed by the *Departamento de Planeamento Urbano*, also belonging to the DMPUA
3. Review of project plans and studies for compliance with the elements indicated in the previous point. These have to be prepared by architects, engineers and other specialists duly licensed and registered for practice. This stage is administered by the *Departamento de Urbanização e Construção (DUC)*, belonging to the *Direção de Serviço Municipal de Infraestruturas (DMI)*.
4. Approval of project plans and studies, payment of fees and issuance of a construction license. This is also administered by the DUC
5. Site inspections at several, critical stages of the construction (initiation, structural milestones, termination.). This concludes with the issuance of an occupation license. This is also administered by the DUC, but is contingent to the construction receiving final inspection by the water and electricity companies of Mozambique.
6. Issuance of a ‘certificate of betterments’, which is a document certifying the satisfactory completion of the building with regards to technical standards and codes. This is also administered by the DUC
7. Issuance of a property title for the building based on the certificate of betterments. The DC manages this.
8. Registration of the property. This is handled in the *Conservatório de Registro de Propriedade (CRP)*.

THE PROCESS

All projects are required to undergo the same process for the initial stages (1 and 2), as well as the final stages (7 and 8). However, there are different requirements for the in-between stages (3-6), depending on the nature and complexity of the project: ‘more complex’ projects are required to approach several institutions at both, the national and local level; other, ‘less complex’ projects can be dealt mostly at the local level; other projects which are simple enough and do not pose significant risks, are exempt from the process⁴. Complex projects also undergo different approval paths within the municipality that are described in the following section.

CITY OF MAPUTO UNITS AND DEPARTMENTS INVOLVED

To properly understand the construction permits process as it occurs in the City of Maputo, it is important to provide a general view of how it is organized. The highest municipal authority is the *Assembleia Municipal* or Municipal Assembly, which is the legislative branch that issues municipal acts known as *Posturas Municipais*. This is followed by the executive branch of the city, which in Maputo is called the *Conselho Municipal* and is headed by the Mayor, who is known as the *Presidente Municipal*. At the local level, but still under the authority of the Mayor, the third level corresponds to representatives of the Government in each one of the different districts in which the city is divided.

By resolution of the Municipal Assembly⁵, the executive branch of the city is divided in the following three main bodies, which are called organic units and are illustrated in Figure 4.

⁴ These are referred to as ‘Section 6’, which is a provision in the Urban Code that exempts projects such as a bath hut, shed, house garage and similar from the requirement to obtain a construction license.

⁵ Resolution No. 50/AM/2010 of December 15

Figure 4: City of Maputo organic units



1. The *Distritos Municipais*, or municipal districts, which are 7 in total and correspond to the different localities in which the city is divided for electoral and administrative matters. Each district has a *Vereador Distrital*, a *Secretario do Bairro*, (Neighbourhood Secretary) and a *Chef de Quarteirão* or Block Chief.
2. The *Direções dos Serviços Municipais*, or Municipal Service Directorates, which are 11 in total and handle the city's responsibilities in infrastructure, waste, transport, land administration, public works, planning and land development, finances, and others. A *Vereador* or Superintendent, who is appointed by the Mayor, heads each Directorate. Each one of these is divided into Departments, which are headed by *Diretores Adjuntos*, and further divided into *Repartições* or Divisions in which the technical work is carried out. And
3. The *Unidades de Assessoria e Apoio*, or support units, which are 8 in total. These are executive level offices attached to the Mayor's offices, which handle legal, human resources, special programs and other, similar responsibilities.

The first two organic units are involved in the construction permits process as will be seen ahead.

STAGES ONE AND TWO – IDENTITY AND PROPERTY TITLE

In Mozambique the land is public. Therefore, what can be the subject of open market transactions is the right to develop any given parcel of land, in accordance to the rules and regulations governing it. In consequence, land, per se, has no value; what have value are the structures and constructions that a person builds on a parcel of land; these are known as *benefitorias*, or betterments.

In the case of Mozambique, this process commences with the State granting, through the Municipal President, what is known as the *Direito de Uso e Aproveitamento da Terra (DUAT)*. This is a concession of the right to use and exploit a parcel of land, which is given to any individual per request to the authorities. The DUAT is granted for a specific length of time⁶, during which the grantee has to develop the parcel for the use for which it is destined or it will revert back to the State. Once the construction is

⁶ Until recently, this is 5 years. However, per newly issued legislation and regulations, this has been extended to 10 years.

underway or any ‘betterment’ has been built, the person can request the municipality the issuance of the title properly speaking. In this instance, the individual must obtain what is known as the *Certidão de Benefeitorias*, which is the basis for the issuance of the title. The latter can be negotiated in the open market, used in support for obtaining loans and registered in the Public Registry.

In granting a DUAT, the Municipality has to evaluate and/or establish to factors: (i) whether the parcel of land in which a person is interested already has a grantee of a DUAT, and (ii) the land use for which the parcel is to be dedicated. This can be a very complex process, for, in the case of Maputo for example, approximately 70% of the urbanized area is considered to be informal. This means that there is no physical or legal description of the property (cadaster), and no urban development plan indicating the rights of way, land uses, easements and other limitations to which parcel of land is subject. Therefore, the state has to commence by ‘regularizing’ the land.

In the case of parcels of land within the formal areas of the City, many properties remain occupied by those who received them from the State as part of the nationalization that followed Independence in 1975. In those cases, a simple document was issued to the beneficiary, many of whom still regard it today as the title. Therefore, when the intention to transfer property appears, a similar process of cadaster and titling is required.

Although the DUAT is granted for a limited length of time, most of the sources interviewed for this study seem to agree that these rarely revert back to the state⁷. This is, either because the parcel was indeed developed, or because, as the end of the concession period approaches, many build a simple structure (a wall, a shed) that is then formalized as the property.

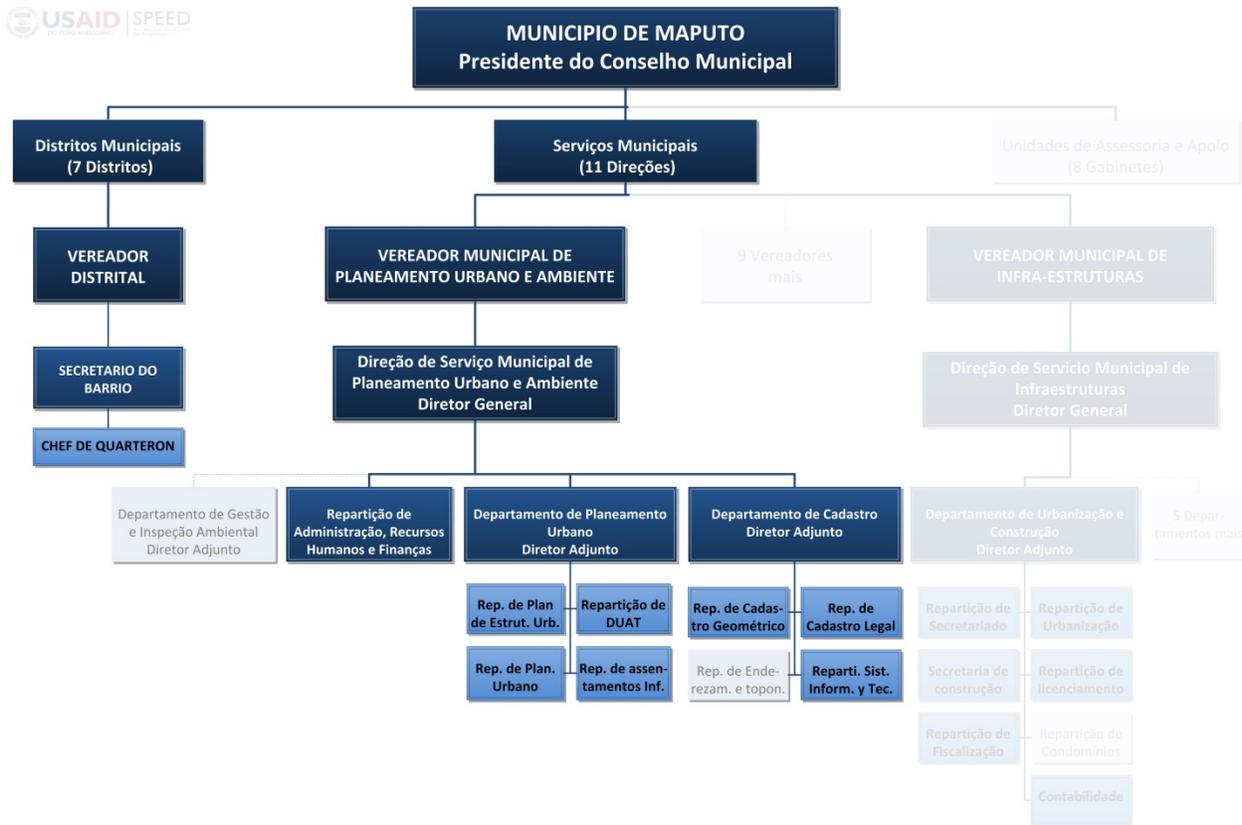
In the City of Maputo, the DUAT process involves the following actions and departments, which appear illustrated in Figure 5:

1. Requesting a certification from the *Vereador* (superintendent) of the district where the plot of land is located, indicating that this is available for concession of a DUAT. This process requires verification and sign off by the *Chef de Quarteirão* (Block Chief) and the *Secretario do Barrio*
2. Formal request before the *Direção de Serviço Municipal de Planeamento Urbano e Ambiente* (DMPUA) for the issuance of the DUAT. This is presented at the *Repartição de Administração, Recursos Humanos e Finanças*, which forwards the request to the *Departamento de Planeamento Urbano* (DPU).
3. At DPU, the request undergoes the following processes: first, it is handed to the *Repartição de DUAT*, which serves as a ‘clearing house’, controlling incoming and outgoing files. Depending on several conditions of the plot of land (whether located on formal or informal areas, whether or not there is a sector area plan already in place for the area or requires the assigning of a land use per the *Plano de Estrutura Urbana* (City Master Plan), and others) the request is assigned to a professional from either the *Repartição de Assentamentos Informais*, the *Repartição de Planeamento Urbano*, or the *Repartição de Plano de Estrutura Urbana*. This professional is responsible for the entire process and issues, per the results of the evaluation, a recommendation to the Municipal President to either issue or reject the DUAT petition. Provided the petition is

⁷ One or two interviewees mentioned rare instances in which this had been the case; however these were cases that seemed to be politically motivated or because of blatant mishandling by the parcel’s concessionaire.

positive and agreed-to by the President, the process then moves to the *Departamento de Cadastro* (DC) for issuing the cadastral record, including the topographic map of the plot of land.

Figure 5: Departments of the City of Maputo in charge of the DUAT process



- At DC, the *Repartição de Cadastro Legal* and the *Repartição de Cadastro Geométrico* process the request. In the case of a property located in a formal area of the city, the process involves issuing the cadastral record and a copy of the topographic plan that are on file. However, in the case of a property located in the informal areas of the city, the process requires the formation of a cadastral registry as well as the elaboration of a topographic plan. This is known as the process of ‘regularization’ of the property and must be in correspondence with the limits and terms established by DPU.
- When the cadastral registry and topographic plan are completed, a pro-forma with copies of the original documents containing all the information for the plot of land is issued. This is what is known as the DUAT, and constitutes the legal basis for undertaking a construction on the parcel of land.

STAGES THREE TO SIX – OBTAINING A LICENCE, CONSTRUCTING AND OCCUPYING THE BUILDING

As indicated at the beginning of this section, depending on the complexity of the project, stages three to six can take place before the municipality (in the case of simple projects) or before this and other, national institutions (for complex projects). In any case, the municipal department in charge of these stages is the

Direção de Serviço Municipal de Infraestruturas, through one of its six departments, the *Departamento de Urbanização e Construção* (DUC).

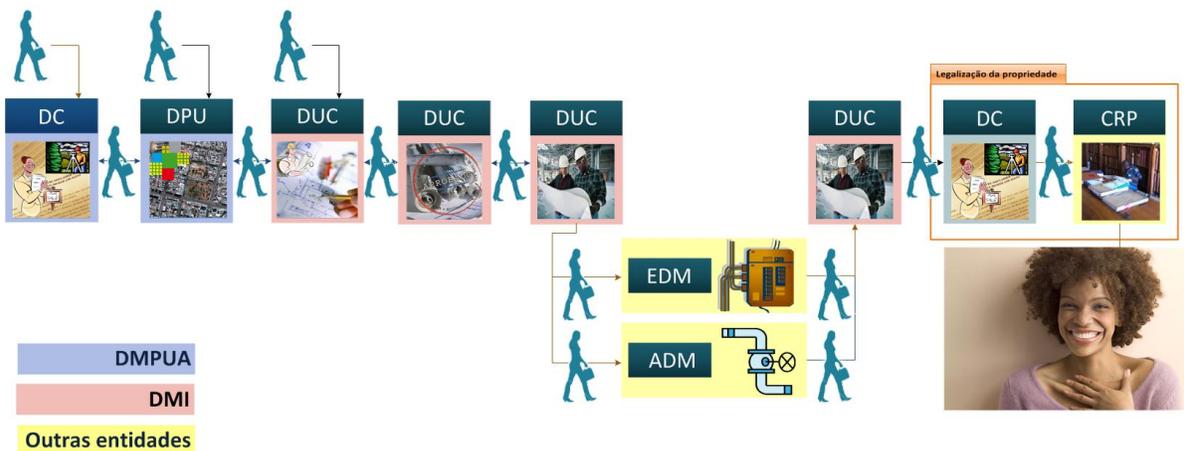
More specifically, there are four categories of projects requiring approval at different levels within the municipal administration:

1. Simple projects, such as fencing, internal alterations, alterations to the facade, building attachments and similar. The DUC's *Chef de Reparticao de Licenciamento* approves these.
2. Intermediate projects, like houses, large extensions, buildings with up to 10 floors and similar. These are approved by the DUC's *Diretor Adjunto*;
3. Major impact projects are condominiums with more than 10 houses, buildings over 10 floors, public institutions and schools, adjustments to illegal constructions, gas stations, hotels and similar. These are approved at the level of the *Diretor do Serviço Municipal de Infraestruturas* and may go to *Vereador Municipal de Infraestruturas*. And,
4. Complex projects that have 'political connotation', are located in areas that have not been subject of planning, require changing the plan, corridors or easements, and/or require the participation of other institutions of the administration. Examples include factories, department stores, shopping malls, buildings beyond 25 floors, hospitals, universities, orders to demolish illegal constructions and similar. These are approved by the *Presidente do Conselho Municipal* and may, in some instances too, require approval by City Council in full.

The DCPI Case

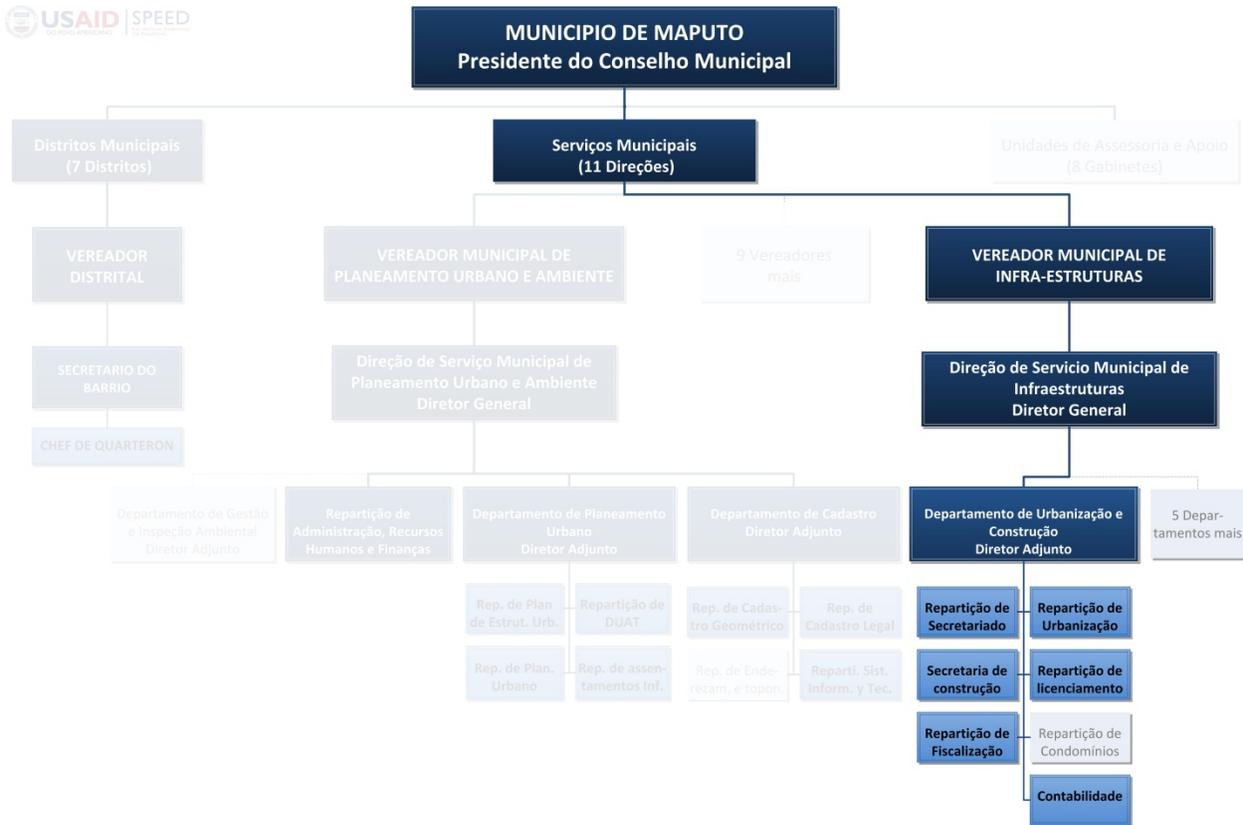
The DCPI case falls into the second category described above. Therefore, as illustrated in Figure 6, it entails a relatively linear and clear process that is almost entirely conducted before the DUC, whose position in the organizational chart appears illustrated in Figure 7. The process involves the following steps:

Figure 6: Steps for the project referenced in the DCPI



1. A project with all the information and documents required by the DUC (which are annexed to this report) is submitted to the *Repartição de Secretariado*, which administers all incoming and outgoing documents and process of the Department. Upon review of consistency of the documentation, the file is forwarded to the *Repartição de Urbanização* for review of DUAT, topographic and land use compliance.

Figure 7: Department of the City of Maputo in charge of stages 3 to 6



2. Provided there is compliance, the project file is forwarded to the *Secretaria de Construção* (this is really the archive) for creation of an official file.
3. Once this takes place, the file is forwarded to the *Repartição de Licenciamento* for an initial review of the architectural design of the project, which concludes with the issuance of a *preliminary approval* of the architectural project. This document has a period of validity to allow the promoter / owner of the project to prepare detailed architectural drawings as well as electrical, mechanic, hydraulic, structural and other technical designs and studies. The file is returned to the archive until further notice.
4. Once the detailed and technical studies are completed, a new request, for approval of the technical documents and issuance of a construction license, is registered again in the *Repartição de Secretariado*. Provided the information is in order and within the period of validity indicated previously, the file is called in from the archive and forwarded to the *Repartição de Licenciamento* for review of the technical studies and issuance of the construction license. In the DCPI case, the hydraulic and structural aspects of the project are reviewed and approved by a specialist from within the DUC. In the case of the electrical, Departmental officials indicated that preliminary review is not required. Having completed these requirements, a note of payment is sent to the *Repartição de Secretariado* for notification to the project owner, and the file is returned to the archive until further notice.

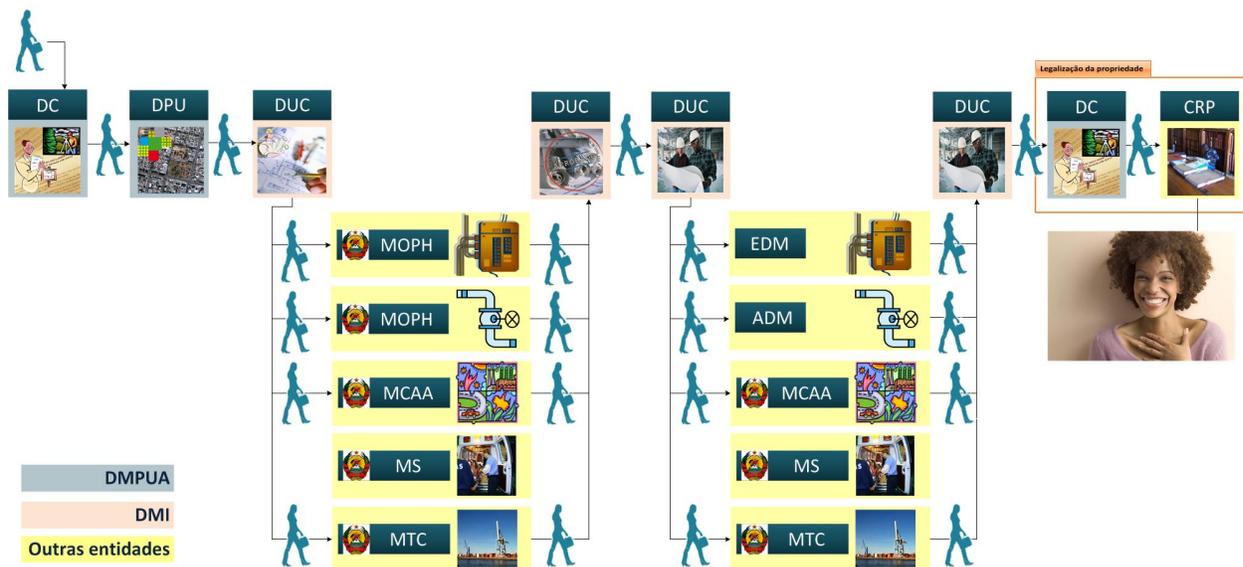
5. Payment of the construction license involves notifying oneself of the requirement, paying the fees in a local bank and handing back the proof of payment to the *Contabilidade* section. The file is called in from the archive, a copy of the proof of payment is registered and the file is forwarded to the *Repartição de Licenciamento*.
6. Upon receiving the file, the *Repartição de Licenciamento* issues the formal construction license and forwards it to the *Director Adjunto* of the DUC for signature. Once signed, the file and license are sent to the *Repartição de Secretariado* for notification to the project owner and archive.
7. Upon self-notification of the license, the owner formally requests an inspection for project commencement. The file is retrieved from the archive and sent to the *Repartição de Fiscalização*, which will administer and accompany the construction process through its culmination.
8. An official inspection of the site is programmed and takes place per the owner's request, in which the location, general measurements and other aspects of the project are reviewed to ensure correspondence between plans and site.
9. Throughout construction, official inspections are conducted at key moments, such as when concrete is poured on the foundations, and key structural elements like pillars and slabs.
10. Once construction is finalized, a formal request for a license of occupation and use is submitted, accompanied by 'as built' plans. A final inspection is programmed, conducted and, in normal circumstances, the occupation is authorized. It is common practice for this authorization to be issued contingent on a final inspection by the Electrical and Water companies, which will receive and connect the installations to the corresponding grids. However, in many circumstances the *Repartição de Fiscalização* manages to coordinate a single visit with representatives from these companies.
11. Upon completion of this process, a note of payment for the occupation license is sent to the *Repartição de Secretariado* for notification to the project owner, and the file is returned to the archive until further notice.
12. Payment of the occupation license involves notifying oneself of the requirement, paying the fees in a local bank and handing back the proof of payment to the *Contabilidade* section. The file is called in from the archive, a copy of the proof of payment is registered and the file is forwarded to the *Repartição de Fiscalização*.
13. Upon receiving the file, the *Repartição de Fiscalização* issues the formal occupation license and forwards it to the *Director Adjunto* for signature. Once signed, the file and license are sent to the *Repartição de Secretariado* for notification to the project owner and archive.
14. When this process is complete, the owner formally requests at the *Repartição de Secretariado* the issuance of a *Certidão de Benefeitorias*, which is an official document that describes the main characteristics of the building. The file is called in from the archive and forwarded to the *Repartição de Fiscalização*. A site inspection is programmed and conducted to verify the correspondence between plans and construction.
15. Upon completion of this process, a note of payment for the betterment certificate is sent to the *Repartição de Secretariado* for notification to the project owner, and the file is returned to the archive until further notice.
16. Payment of the *Certidão de Benefeitorias* involves notifying oneself of the requirement, paying the fees in a local bank and handing back the proof of payment to the *Contabilidade* section. The file is called in from the archive, a copy of the proof of payment is registered and the file is forwarded to the *Repartição de Fiscalização*.

17. Upon receiving the file, the *Repartição de Fiscalização* issues a *Certidão de Benefeitorias* and forwards it to the *Director Adjunto* for signature. Once signed, the file and certificate are sent to the *Repartição de Secretariado* for notification to the project owner and archive.
18. Upon self-notification, the owner picks up the *Certidão de Benefeitorias*, formally concluding the construction process. This document is required by the DMPUA to issue, in stage 7 of the process, the property title that is then taken to the public registry.

A More Complex Project

More complex projects, such as hotel, education, health or transportation complex, with potential transportation, social, environmental, and/or cultural impacts, are required to undergo a process such as the one depicted in Figure 8. In this case, the third element, review of project plans and studies for compliance with the land use, urbanization and construction limitations, is managed by, and conducted before, the relevant Ministry or National agency in charge of the corresponding topic.

Figure 8: Steps for a more complex project



As indicated at the beginning of this section, inside the City of Maputo these projects would require, depending on their characteristics and ‘political connotation’, approval by the *Diretor do Serviço Municipal de Infraestruturas*, the *Vereador Municipal de Infraestruturas*, the *Presidente do Conselho Municipal* or even the City Council in full.

While no detailed analysis was conducted about this case, it will not only require technical approval by these institutions prior to construction, but also inspections for compliance upon completion of the building process.

STAGES 7 AND 8 – PROPERTY LEGALIZATION

As indicated previously, and illustrated in Figure 8, the last two stages of the construction permits process have to do with the issuance of the *Título de Propriedade* by the municipality and its subsequent registration in the *Conservatório de Registo de Propriedade (CRP)*.

Issuing the *Título de Propriedade* involves submitting the *Certidão de Benefeitorias* to the DMPUA's *Repartição de Administração, Recursos Humanos e Finanças*, which forwards the request to the *Departamento de Cadastro Legal*. The original cadastral registry is pulled out from the archive and a pro-forma is filled with the information included in the *Certidão de Benefeitorias*. The document is sent to the office of the DMPUA Director General, who signs off and forwards to the office of the Mayor. Once signed, the owner returns it to the DMPUA for communication and retrieval.

The *Título de Propriedade* is taken to the *Conservatório de Registro de Propriedade (CRP)*, which is a National institution attached to the Ministry of Justice. In this department, the original document issued by the municipality is handed and registered in the official books.

DURATION OF THE PROCESS

While there is no definitive account of the time associated to the construction permits process as it occurs in Mozambique, there seems to be acceptance by different local experts that this can take between 350 and 460 days. These are distributed in the processes and day expenditures that appear illustrated in Table 7.

Table 7: Time expenditures associated to the construction permits process in Mozambique

	Process	Days
1	DUAT request	45
2	Topographic map request	120
3	Construction license request	60
4	Inspection for construction commencement	1
5	Second inspection	1
6	Occupation license request	95
7	Final inspection	1
8	Water, sanitation and electrical inspection	1
9	Connection to the water, sewer and electrical grids	43
10	Telephone line request	2
11	Certificate of betterments request	30
12	Property title request	30
13	Property Registration	30
	Total	459

Source: DBR + author's calculations based on interviews

This, and even greater variations, may occur for a variety of reasons, but most importantly because the promoter of a project may be interested in purchasing a property already titled instead of undergoing the process of DUAT concession. This may still be an empty plot of land with a minor construction (a wall, a shed), and may, therefore, represent savings anywhere between 120 and 180 days. This is because, as mentioned previously in this report, a DUAT of any given property may be transferred once the construction for which a license was issued for that plot reaches approximately 50%. Therefore, as is the case of the randomly selected case that is described in the next Chapter, a purchase-sale transaction can occur during the construction period, enabling allowing the developer to bypass the lengthy (and

politically influenced) DUAT concession process as well as the cumbersome process of issuing an official topographic plan.

ORGANIZATIONAL REACH

As illustrated in Figure 9, carrying out the eight stages of the construction permits process described in the previous sections, involves dealings with, and actions by, at least 20 units within the organizational chart of the municipality. This represents, according to the author’s accounting, the potential involvement of forty-two specialists and twenty support personnel.

Figure 9: Organizational extent of the construction permit process



RECENT AND ONGOING REFORM

The numerous difficulties associated with the construction permits process as described above easily become evident. Loopholes within departmental processes, political manoeuvrings, conflicts of interest, conflicts between city departments, very poor operational infrastructure, are some of the phenomena that are noticed just upon a preliminary review such as the one presented here. Naturally, the entrepreneur, who is at the receiving end of this process, obtains very poor services and lengthy responses that easily provide the opportunity for the practice of corruption.

As a result of this situation, there are several efforts in progress that will likely have an impact on the construction permits process in Mozambique in general and in Maputo in particular. These are:

PROMAPUTO

PROMAPUTO is a program implemented between 2005 and 2010 by the Municipality of Maputo, with support from the World Bank. As part of this program, a new geographic database of the Maputo area was

developed, initially to serve as the basis for the urban planning processes. However, this evolved into the creation of a ‘multi-purpose’ cadastre, that is, a geographic data base that not only includes the physical and property information of all the parcels inside the municipality, but also the information of multiple agencies that is also relevant to the property.

Another component of PROMAPUTO was an administrative reform, whereby the construction licensing process, which was carried out by the *Departamento de Construções e Urbanização (DCU)*, under the supervision of the *Direção de Serviço Municipal de Planeamento Urbano e Ambiente (DMPUA)*, was transferred to the *Direção de Serviço Municipal de Infraestruturas (DMI)*, under the new name of *Departamento de Urbanização e Construções (DUC)*. As a result of this transfer, which included a re-engineering of the construction permits process, the Municipality of Maputo saw a significant reduction of the number of steps and requirements to issue a construction permit.

This was complemented by the development of the SIGEM (which stands for ‘municipal management system’ in Portuguese), allowing authorized users to access the information that is required to fulfil the ‘classic’ elements 1 and 2 of the construction permits process, described in the previous section. In consequence, a digital link is currently available and increasingly utilized by the officials in charge of this process.

A second phase of PROMAPUTO, recently approved by the World Bank, will focus on a continued improvement to the question of land access in the Maputo area. One of its main goals is the massive regularization of informal areas, and titling of the more than 200 thousand informal parcels that are in Maputo. According to secondary sources, once general roads and infrastructure are planned for the informally urbanized areas (through sector area plans underway), a process of clarification and/or redefinition of property boundaries will take place, followed by the preparation of the corresponding title for each one.

The latter is being planned as a ‘mobile’ service, whereby a vehicle equipped with the necessary instruments for defining the regularization and physical boundaries and built area, as well as introducing them to the newly formed geographic database, will issue the title and hand it to the corresponding dweller and/or owner. Project officials indicate that the aim is to produce around 10,000 titles per year, for a total of 50,000 in the current phase of the program.

MODERNIZATION OF THE PROPERTY REGISTRY

Also funded by the World Bank is a project aimed at modernizing the Mozambican property registry, which stands as the final ‘box’ in the process of constructing and operating a warehouse. This process is in the phase of tender, but unfortunately it was not possible to access to its details⁸.

BALCÃO DE ATENDIMENTO ÚNICO (BAU)

The Ministry of Industry and Commerce, in collaboration with the IFC, is in the process of defining and implementing a broad – reaching ‘single stop shop’ (BAU for its definition in Portuguese) for as many services, including licensing, that the government is responsible for. On its initial phase, the project focuses on services that are the responsibility of Provincial governments in Mozambique, and is to start

⁸ The author met with the company in charge of mapping the process and designing the new workflow but no information could be provided without an official acceptance by the Ministerial authorities. This would entail more time than the one allowed in the diagnostic phase of this study.

by implementing the mechanism for licensing related to the tourism industry. Ministry officials have indicated their interest, and prospect, for the construction permits process to be included in future phases of the project.

FROM DUAT TO TUATU

Recent urban land development legislation and ensuing regulations⁹ have made the DUAT a permanent document, changing its name from *Direito* to *Título*. In other words, even though the land remains in the public domain, the initial concession needs not be ‘perfected’ in subsequent phases demanding further interaction with public institutions. However, sources with close knowledge of the situation indicate that this provision has not yet been put in place.

CONCLUSION

As a result of the assessment of the general context and reform efforts described previously, it was decided that, while maintaining a hold on the entire process (the eight stages of the construction permits process), this study should take a closer look at how the process is managed by the City of Maputo. This is because the processes that are the responsibility of the Water and Electricity Companies are of minimal impact for the DCPI case, and there is already a reform in progress with regards to the *Conservatório de Registro de Propriedade*.

Furthermore, within the municipality, the study should specifically focus on the processes, problems and opportunities within the *Departamento de Urbanização e Construções*. This is because the processes that are the responsibility of the *Direção de Serviço Municipal de Planeamento Urbano e Ambiente* will continue to be the subject of reform and modernization efforts with support from the second phase of PROMAPUTO. But also because, as indicated in the Introduction, this study came about as a result of the interest of *Direção de Serviço Municipal de Infraestruturas (DMI)*, to continue to receive support by the donor community in continuing to pursue a more effective and efficient delivery of its services, given that PROMAPUTO 2 has left the DUC in somewhat of an ‘orphan’ situation, in a context in which numerous institutions and agencies require continued support from donors in order to reach better levels of performance.

Therefore, the following chapters present a closer look at the processes of the DUC, their problems and opportunities, and how could reform continue to be implemented for a better and more effective construction permits process.

⁹ Gobierno de Mozambique – Conselho de Ministros. Decreto nº 60/2006 de 26 de Dezembro (Aprova o Regulamento do Solo Urbano).

CHAPTER TWO: THE LICENSING PROCESS IN THE DUC

As indicated in the Conclusion of the previous Chapter, the study should take a closer look at the processes, problems and opportunities within the *Departamento de Urbanização e Construções (DUC)*, which reports to the *Direção de Serviço Municipal de Infraestruturas*.

RESPONSIBILITIES

Overall, the DUC is responsible for twelve municipal processes (called *pedidos*), in which the six processes numbered 2 to 7 constitute (in that same order) the construction permits process. These are:

1. *Pedido de informação previa.*
2. *Pedido de aprovação do projeto de arquitetura.*
3. *Pedido de licenciamento de projetos complementares.*
4. *Pedido de licença de construção.*
5. *Pedido de prorrogação de licença de construção.*
6. *Pedido de licença de utilização.*
7. *Pedido de certidão de benfeitorias.*
8. *Pedido de fornecimento de copias.*
9. *Pedido de licenciamento de pequenas empresas de construção civil.*
10. *Pedido de certidão de propriedade horizontal.*
11. *Pedido de inscrição de técnicos.*
12. *Pedido de termo de responsabilidade do autor do projeto.*

A JOB WELL DONE (GIVEN THE CIRCUMSTANCES)

Despite the limitations imposed by a 100% paper-based process, the author's first impression is that the construction permits process, in what corresponds to the DUC, is well done. The department is housed in a comfortable, historical building located on one of the main avenues of Maputo. As illustrated in Figure 10, the building has been adapted, albeit with limitations, to the main stages and divisions in which the process is divided, allowing all personnel access to fresh air and natural light.

The citizen is greeted by a reception officer who leads her or him to a single point of contact, where all the incoming or outgoing matters of the department are handled by kind and willing staff. Past this, each one of the offices, which are called *repartições*, and where each one of the stages of the process is handled, is divided into open-office workstations in which a Chief and his/her supporting staff are stationed without hierarchical differentiation. Despite the large amounts of folders and documents, these are all perceived as being handled in order. An ambience of conviviality is also perceived.

Each *repartição* carries a logbook that is handled by its administrative assistant, therefore enabling a clear record of the instances in which any given case has entered. This is also annotated inside the folder, which allows anyone to see, from the folder, the complete log. In general terms it is the administrative staffer of

any given *repartição* who carries the folder to the one in charge of the next stage. Only those leaving the Director's office are called for pick-up by the corresponding *repartição*.

Figure 10: Offices and work environment in the DUC



The critical element of the Department, its archive, is also well handled. Past a first impression of it being in disarray, the author was able to randomly select a folder from the archive book and have it immediately found and brought by the official. What is of concern, of course, is the high state of risk of damage by fire, flooding or humidity at which the archive is. Immediate action should be implemented to digitize the archive, for invaluable, historical documents, which must tell the whole urban design and architectural history of Maputo, are at permanent risk of loss.

At the end of the diagnostic phase of this study, this assessment of the Department remained positive, more so because of the author having been able to see it in the context of other departments of the City of Maputo and of the Government of Mozambique. Therefore, the authorities of the City of Maputo and especially the personnel of the DUC must be commended for what it seems to be an effective and efficient use of the limited technical and human resources available to carry out their responsibilities.

However, three questions remain critical at this stage: first, how to contribute to a larger offset in the time that the City of Maputo takes in delivering the entire set of documents to legally be able to operate a building as defined by the Doing Business report; second, how to prepare for an increased demand in construction permits that will most likely stem from the formalization and land titling process promoted by PROMAPUTO II, in terms of offering a more efficient service. And third, how to continue ahead in the path of reform, especially given that the DUC will no longer be a part of PROMAPUTO II and no

resources seem to be available for attending the needs and enhancing the instruments and resources available.

To respond to these questions, it is necessary to analyze the following:

1. The time consumption patterns of the DUC.
2. The workflow characteristics, such as the number of sub-steps per process, and the distribution of time between administrative, courier, and specialized personnel. And,
3. A few economic aspects of the service delivery provided by the DUC, such as current and projected volumes of work, income generated by the department, the cost of supplying construction licenses to current and expected demand and the impacts of increasing personnel as a solution to satisfying the demand.

The following sections contain these analyses.

TIME ANALYSES

As indicated above, in order to define ways in which the DUC can continue to contribute a more effective and less time consuming construction permits process, the actual time expenditures within the department needs to be studied. Because of the scarcity of information and short-term nature of this consultancy, the time consumption study was approached in three different ways:

1. A time analysis based on official workflow documents provided to the author by the DUC.
2. A time analysis based on a real case, randomly selected.
3. A time analysis for a case in which the DUAT is obtained prior to the construction of the real case, the title is subsequently issued by the *Direção de Serviço Municipal de Planeamento Urbano e Ambiente* and the latter is registered in the *Conservatório de Registro de Propriedade*. This is relevant, for it is the case that would bring the DCPI case closer to a real-life situation.

TIME CONSUMPTION ACCORDING TO OFFICIAL WORK FLOW DOCUMENTS

According to official documents provided by the DUC¹⁰, which are annexed to this report, the licensing process inside the DUC requires 177 working days or 247 calendar days. As illustrated in Figure 11, the process is divided into 3 stages:

1. A stage called *Pedido de Licenciamento de Construção*, (Request for Construction License), which requires 171 days in total and is divided into the following two sub-stages and time requirements:
 - a. A sub-stage called *Pedido de Aprovação do Projeto de Arquitetura*, (Request for Approval of Architectural Project), requiring 130 days. This, in turn, is divided into a process called *Apreciação Liminar e Saneamento* (Preliminary Clearance and Concept) requiring 40 days, a process called *Apreciação do Projeto de Arquitetura*, (Architectural Project Concept) requiring 87 days, and a process called *Pedido de Aprovação dos Projetos Complementares*, (Complementary Project Approvals) requiring 3 days. And,

¹⁰ Conselho Municipal do Município de Maputo. Direção Municipal De Infra-Estruturas. Departamento De Urbanização E Construção. *Novos Procedimentos De Tramitação De Pedidos Tratados Pela DMI-DUC. Maputo, 2010*

- b. A sub-stage called *Pedido de Emissao da Licença de Construção* (Request for Construction License Emission), requiring 35 days.
2. A stage called *Pedido de Licença de Utilização* (Request for Occupation License), requiring 40 days. And,
3. A stage called *Pedido de Certidão de Benefeitorias* (Request for Betterment Certificate), requiring 36 days.

Figure 11: Official time requirements for completing the licensing process in the DUC.



At this point, it is important to clarify that:

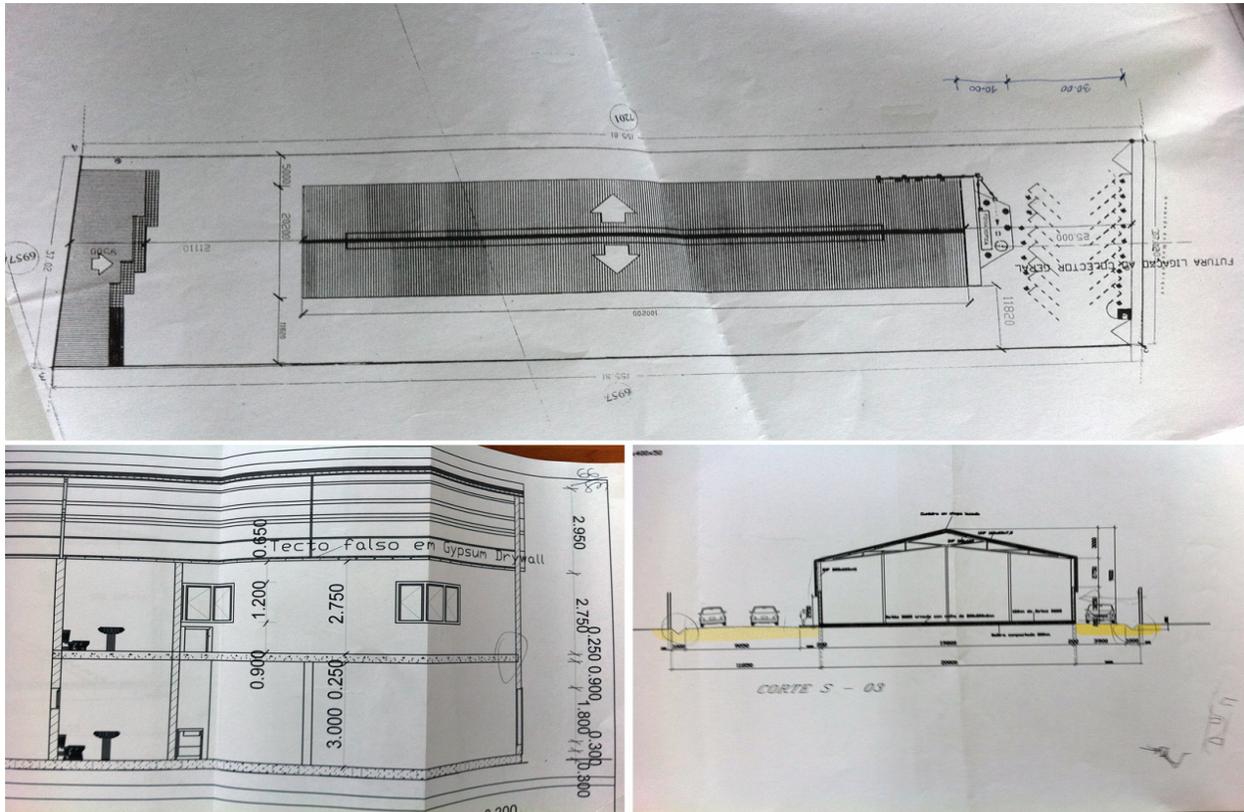
1. The timelines provided by the DUC refer to a complex project, therefore including steps that would not be required by the simpler project that is the basis for the DCPI. For example, for the DCPI project, the process called *Apreciação Liminar e Saneamento* would not be required and all decisions would be dealt with at the level of the *Diretor Adjunto*, where, as indicated previously in this report, a complex project would require several decisions to be raised to the level of the *Diretor General*, the *Vereador*, and in some instances the *Presidente Municipal* or even the Municipal Council in full. And that,
2. The timeline stated here does not include the DUAT, the construction, and the titling and registration processes. Therefore, it is the net time that the DUC officially states that it requires for processing a file.

TIME CONSUMPTION BASED ON A REAL CASE

As stated previously, the author was able to randomly select a study case as similar as possible to the DCPI one. After reviewing several options, the file selected is for the construction of a warehouse on an empty plot of land (except for a very small, old brick shed that required demolition). The 2000 m² warehouse was built in 2009 and, as illustrated in Figure 12, it has two stories on the front side for office space, including service for bathrooms and kitchen. The warehouse will require all the electrical, sanitary, water and mechanical installations proper to this use.

The file was closely analyzed: all the exchanges between the owner and the municipality were recorded, and a detailed account of the file's movements from department to department, the time spent in each, the decision proposals, the sign-offs, and other actions were accounted. Despite being a paper process (which can easily lend itself for mistakes in document allocation, omission of signatures, loss of records, etcetera) the file was found to be in good preservation.

Figure 12: Case study project - a 2000 m² warehouse similar to the DCPI case



One major element of this particular case is that, since the plot of land already had a small construction, the owner was already in possession of a *Título de Propriedade* for that construction. However, the warehouse was to be built (and owned) by another person who would buy the property to the latter. Therefore, these two persons (which will be referred here as Company AA and Company BB) engaged in a purchase and sale agreement, which, according to the property transfer rules in Mozambique, could only occur once the construction for which the transaction is intended reaches 50% or more.

At first sight, this would add even more complexity to the process, for the construction license can only be issued to the legitimate owner of the property (Company AA). Therefore, once the property was transferred in the middle of construction, the license would have to be re-issued to the new owner (Company BB). As will be seen ahead, despite this, the process underwent 'swiftly' in terms of normal Mozambican standards.

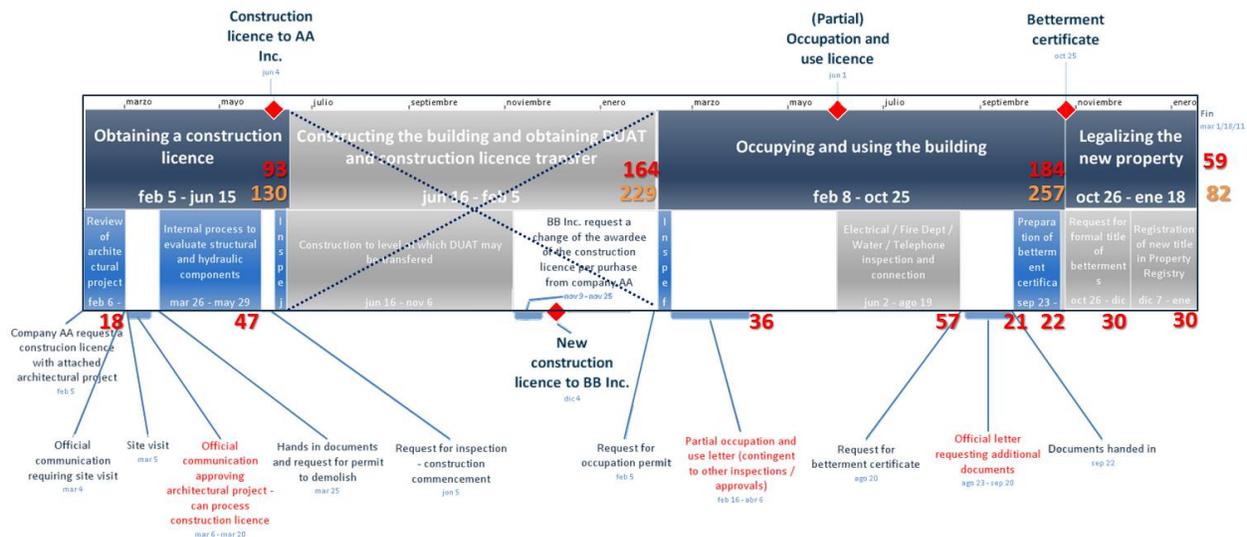
Based on the file that was analysed, the entire construction process as it would be measured by the DCPI took 474 days. This corresponds to a total of 703 days that the entire operation took, minus 229 days that construction of the warehouse took, which are not included in the DCPI.

As illustrated in Figure 13, the process underwent the following four stages:

1. Obtaining the Construction License. This was covered in 130 days and involved the following actions:
 - a. Company AA requests the issuance of the construction license with the architectural project attached. This concludes 30 days later with the issuance of an official communication indicating the requirement of a site visit. The visit takes place and 18 days later an official communication is issued approving the architectural project and authorizing the owner to submit technical studies for approval and official construction license.
 - b. A week later, the owner hands the documents and, given the presence of the small shed, request permission to demolish. 63 days later (47 working days) the construction license is issued to Company AA.
 - c. 3 days later, Company AA requests the inspection for commencement of the project, which is carried out one week later

Figure 13: Time consumed by the case study project

➤ Com o processo DUAT durante a construção, **502** días úteis, **703** días naturais



➤ Subtraindo-se o processo de construção **338** días úteis, **474** días naturais

➤ Subtraindo-se o processo título e registro **278** días úteis, **390** días naturais

2. Constructing the building, transferring property and transferring the construction license ownership. Although not included in the DCPI process accounting, this 229-day stage presents the noteworthy case in which Company BB, who has now purchased the *Título de Propriedade* from Company AA (having undergone commercial, notary public and registry processes during construction) requests on November 9 the change of name of the construction license. This

process is studied by the DUC and 15 days later, on November 25 the new license is authorized and 10 days later it is issued.

3. Occupying and using the building. This was covered in 257 days and involved the following actions:
 - a. Upon completion of the construction, Company BB files a request for a final inspection and issuance of an occupation license. 10 days later the inspection takes place and 41 days later (36 working days) an informal letter occupation permit is issued, conditional to the fulfillment of water and electrical inspections and approvals. Nonetheless, the partial occupation license is not issued until 55 days later. There is no explanation on file as to this gap.
 - b. The process that follows, requesting and obtaining the electrical and water inspections from the corresponding companies presumably takes 77 days, for at this point is when Company BB submits its request for a *Certidão de Benefeitorias*.
 - c. 27 days after the request for the latter is submitted, an official letter is sent to the owner requesting additional documents. These are submitted a day after and 32 days later the certificate is issued.
4. Legalizing the new property. This was covered in 82 days, evenly divided in 41 days for the *Título de Propriedade* to be issued by the DMPUA and 41 days for the registration of the latter in the *Conservatório de Registro de Propriedade*.

Based on the case just described, the following assertions could be made:

1. Regarding the net time spent within the DUC, there is a gap of 100 days between the official documents (which are based on a complex project requiring upper level decision making and are indicated as requiring 290 days) and the real case indicates (which results in a consumption of 370 days).
2. In those stages in which the DUC is the sole responsible of the outcomes, the process seems to be handled in a compact, straight and effective way. This is not only visible in those stages, but also in the handling of the re-issuance of the construction license to Company BB that occurred during the construction stage.
3. By contrast, in those stages in which the DUC and other institutions are responsible of the outcomes, or an outcome of one depends on that of another, is where more time is being spent.
4. While further studies would be required to safely assert this, it may be a reason for which the city may be experiencing more formal construction on areas already titled than formal construction on areas that require or are in a process of formalization.
5. While this would be positive in the sense that it could be an incentive for carrying out land transactions that yield more formally constructed area and therefore a greater tax base for the city, it could also be negative in the sense of also serving as an incentive for continuing to undertake informal developments. In addition, a high demand for formally titled plots of land can contribute to a speculative market, which seems to be the current case in Maputo.
6. Apart from the unaccounted 55 day gap described in Section 3.a, above, the three processes that appear typed in red letters in Figure 13 seem to consume far too long for what they are meant to be, that is, simple communications for action by the owner. As will be seen ahead, this has to do partly with the delegation of signing authority, which, (at least as it appeared in the case study file), required that all official decisions be subject to two stages and two transfers of the file: first, a 'decision proposal' by the technician in charge of the process to the Director, who has to sign off on file and return it to the technician for preparation of the official communication; and second, the official signature of the communication, which has to be transferred again to the Director

for that effect. Additionally, in some instances the decision proposal has to be sent first to the Chief that supervises the technician and then to the Director.

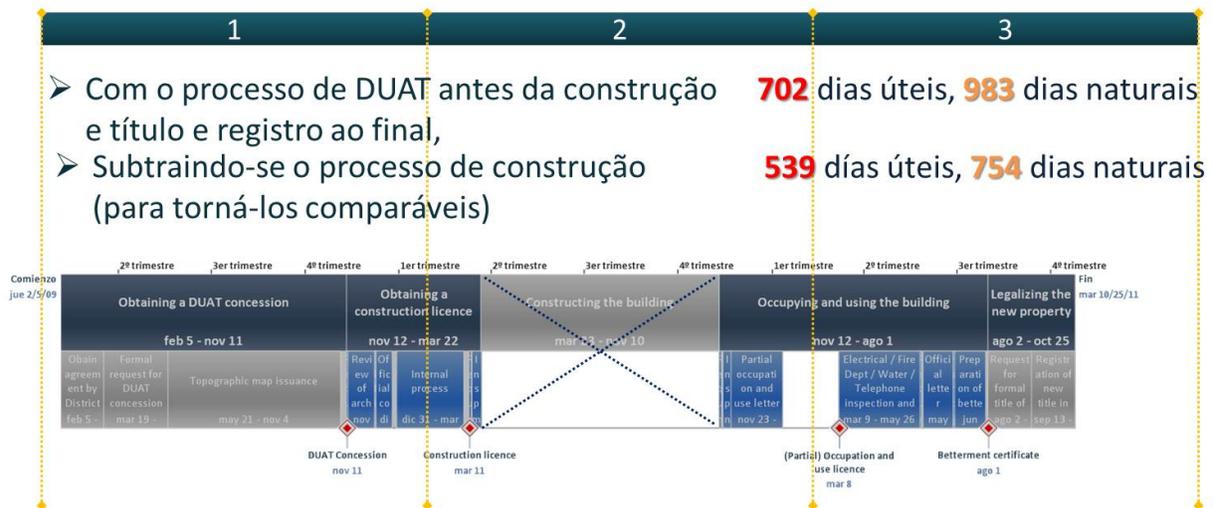
7. This is an issue that should be dealt with immediately, for significant time-gains could be easily made.
8. It seems that a major contribution to shorten the process would be the delegation of powers to the DUC for also inspecting and issuing compliance by the construction with the electrical and water installations. Currently, the DUC reviews the design of the water and sewer plans; therefore, it would be possible to extend the role and responsibilities of the personnel in charge of this to inspecting and signing off on this subject.
9. A similar solution could also be implemented for the electricity installation.

TIME CONSUMPTION OF THE REAL CASE UNDER THE DCPI METHODOLOGY

As indicated at the beginning of this section, a time analysis of the real case with the process as defined for the DCPI would be useful, if only to verify how close or far this is to the measurements that have been stated in the DBR.

In such case, as illustrated in Figure 14, the entire process would consume 983 days including the construction time, which in this case would be accounted only until the moment in which the land was transferred in the previous case. However, without the entire construction period, the process would be reduced to 754 days, which is twice what the DBR has indicated.

Figure 14: Time consumed by the case study project under the DCPI methodology



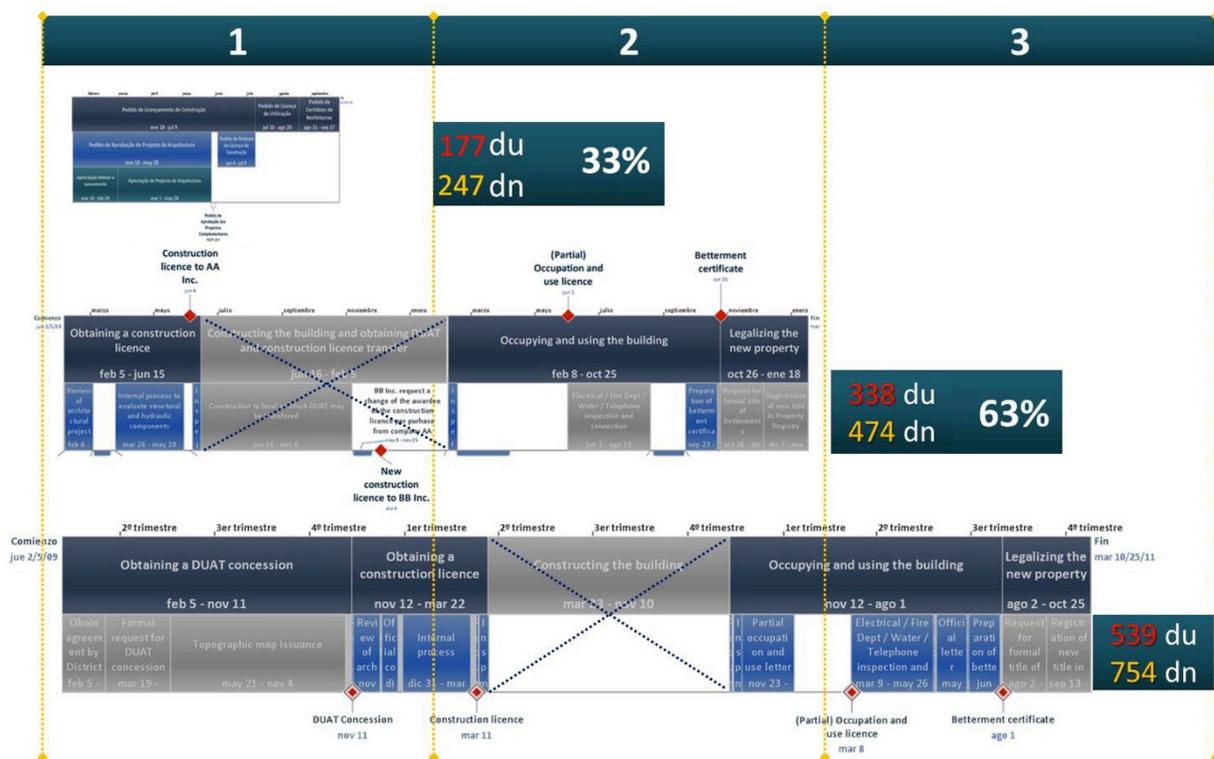
Notwithstanding this, it is very important to note that this account is just the result of a single case upon which no generalized conclusion can be made. In addition, the project in question, which dates to 2008 – 09, was processed very early into the new administrative reform that resulted from PROMAPUTO I. Therefore, many of the difficulties that were present prior to this reform being fully implemented could still be the case in this particular file.

In synthesis, and as illustrated in Figure 15, if a developer of a warehouse was intent on building this facility in a parcel of land requiring regularization, cadaster registration and a first-time issuance of a DUAT, it is reasonable to expect that this would take up to 754 days without construction time. However,

this time could be reduced to 63% of the latter if the developer entered into a commercial land transaction with someone already in possession of a DUAT for a property where the warehouse could be developed. In addition, the developer could expect the process within the DUC to require 33% of the time that it would represent if the first path were followed.

This puts the DUC in a very good position within a process that appears to be affected more by the complexities of other institutions and processes that are beyond the control of this department, although still under the purview of the Municipality, namely de DMPUA.

Figure 15: Scaled comparison of time analyses



However, this does not mean that there is no room for reforms or changes that shorten the still high time consumption experienced that is experienced in the DUC. This is why it is necessary to analyze in more detail the flow of work inside this Department as well as some quantitative issues with regards to the demand and supply of construction licenses in Maputo. These analyses are presented ahead.

WORK FLOW ANALYSES

As indicated previously, in order to contribute a more effective construction permits process, the work flow characteristics, such as the number of sub-steps per process, and the distribution of time between administrative, courier, and specialized personnel needs to be studied. In order to provide a most realistic account, the approach was to draw a detailed, 'hybrid' chart of the process (which is annexed to this report), based on the official documents provided by the DUC, but inserting the information of the real case discussed in the previous section. The result, while providing a different account of the time

expenditures, does provide a most realistic picture of the actual workflow, sub-stages, steps, and time distribution patterns.

As indicated at the beginning of this Chapter, the DUC handles the following 6 processes associated with construction permitting (stages 2 to 7 of the 12 listed)

1. *Pedido de aprovação do projeto de arquitetura.*
2. *Pedido de licenciamento de projetos complementares.*
3. *Pedido de licença de construção.*
4. *Pedido de prorrogação de licença de construção.*
5. *Pedido de licença de utilização.*
6. *Pedido de certidão de benfeitorias.*

STEPS AND CROSS FUNCTIONS

As illustrated in Figure 16¹¹, a given process begins with the citizen visiting the *Repartição de Secretariado* to request the action (highlighted in blue) and is followed by a number of administrative or professional actions by different divisions of the Department. The process concludes with the citizen visiting again the *Repartição de Secretariado* to retrieve the resulting outcome of the petition (highlighted in light red).

Figure 16: Different steps of any given process

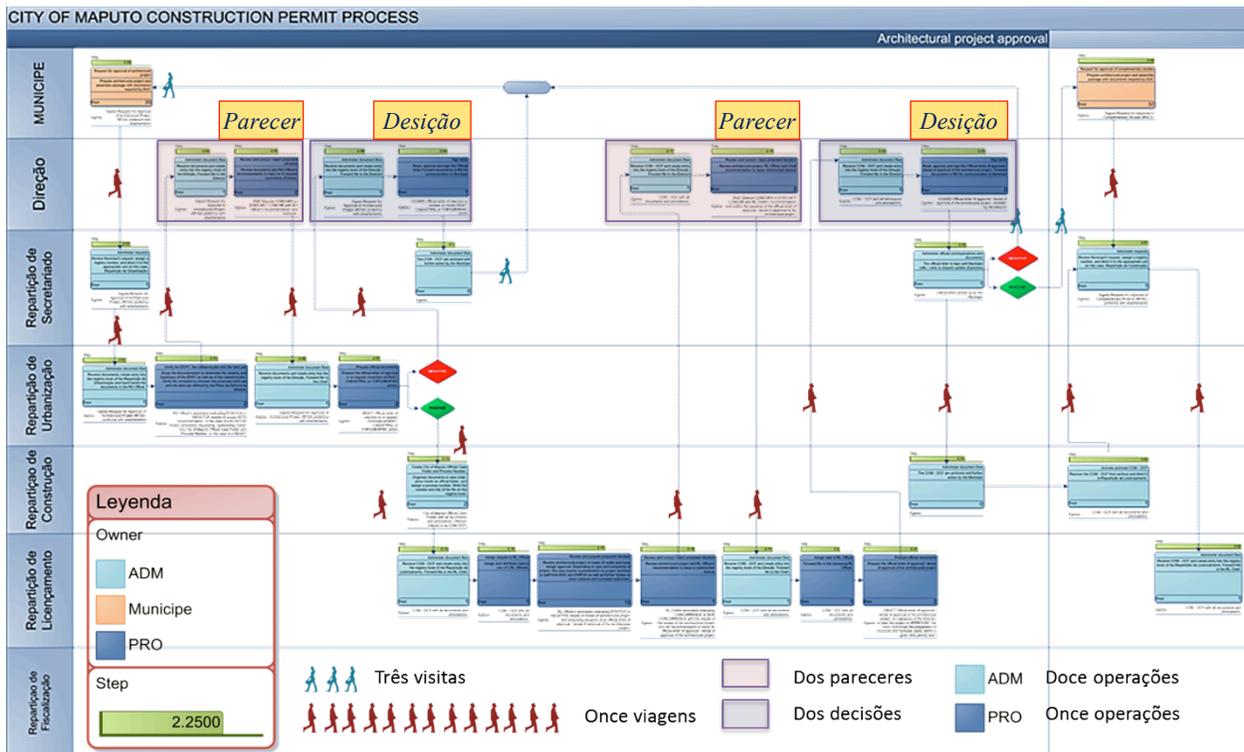
2.00	Request for approval of architectural project	Munic ipe	Prepare architectural project and assemble package with documents required by DUC	35 Official letter from DUC stating land use and construction limitations that apply on the specific plot of land.	Signed Request for Approval of Architectural Project (RFAA) proforma with attachments
Repartição de Construção	2.04.B1 Create City of Maputo Official Case Folder and Process Number.	ADM	Organize documents in date order, place inside an official folder, and assign a process number. Write the number and title of the file on the registry book.	2 RU Officer's annotation indicating POSITIVE results of review WITH recommendation. In the case of a POSITIVE review, annotation requesting / authorizing cration of a City of Maputo Official Case Folder and Process Number	City of Maputo Official Case Folder with all documents and annotations. (Hereon referred to as COM-OCF)
Repartição de Licenciamento	2.04.B2 Administer document flow	ADM	Receive COM - OCF and create entry into the registry book of the Repartição de Licenciamento. Forward file to the RL Chief.	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Repartição de Licenciamento	2.04.B3 Assign request to RL Officer	PRO	Assign and distribute case to one of 5 RL Officers.	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Repartição de Licenciamento	2.04.B4 Review and prepare proposed decision	PRO	Review architectural project on basis of codes and issue design approval. Depending on type and complexity of project, this may require a presentation by project architect to staff from DUC and DMPUA as well as further review by other national and municipal authorities.	15 COM - OCF with all documents and annotations.	RL Officer's annotation indicating POSITIVE or NEGATIVE results of review of architectural project and proposing issuance of an official letter of approval / denial of approval of the architectural project.
Repartição de Licenciamento	2.04.B5 Review and concur / reject proposed decision	PRO	Review architectural project and RL Officer's recommendation to issue a construction licence	1 RL Officer's annotation indicating POSITIVE or NEGATIVE results of review of architectural project and proposing issuance of an official letter of approval / denial of approval of the architectural project.	RL Chief's annotation indicating CONCURRENCE or NON CONCURRENCE with the results of the review of the architectural project and the recommendation to issue an official letter of approval / denial of approval of the
Direção	2.04.B6 Administer document flow	ADM	Receive COM - OCF and create entry into the registry book of the Direção. Forward file to the Director	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Direção	2.04.B7 Review and concur / reject proposed decision	PRO	Review architectural project, RL Officer and Chief recommendation to issue construction licence	2 RL Chief's annotation indicating CONCURRENCE or NON CONCURRENCE with the results of the review of the architectural project and the recommendation to issue an official letter of approval / denial of approval of the	DUC Director CONCURS or DOES NOT CONCUR with RL Chief's recommendation and orders the issuance of the official letter of approval / denial of approval of the architectural project.
Repartição de Licenciamento	2.04.B8 Administer document flow	ADM	Receive COM - OCF and create entry into the registry book of the Direção. Forward file to the Chief.	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Repartição de Licenciamento	2.04.B9 Assign task to RL Officer	PRO	Forward file to the reviewing RL Officer.	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Repartição de Licenciamento	2.04.B10 Prepare official documents	PRO	Prepare the official letter of approval / denial of approval of the architectural project	2 DUC Director CONCURS or DOES NOT CONCUR with RL Chief's recommendation and orders the issuance of the official letter of approval / denial of approval of the architectural project.	DRAFT Official letter of approval / denial of approval of the architectural project, for signature of the Director. In case the project is APPROVED, the letter authorizes the preparation of structural and hydraulic plans (within a given time period) and instructs on next steps, including requirement to have electrical drawings approved by the Ministry of Public Works.
Direção	2.04.B11 Administer document flow	ADM	Receive COM - OCF and create entry into the registry book of the Direção. Forward file to the Director	1 COM - OCF with all documents and annotations.	COM - OCF with all documents and annotations.
Direção	2.04.B12 Sign letter	PRO	Read, approve and sign the Official letter of approval / denial of approval of the architectural project. Forward documents to RS for communication to Municípe	2 DRAFT Official letter of approval / denial of approval of the architectural project, for signature of the Director	SIGNED Official letter of approval / denial of approval of the architectural project, SIGNED by the Director
Repartição de Construção	2.04.B13 Administer document flow	ADM	The COM - OCF are archived until further action by the Municípe	0 COM - OCF with all documents and annotations.	
Repartição de Secretariado	2.04.B14 Administer official communications and	ADM	The official letter is kept until Municípe calls / visits to request update of process	1 Official letter of approval / denial of approval of the architectural project, SIGNED by the Director	Official letter picked up by the Municípe

¹¹ Please note the intention is not for the reader to understand the fine print.

Upon further analysis of one process, the *Pedido de aprovação do projeto de arquitetura*, the following issues also become apparent, which appear illustrated in the cross functional diagram that appears in Figure 17:

1. Some processes are divided into two sub processes, therefore requiring two visits by the citizen.
2. Every step that concludes with an official document to the citizen involves sending the document to the *Repartição de Secretariado* and the paper dossier to the *Repartição de Construção* (archive). Therefore, every subsequent request for action by the citizen involves, retrieving the file from the archive, attaching the new request, and forwarding the file to the division that will carry out the action.
3. Every process or sub process that will yield an official communication to the citizen will require two transfers of the file from the technical unit responsible of the action and the office of the Director. The first, called *parecer*, is for the Director to concur or override the official action proposed by the professional in charge of reviewing the file, who returns the file to the latter for preparation of the official document; the second, called *decisão*, is for the signature of the official document. Given this, the *Pedido de aprovação do projeto de arquitetura* will require two *pareceres* and two *decisões*.

Figure 17: Cross-function processes of the *Pedido de aprovação do projeto de arquitetura*



4. Every transfer of a file from one division to another entails carrying the dossier and registering it in the book of the receiving division. Each division has one bookkeeper that will be responsible for both of these. Accordingly, the same *pedido* will require eleven internal trips.

- As indicated previously, every *pedido* involves a number of administrative (light blue) and professional (dark blue) actions. Therefore, in the case of the in question, the process yields twelve administrative actions and twelve professional actions. Finally,
- The case in question will require between 2 and 3 formal visits of the citizen to the offices of the DUC.

TOTAL ACCOUNT

Based on the warehouse project that was selected, the 6 processes handled by the DUC were analyzed, producing the following results, which appear illustrated in Figure 18:

- Two processes (first and second) yield one outcome and therefore require two visits to the DUC.
- Three processes (second, fourth and fifth) yield two outcomes and therefore require between two and three visits to the DUC.
- One process requires only one visit to the municipality, for submission of the request.
- Accordingly, a citizen will have to visit the DUC a minimum of between 12 and 15 times in order to process a file. The citizen will also have to fill-up 6 forms.
- In total, the 6 processes end up requiring 125 steps, ranging between 13 and 28 steps per process.

TIME DISTRIBUTION

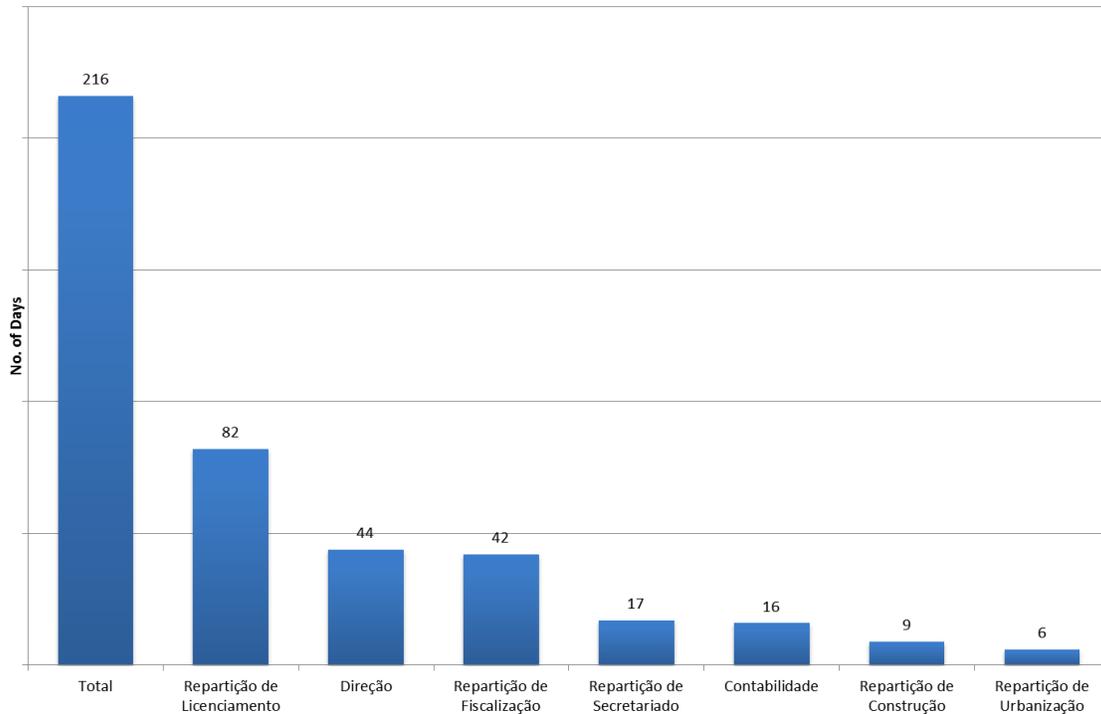
Figure 18: Processes, outcomes and number of steps within the DUC

Department	Step	Name	Owner	Description	Days	Ingress	Egress
1	2.00	Request for approval of architectural project	Municipe	Prepare architectural project and assemble package with documents required by DUC	35	Official letter from DUC stating land use and construction limitations that apply on the specific plot of land.	Signed Request for Approval of Architectural Project (RFAA) proforma with attachments
Repartição de Secretariado	2.04.814	Administer official communications and documents	ADM	The official letter is kept until Muncipe calls / visits to request update of process	1	Official letter of approval / denial of approval of the architectural project, SIGNED by the Director	Official letter picked up by the Muncipe
26	3.00	Request for approval of complementary studies	Municipe	Prepare architectural project and assemble package with documents required by DUC	32	Official letter from DUC stating land use and construction limitations that apply on the specific plot of land.	Signed Request for Approval of Complementary Studies (RACS)
Repartição de Secretariado	3.15	Administer official communications and documents	ADM	The official letter is kept until Muncipe calls / visits to request update of process	1	SIGNED Official letter of approval or rejection of complementary studies.	Official letter picked up by the Muncipe
43	4.00	Request for issuance of construction licence	Municipe	Prepare a proforma and attach copies of information provided by DUC in previous steps	36	Signed request for Issuance of Construction Licence (RICL)	Signed request for Issuance of Construction Licence (RICL)
Repartição de Secretariado	4.15	Administer official communications and documents	ADM	The official letter is kept until Muncipe calls / visits to request update of process	1	SIGNED Official letter of approval or rejection of licence.	Official letter picked up by the Muncipe
Repartição de Secretariado	4.28	Administer official communications and documents	ADM	The CONSTRUCTION LICENCE is kept until Muncipe calls / visits to request update of process	1	Construction licence	Construction licence is picked up by the Muncipe.
72	5.00	Request for inspection to initiate construction works	Municipe	Prepare a proforma and attach copies of information provided by DUC in previous steps	11	Signed request for Issuance of Construction Licence (RICL)	Signed request for Issuance of Construction Licence (RICL)
79	6.00	Request for licence of occupation and use	Municipe	Prepare a proforma and attach copies of information provided by DUC in previous steps	31	Signed request for issuance of licence of occupation and use	Signed request for issuance of licence of occupation and use
Repartição de Secretariado	6.10	Administer official communications and documents	ADM	The authorization and order to pay occupation and use fees is kept until Muncipe calls / visits to request update of process	1	Instruction to pay licence fees.	Order to pay is picked by Muncipe.
Repartição de Secretariado	6.23	Administer official communications and documents	ADM	The occupation and use licence is kept until Muncipe calls / visits to request update of process	1	SIGNED Occupation and use licence	licence is picked by Muncipe
103	7.00	Request for betterment certificate	Municipe	Prepare a proforma and attach copies of information provided by DUC in previous steps	32	Signed request for issuance of Betterment Certificate	Signed request for issuance of Betterment Certificate
Repartição de Secretariado	7.22	Administer official communications and documents	ADM	The authorization and order to pay occupation and use fees is kept until Muncipe calls / visits to request update of process	1	Instruction to pay betterment certificate fees.	Order to pay is picked by Muncipe.
125	7.22	Administer official communications and documents	ADM	The occupation and use licence is kept until Muncipe calls / visits to request update of process	1	SIGNED Occupation and use licence	Betterment certificate is picked by Muncipe. End of process.

As illustrated in Graph 1, the analysis reveals a relatively good distribution of time between the divisions within the DUC; the three divisions that handle the core technical aspects of the process (*Repartição de Licenciamento*, the *Diretor Adjunto*, and *Repartição de Fiscalização*) occupy the first three places, with

82, 44 and 42 days respectively. These are followed by the *Repartições* of *Secretariado* (17) *Contabilidade* (16) *Construção* (archive, 9), and *Urbanização* (6). However, given that the *Diretor Adjunto* has to deal with five additional responsibilities of the DUC, it seems, therefore, that his agenda is overloaded and that further means to reduce his involvement must be implemented.

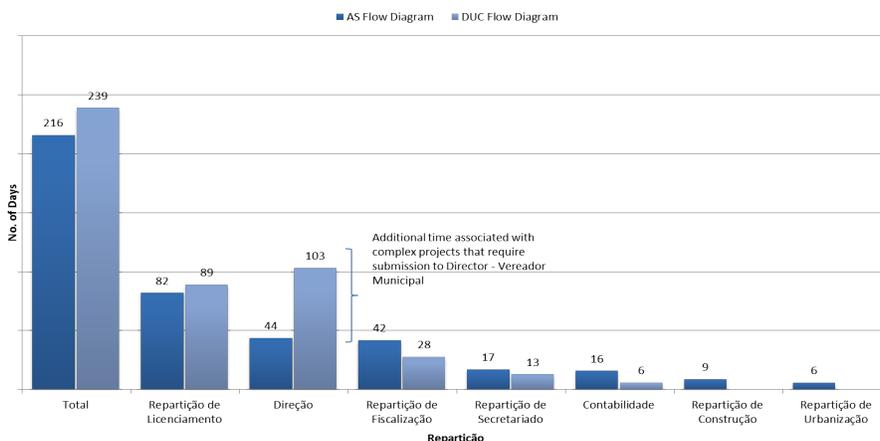
Graph 1: Processing time per DUC division for conducting the construction permits process



A similar distribution pattern appears in the official documents provided by the DUC, as illustrated in Graph 3, in which a comparison between both is charted. However, the result is not positive because of the fact that the official documents are based on a complex case in which several decisions have to be raised above the level of the *Diretor Adjunto* of the DUC, which was not the case of the warehouse that was analyzed. In other words, what is happening is that, according to the file that was analyzed, the DUC is spending in a simple project the time it officially states that it spends for complex projects.

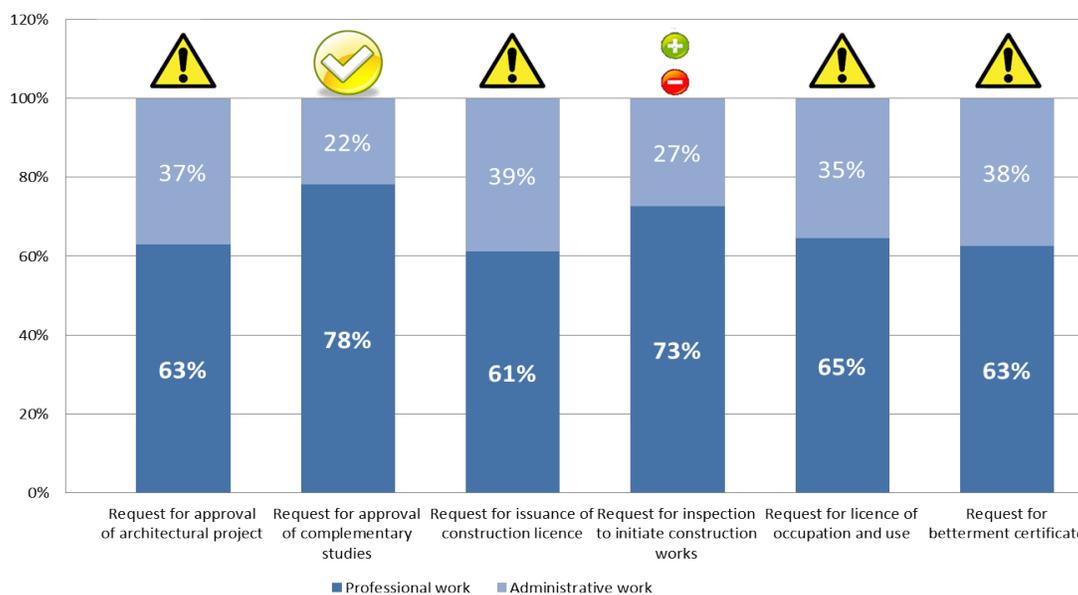
One of the reasons for this may be that the courier time as well as the time that one file may be waiting for action on any given desk is not accounted, and indeed very difficult to account given the fact that the process is paper based.

Graph 3: Comparative distribution of processing time per DUC division for conducting the construction permits process.



Because of this, the distribution of time between administrative and professional actions for the different stages of the process was reviewed. As illustrated in Graph 2, there are four stages in which the administrative time is greater than 35%:

Graph 2: Professional and administrative distribution of time for the different stages of the construction permit process in the DUC



1. *Pedido de licença de construção.*
2. *Pedido de licença de utilização.*
3. *Pedido de certidão de benefitorias.*

The remaining stages are within an average 20% – 30% of the time. These are:

4. *Pedido de licenciamento de projetos complementares.*
5. *Pedido de inspeção* (for construction commencement).

This is because they are stages that potentially have two outcomes, and, as discussed previously, would require two to three visits of the citizen to the DUC, increasing the number of internal trips and file transfers.

Given this, the average distribution of time would be 69% of it being professional work and 31% being administrative work. Based on the real case analyzed previously, this would represent approximately 290 days for professional work and 100 days for administrative work; it could also mean that the latter could be significantly reduced if a technical, electronic solution was implemented.

ECONOMIC ANALYSES

As stated at the beginning of this Chapter, a few economic aspects of the service delivery of the DUC have to be understood to better define if, and how, this department could contribute to a more efficient construction permits process. To do this, the following factors were studied:

1. The amount, historical patterns and trends in administrative, or official, acts produced by the DUC.
2. The income generated by current and expected trends in licencing and other fee-based services provided by the DUC.
3. A simple and theoretical analysis of supply and demand of construction licenses based on the results of the two previous analyses.
4. The impact of increasing personnel as a solution to an increased demand for services.

DATA AND ASSUMPTIONS

To conduct these analyses, the author based itself on data series provided by the DUC for the years 2008 – 2011, upon which average trend lines were projected to 2016. However, trend curves were also developed for a scenario in which Maputo experiences yearly increases of 10,000 plots of land that shift from informal to formal status, therefore increasing the potential demand for formal land developments to be requesting construction licenses. This is based on the assumption that phase 2 of PROMAPUTO is implemented.

VOLUME OF OFFICIAL ADMINISTRATIVE ACTS

As indicated in Graph 4, the two most important administrative acts issued by the DUC are construction licenses and preliminary approvals of architectural projects. Together, they represent the 77% of the total acts issued by the Department. This same Graph shows the estimated number of administrative acts that the DUC would be processing, if each of these continues to increase at the average growth rate experienced in the 2008 to 2011 period.

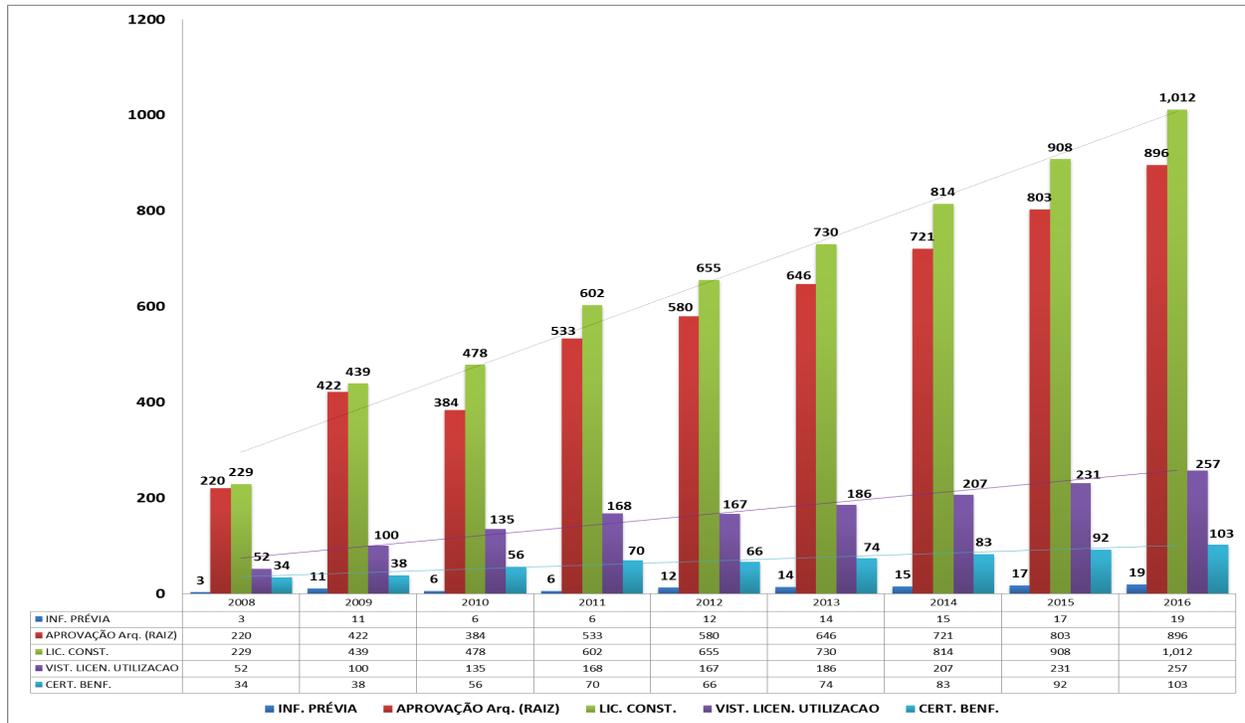
According to these numbers, by 2016 DUC could be processing approximately 1,012 Construction Permits and 896 preliminary approvals of architectural projects. This would represent an increase of 8.7% in the total of administrative acts considered.

Graph 4 also indicates that there is a very significant gap between the number of construction licenses, of occupation licenses, and of certificates of betterments. This means that far more construction licenses are being issued than buildings concluded and occupied in the city. In addition, an even lower number of

constructed buildings are being titled, registered and/or exchanged, which is the reason for which the betterment certificate is issued.

Graph 4: Current and projected number of administrative acts issued by the DUC.

(Source: DUC + author's calculations)



This is indicative of a situation that could positively or negatively affect the demand for the services provided by the DUC: positively, in case the city may be close to a ‘bubble burst’ that significantly lowers the land development and construction industry, lowering also the demand and pressures for new construction licenses; and negatively, in case the current trends of licensing not only continue, but the amount of constructions that are completed and registered increases too. Further study of this issue should be undertaken.

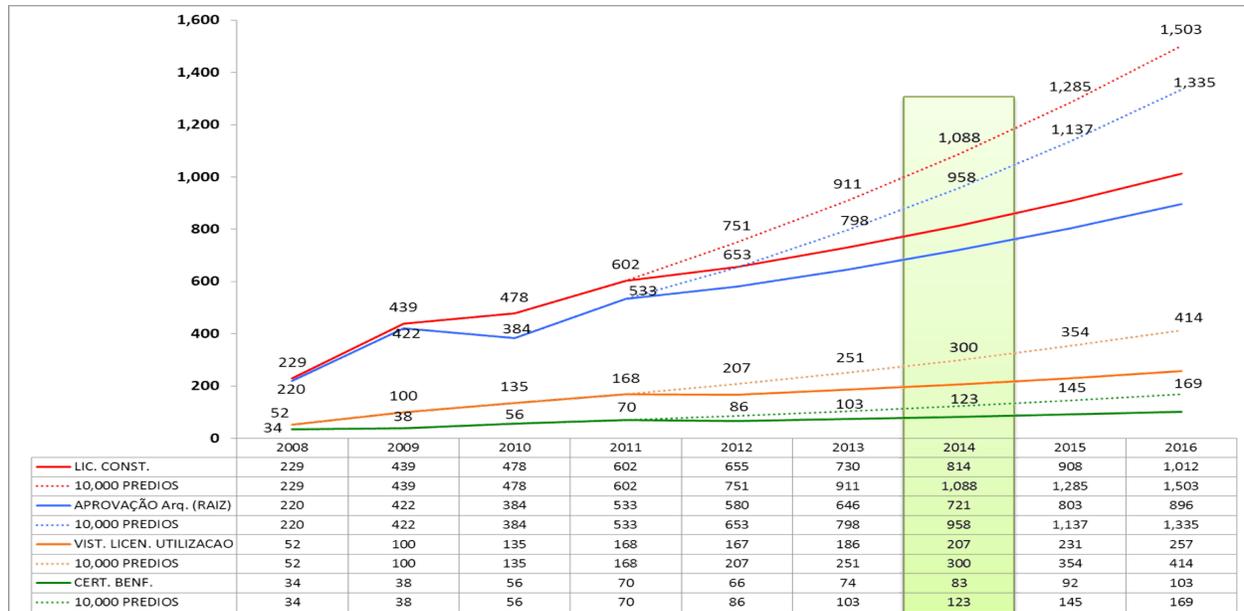
Notwithstanding these factors, the implementation of phase 2 of PROMAPUTO and the planned, yearly addition of 10,000 new properties to the stock of formal parcels of land in Maputo, the number of administrative acts that the DUC could be dealing with would also change significantly.

Based on the **strong assumption** that all other factors would remain the same, as illustrated in Graph 5, it is therefore estimated that by 2014 the DUC would be processing more than 1,000 construction licenses and more than 1,500 by 2016. The approval of architectural projects may also have a growth close to that of construction licenses.

Therefore, considering just the sum of the four types of administrative acts shown in Graph 5 (of a total of 12 types of administrative acts that are handled by the department), the DUC would see an increase by 3.4 times of its current activity and thus be receiving and having to process more than 3,400 requests from the construction sector.

Graph 5: Increase in administrative acts resulting from a progressive increase in the number of formal parcels in Maputo

(Source: DUC + author's calculations)



INCOME GENERATION

According to the available data, the DUC's total average income between 2008 and 2011 was \$14.5 million with an average growth rate of 21%. From \$11 million in 2008 it went up to more than \$20 million in 2011.

There are two key components of the DUC's income:

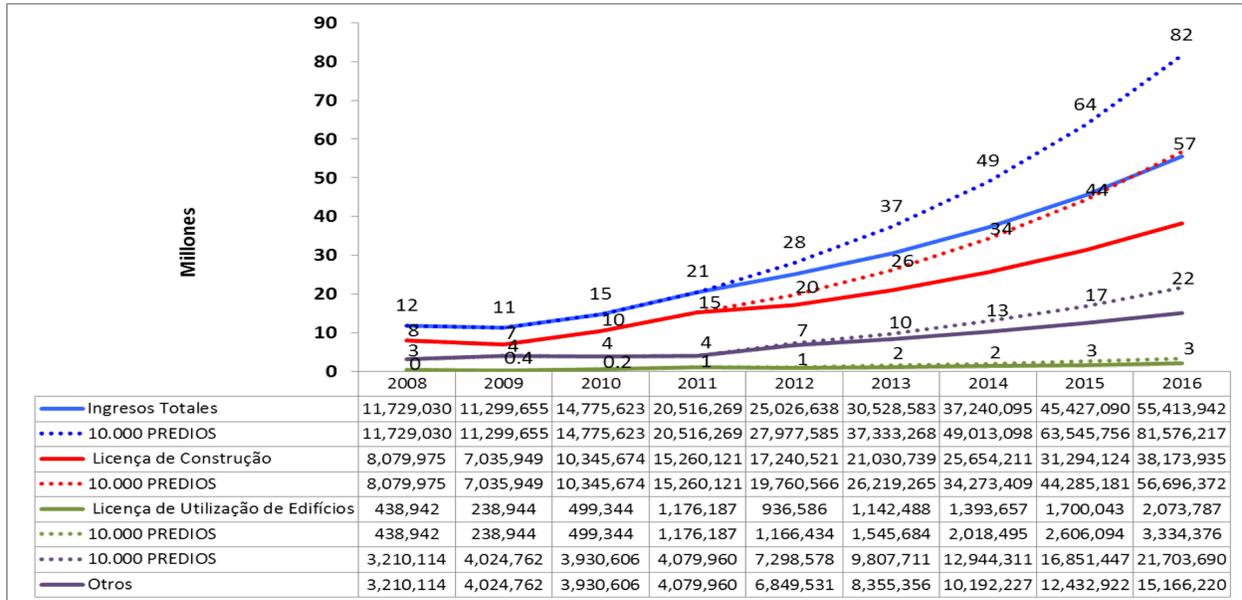
1. Construction licenses. These represent approximately 69% of the total income, and even though this declined 13% in 2009, it has grown by an average rate of 47% between 2010 and 2011.
2. Occupation licenses. These represent 4% of the department's total income, on average.

As illustrated in Graph 6, if the current trends continue and all other factors remain the same, by 2016 all these components will more than double, bringing the DUC's total income to approximately \$55 million. In addition, with the increased number of administrative acts that would result from the implementation of phase 2 of PROMAPUTO, but keeping the assumption that all other factors would remain the same, by 2016 all income components would multiple themselves by 4 on average, and the DUC's total income could be around \$81 million. The sole income resulting from construction licenses could be \$56 million, approximately.

Based on the same assumptions of the previous analyses, and as indicated in Table 8, the vast majority of the resources generated by the DUC (more than 80%) are being held at the central coffers and only a minimal part (18%) is being redirected to the DUC in the form of salaries, social costs of labor and fixed operating costs. As a matter of fact, the income that the DUC generates from all the other sources (certificates of betterment, occupation licenses, etc.) could still finance all the operations of the department and leave some resources for the municipality's general coffers.

Graph 6: Yearly DUC income projected to 2016 with and without a yearly addition of 10,000 formal parcels in Maputo.

(Source: DUC + author's calculations. Values in MTS)



This is of critical importance, because even though the municipality needs to redistribute income from profitable services in order to subsidize other, non-revenue generating services and social programs, it is also fair that the big efforts that the DUC is undertaking with very limited resources be properly recognized and supported. This is even more important if demand for those services increases, because if no proper attention is given (which can be argued that is currently the case), the industry that finances those services will most likely continue to pursue informal or extra-legal forms of carrying out their development initiatives. The next section addresses this in greater detail.

Table 8: Difference between income generated by construction licenses and staff and operating costs for 2011 and 2014

Variable	2011	%	2014	%
Income from construction licenses	\$15,260,121		\$25,654,211	
Income from construction licenses (with additional 10,000 plots)			\$34,273,406	
Income from other sources (basis for % calculation)	\$5,256,148	100%	\$11,585,884	100%
Income from other sources (with additional 10,000 plots)			\$14,739,689	
Labor costs (yearly average)	\$ 47,600		\$ 111,924	
Labor and social costs of labor and fixed costs (.5 multiplier of labor)	\$71,400	1.36%	\$167,886	1.45%
Operating costs (1)	\$900,000	17.12%	\$1,500,000	12.94%
Difference	\$4,284,748	81.52%	\$10,217,998	85.61%

Source: DUC + author calculations. Monetary values in Meticals

(1) Approximate values based on 2008 financial report of the DUC

SUPPLY AND DEMAND

As indicated at the beginning of this Section, a simple and theoretical analysis of supply and demand of construction licenses based on the results of the two previous analyses could help define if, and how, the DUC could contribute to a more efficient construction permits process.

In this case, illustrated in Graph 7, time (t), which can be interpreted as cost of opportunity, is used as a measure of price for the *y-axis*; and the quantity (Q) of permits that the DUC is capable of supplying, is used as a measure for the *x-axis*.

In addition, given that the actual licensing supply and demand curves for Maputo would entail a complex procedure beyond the scope of this study, the following two assumptions are made:

1. That the demand for permits is inversely related to the time it takes to obtain one (the shorter the time, the greater the investor's willingness to obtain an additional license), and
2. That the time it takes the city to produce an additional permit is greater than the immediately previous one.

Curve D1 represents the current demand for construction licenses in Maputo, and curve O1 the capacity of the city to produce those permits. Supposing that these two curves cross each other at the average quantity of construction permits that the DUC is producing today, which is 458, to produce the next permit the DUC would take the DBR-stated amount of 370 days, which is equivalent to 1.01 years. However, given the assumed nature of the supply curve (that the time it takes the city to produce an additional permit is greater than the immediately previous one), the number of days required to produce an additional permit would constantly increase.

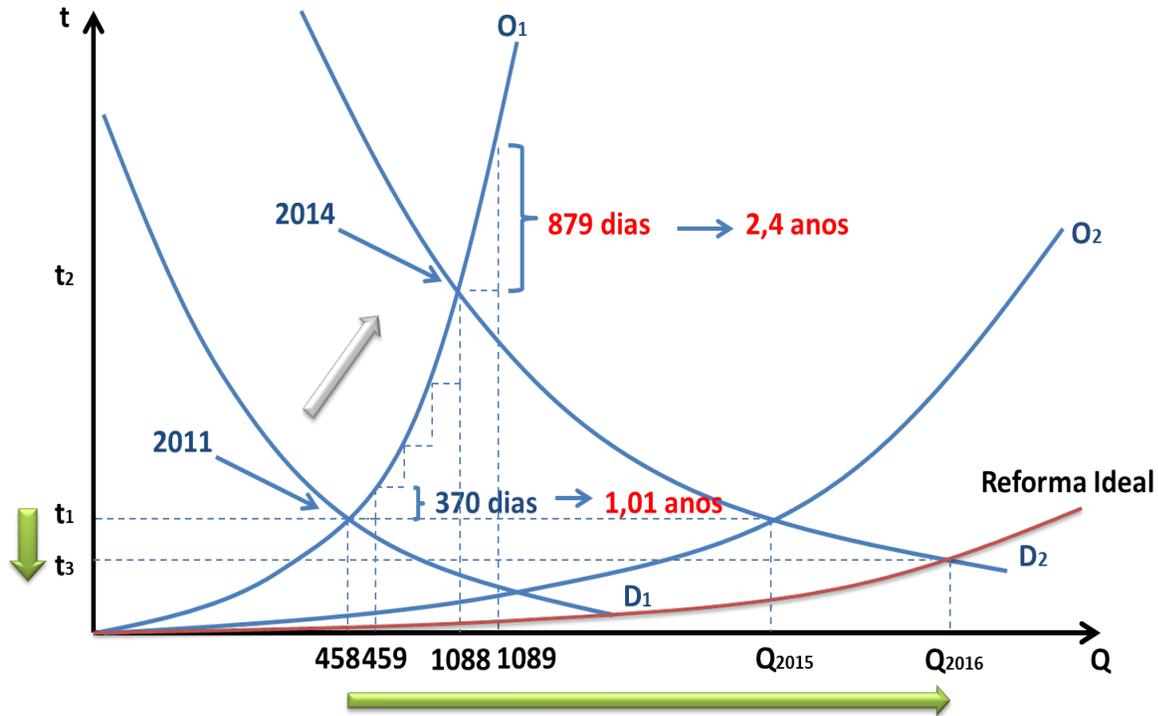
Assuming that phase 2 of PROMAPUTO is producing yearly 10,000 new regularized and formalized parcels of land, by 2014, about 1088 permits would be demanded in Maputo (see Graph 5). If the capacity of the DUC did not change, producing an additional permit by that year would therefore require approximately 879 days, or 2.4 years.

What this means is that reform is needed to not only because of the current 370 days that the process is taking, but also because of the fact that an increased demand for the services provided by the DUC may increase current pressures to exacerbation levels. The challenge is enormous; because the DUC and in fact the whole system must not only prepare and adapt to reduce the current time it takes to deliver construction licenses (which appears indicated in curve O2), but to do this in a setting that can present two to three times the demand that currently exists for its services. This is what the 'ideal' reform mean, and appears illustrated by the red supply curve in the above Graph.

The question is what 'kind' of reform would this be? Evidently, as discussed in the previous sections of this Chapter, there is a great need (and significant room for valuable change) to provide technological systems and equipment that would eliminate unnecessary trips and administrative time spent as a result of the paper based system, as well as providing more effective and quick communications between the DUC and its clients. However, a question that should be analyzed is whether or not to increase the size of the personnel base, as this is a solution that is normally implemented. But the good news is that, no matter what reform is implemented, if a more balanced re-distribution of the resources that come from the construction licensing process took place, the money to finance the changes discussed above would be available.

Graph 7: Theoretical representation of the DUC's capacity to supply construction licenses versus investors demand for the service.

(Source: DUC + author's calculations)



IMPACT OF INCREASING THE PERSONNEL BASE

As in indicated in Table 9, the DUC presently has 37 employees in the office, which, at the average pay rates that are officially reported by the Government of Mozambique, represent a cost of about US \$4,000 per month. However, in order to process 1088 permits that would be the demand in 2014 with the assumptions already discussed, about 87 employees would be needed in order to produce them at today's time rate of 370 days. This means a monthly cost of more than US \$9,000.

Today, the income per permit is US \$703. Therefore, the difference between income (which varies according to the number of permits processed) and costs (that are the same each month no matter the number of permits) is US \$3,264, approximately. By 2014 this difference will increase 2.6 times if the reform is to increase the number of employees.

It is important to note that these estimations do not include the investments that would be required on new furniture, equipment and space for all the processes and steps identified to last the same amount of time. Given these results, the solution of increasing the personnel base would seem to be economically inefficient as the costs would be greater than the benefits it would bring. This solution would also be disputed by the public opinion and presumably have big political implications.

Table 9: Impact of increasing the personnel base of the DUC

Variable	2011	2014	Δ
Number of permits (Annual average)	458	1088	
Number of permits (Monthly average)	38	91	
Permits Income (Annual average)	\$321,882	\$950,156	
Permits Income (Monthly average)	\$26,823	\$79,180	
Average income per permits (Month)	\$703	\$910	1.3
Employees	37	87	
Labor costs (Monthly average)	\$3,967	\$9,327	2.3
Diferença entre receitas e custos	\$(3,263.87)	\$(8,416.92)	2.6

Sources: DUC + www.meusalario.org + author's calculations.

Monetary values in USD

CHAPTER THREE: TOWARD REFORM

ASSESSMENT AND RECOMMENDATIONS

Having conducted the analyses described in the previous chapters, several problems become evident; if property addressed, they should contribute to a more simplified, effective and efficient construction permits process. In general terms, the problems and challenges have to do with the following:

1. The institutional setting.
2. The internal procedures and work flow of the DUC.
3. The financing of the construction permits process.
4. The management of demand growth.

In the sections that follow, these problems are discussed together with the goals and actions that would be recommended for implementation in order to solve them.

INSTITUTIONAL SETTING

The construction permits process appears to be ‘trapped’ amidst the more complex land administration process of the country. This ‘trap’ is literal, because, as illustrated in Figure 3 (page 15), the core of the process cannot begin without a DUAT in place, and cannot finish without the proper formalization of property, which, in the case of Mozambique, corresponds to the construction(s), or ‘betterments’, that the citizen builds on the parcel of land. In consequence, a major goal should be to ‘unlock’ the construction permits process, allowing it to occur as independently as possible from the DUAT/property process.

A way of doing this is by eliminating the concept that the property is only perfected when the construction is terminated or at least at 50% stage of completion, for this would eliminate the need for the citizen to visit the municipality for both, the issuance of a DUAT, and the subsequent issuance of a property title. As indicated in Chapter One, this has already been written in the law, through the provision in the *Regulamento do Solo Urbano* that creates the TUATU. However, no sign of this provision as being implemented was perceived. If it does, it will entail the elimination of stages 7 and 8, described in Chapter One.

The aforementioned ‘unlocking’ has progressively been the case, for the construction permits process was formerly administered within the DMPUA, where the very complex issues of informality, property formation, cadastre, land regularization, land titling, land use planning, and others, was relegating the construction permits process to the lowest end of institutional priorities. However, there is more room to further this independence, especially by merging the *Certidão de Benefeitorias*, into the *Licença de Utilização* so that one document can fulfil the purposes of two. The *Licença de Utilização*, which is an official indication that a construction has been built, is properly in place and can be inhabited, could be complemented by including the description of the building’s characteristics, its different areas and its

subdivisions, such that it suffices the requirements of the Land Registry. The merged document could be renamed *Certidão de Benefeitorias e Licença de Utilização*.¹²

As indicated in the analysis, the core of the construction permits process is also subject to the outcomes of other institutions that operate along the way. This is the case of more complex projects that require pre-review and post-review from the ministries that are responsible for policies associated to the type of use (education, health, tourism, mining, etc.) as well as for certain aspects of the project (environmental, transport, etc.).

While those institutions are fundamental for defining policy and land development regulations that may result from the latter, the need to carry out pre-review and post-review of each development project creates complex and unnecessary burdens for those institutions, for the DUC, and most importantly, for the citizen or entrepreneur. Consequently, the goal should be to eliminate the involvement of those institutions in the pre and post review. This could be attained through two mechanisms: first, by placing the onus of demonstrating the correspondence between projects and regulations to the specialized professionals in charge of the design¹³, and requiring the purchase of full liability insurance; this would create an additional demand for insurance companies; second, to delegate general authority to the municipality, to conduct pre and post review of all technical matters of the construction.

These changes would require establishing a new process within the DUC, which is to maintain a close relationship with the external institutions that ensures the department is kept updated with regards to changes in policy and regulations and, most importantly, that upon issuance of the *Licença de Utilização*, the connections to water, sewer and electricity grids will take place. However, by creating this intra-institutional channel, the process becomes acquires a ‘back office’ nature that would only require the citizen to present the *Licença de Utilização* to the corresponding service deliverer in order for them to connect to the grid.

As briefly mentioned in the analysis (for it falls outside the scope), more complex projects also require decisions and approval by representatives from superior levels of the city’s organizational hierarchy, such as the *Diretor*, the *Vereador*, the *Presidente* and even City Council. While this is understandable in an organization coming from a vertical structure (as was the case during the dictatorship), the shift in Mozambique to a democratic and more horizontal structure should be clearly reflected in the construction permits process. If the city has a ‘good land development plan’, that is, a plan that has been consulted, it has undergone the political approval process, and is municipal law, there is no reason for land development and construction permits that are based on the plan, to be approved by any representative other than the one technically, legally and institutionally responsible. Therefore, it is highly recommendable that the approval of even the most complex projects within the city be delegated to the *Diretor Adjunto* of the DUC, who is to apply, to be responsible, and should be accountable, for the provisions of the City Plan. In the case of projects that require modification of the Plan, a transparent process should be in place that leads to city council taking this decision.

¹² Nonetheless, this requires further analysis, especially on how to transition into this official document the ‘legacy’ of the numerous properties and buildings of the city that do not have a title and require the *Certidão de Benefeitorias* only for carrying out land transactions.

¹³ An example National Decree from the Government of Costa Rica is included in the annexes.

While not affecting the construction permits process as much as the DUAT/property process does, the city planning process (administered by the DMPUA as well) is also subject to similar ‘trap’ dynamics. This is because, in granting the DUAT to a citizen, what the municipality is conceding is the right to use a parcel of land for the sole purposes and limitations defined by the city plan and its implementation regulations in terms of sector areas, land uses, easements, rights of way, and similar. While there is a city master plan and some sector area plans have been developed for Maputo, the majority of the city remains informal. This means that, in order to ‘plan’ an already informally settled area, the needs, logics, and priorities of formalizing tenure take precedent in terms of land policy, and consume more resources, than those which can be devoted to the land use and planning process. Therefore, the city planning and DUAT/property processes should be dissociated in a way that both can occur as independently as possible. In time, this would enable the city planning department to more effectively plan the city, rendering the construction permits process more effective as well.

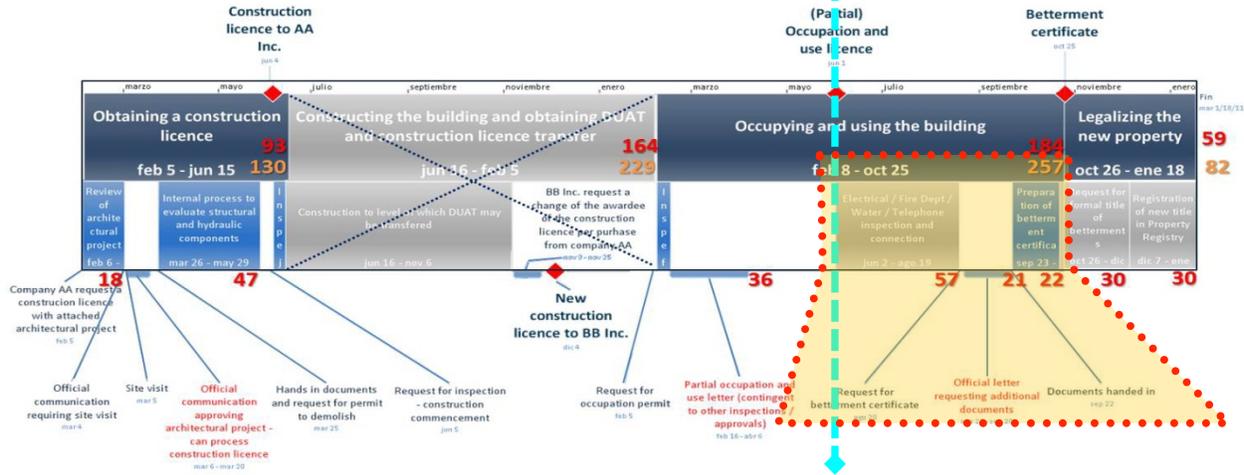
In addition, developing an institutional framework in which the three functions of (i) DUAT and property, (ii) city planning, and (iii) construction permitting, operate as independently from each other as possible can contribute to create an environment of greater transparency, of a more balanced distribution of public powers, an environment more easy for the citizen to understand, and, most importantly, an environment in which the checks, balances and accountability that are required for good governance can be better defined, exercised, and respected. Furthermore, an institutional framework such as this would allow the areas in charge of cadastre and land administration to strengthen the property assessment functions and contribute to a greater and more robust tax base.

As indicated in Figure 19, based on the real case analysed in this study, the aforementioned changes could yield the following results, some of them applicable to the DCPI case and others not:

1. Consolidate an institutional setting in which there would be one institution responsible for each one of the elements/stages of the construction permits process. This would allow for a better definition and exercise of performance measures as well as checks and balances of each institution. There would be no room for one institution to pass on to another the responsibility for poor performance in any given stage.
2. A reduction of approximately 100 days in the construction permits process (applicable to the DCPI case)
3. By delegating the pre-review of all external institutions, as well as delegating approval authority of all projects (including complex ones), to the *Diretor Adjunto* of the DUC, at least two citizen visits and requests for action to external departments (water and electricity) would be eliminated; this could potentially be 4 or 5 depending on the project use and environmental impacts (not applicable). In addition, the DUC would become the ‘true’ single point of contact of the citizen with the municipality for all matters pertaining to the construction permits process.
4. By delegating the post-review of all institutions to the DUC, another two to 5 visits and requests to external departments would be eliminated (applicable for at least two visits).
5. These delegations would create a true concentration of the pre-review process into one stage and one responsible (DUC). As will be discussed further in this document, this stage could also be the subject of either a concession to the private sector (as is the case in Colombia) or a delegation of authority to a professional association (as is the case in Costa Rica).
6. The delegations would also create a true concentration of the post-review process into one stage and one responsible (DUC).

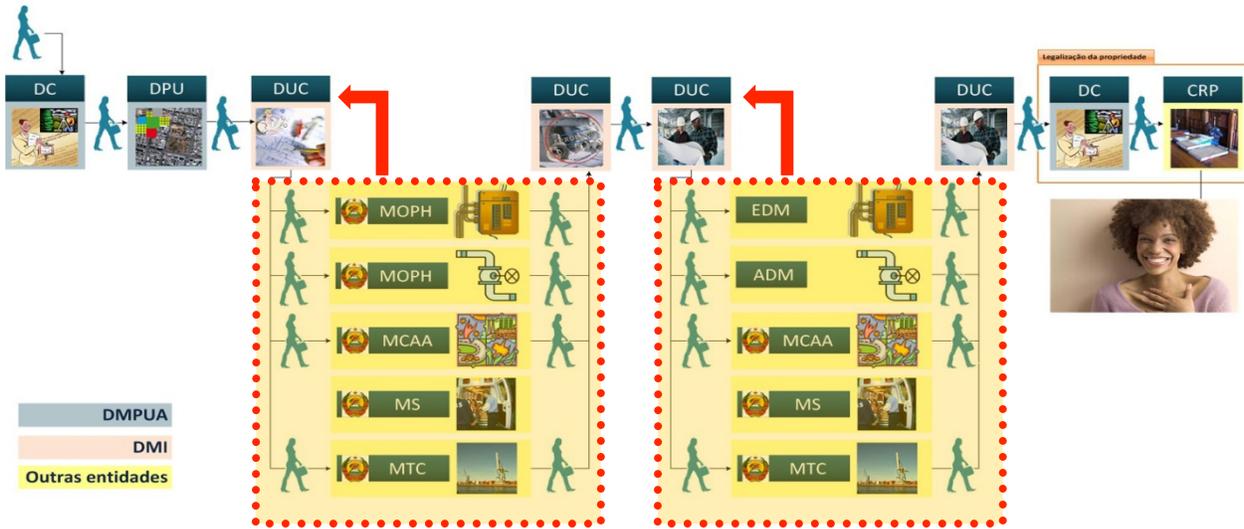
Figure 19: Impact of delegating the post-review by external institutions and merging the *Certidão de Benefeitorias* with the *Licença de Utilização*

➤ Com o processo DUAT durante a construção, **502 dias úteis, 703 dias naturais**



➤ Subtraindo-se o processo de construção **338 dias úteis, 474 dias naturais**

➤ Subtraindo-se o processo título e registro **278 dias úteis, 390 dias naturais**



- The aforementioned changes would mean the elimination of the stages 6, 7 and 8 that are described in Chapter One. In consequence, the construction permits process would be comprised of 5 stages, which would also coincide with the 5 ‘classic’ elements also described in Chapter One; each one would be administered by separate institutional actors, thus creating a much clearer field of action for the citizen.
- Because of the latter, the legal occupation and operation of the building could, technically speaking, commence at the point where the *Licença de Utilização* is issued, which corresponds to the light blue coloured line in Figure 19. This would add an additional 60 days in savings to the construction permits process.

INSIDE THE DUC

The current state of affairs in the DUC reflects a very positive evolution of a process that, as indicated above, was far more cumbersome than it is today, and was effectively transformed as part of the first phase of the PROMAPUTO program. However, the current mechanisms and performance within the DUC are still far from standards of practice and service delivery that are visible in other countries, as demonstrated by the time and workflow analyses presented in Chapter Two. The only above-standard measure is the willingness and desire of the department's personnel to do a good job; apart from this, the following problems are visible.

The analyses reveal a department that effectively carries out its responsibilities under the limitations imposed by a paper based system and rules that require each process to have official documents to be signed by the *Diretor Adjunto*, and even some processes (of more complex projects) to be signed by the *Vereador de Serviço Municipal*.

In the case of the *Diretor Adjunto*, each potential decision requires two steps, a *parecer* and a *decisão*. As a result, 139 steps are required to fulfill the 7 internal stages of the process, imposing the need to hand-write numerous annotations, carry out numerous transfers of one same file within the department and for the citizen to visit the department on numerous times for self-notification and follow up. This results in an unnecessary consumption of valuable time, which, according to the study of a real case was found to be approximately 100 days.

Because the paper based process requires sending written notifications to the client with regards to any action that may be required in order for the process to continue, once this communication is signed the corresponding folder has to return to the archive until the citizen returns with the results of the action. The folder is then called back, the additional documents are attached and it is transferred to the corresponding division to continue its course. As a result, a project file may end up containing anywhere between one folder with a few folios, to numerous folders and folios, without taking into account hundreds of large sized drawings and plans.

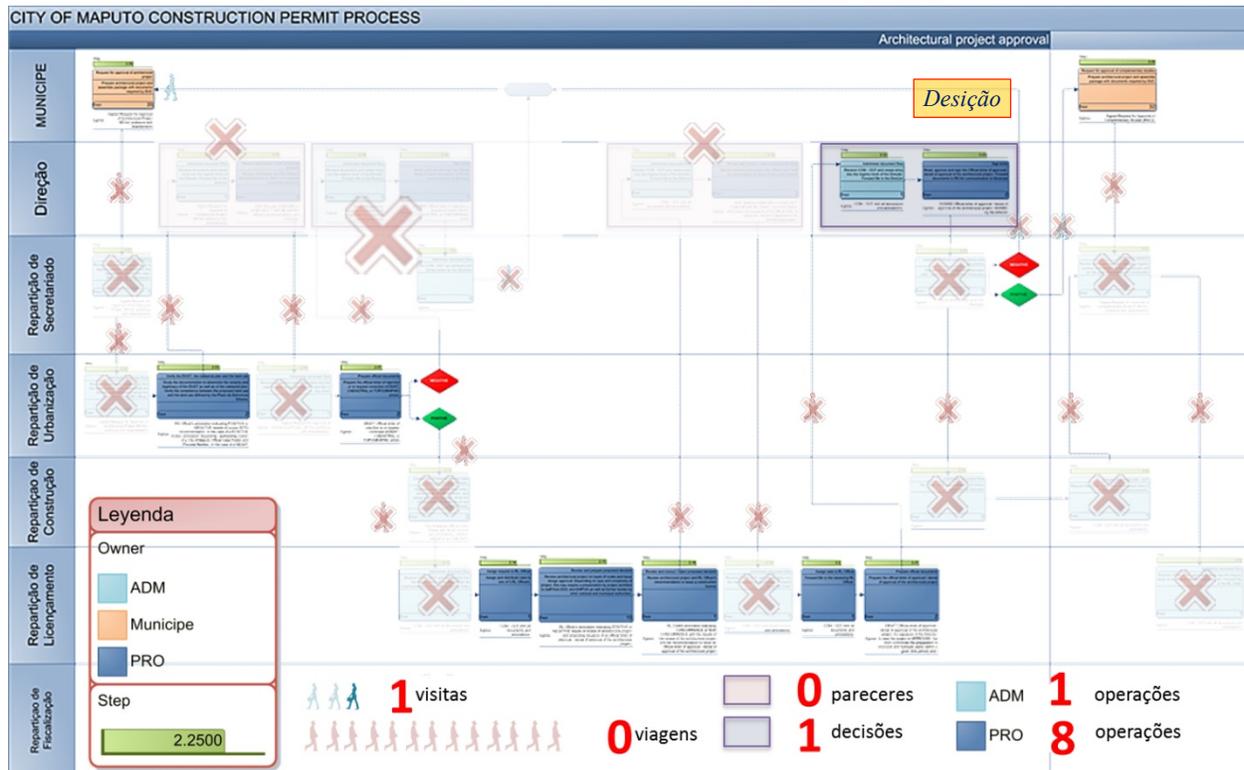
This situation could be resolved through the following actions:

1. By delegating signing authority to the DUC's Division Chiefs of all formal communications (other than licenses and certain milestone communications.)
2. Eliminating the two-stage s, (*parecer* and *decisão*) from the processes that require signature by the *Diretor Adjunto*
3. Introducing an electronic workflow system that enables centralization of the file and documents, filling submission forms only once, automatic transfer of actions from division to division, automatic accounting of time expenditures, and other issues relevant for effective management. According to some interviewees, the systems design for the DUC's workflow was one of the products of first phase of PROMAPUTO. Although this could not be accessed, it could mean that the DUC would only require the hardware and training on the software for its implementation.
4. Implementing a system of electronic communications eliminates the need for the citizen to self-notify about the results of requests.
5. Providing hardware and equipment capable of handling very large files in drawing format.

Based on the real case analysed in this study, the aforementioned changes could yield the following, results (only for one of the 6 internal stages), some of which can be visible in Figure 20:

1. The elimination of all internal trips that the file folder has to take from one division to another.

Figure 20: Steps that are recommended for elimination in the DUC
(for one process only).



2. A reduction from 4 to 1 in the number of actions by the *Diretor Adjunto*.
3. The elimination of all *Pareceres*.
4. A reduction from 12 to 1 in the number of administrative actions.
5. A reduction from 9 to 8 (and potentially 7) in the number of professional actions.

As mentioned before, these changes and results are based on the real case that was analysed in this study. In terms of the entire process, this could have the following, additional results:

6. The merging of at least 6 different forms that require filling out for each one of the DUC stages into a single form in which all the pertinent information is provided once.
7. A reduction of between 20 and 30% of the time that the process in the DUC currently takes, which is equivalent to approximately 100 days.
8. A substantial reduction of the time that the *Diretor Adjunto* dedicates to 6 of the 12 processes that the Department is responsible for. Although it was not possible to determine the exact amount of time, a shift of the Office of the *Diretor* from position 2 to position 3 that appears in Graph 1: Processing time per DUC division for conducting the construction permits process (page 41). Consequently,
9. The Office of the *Diretor Adjunto* would experience a balancing of the time it has to distribute between the additional 6 processes for which the Department is responsible. And,
10. The two main Divisions of the DUC that are responsible for the construction permits process, that is the *Repartição de Licenciamento*, and the *Repartição de Fiscalização* would reasonably be occupying positions 1 and 2. While not ideal in terms of the overall time expenditures, this could bring closer to reality the distribution of time that is stated by the City of Maputo on its official documents.

FINANCING THE CONSTRUCTION PERMITS PROCESS

As indicated in the Economic Analyses section in Chapter Two (page 43), there is an uneven distribution of the income generated by the construction licenses that the DUC processes, which is putting the department at risk of failure. Furthermore, the overall operation of the DUC could still be financed with the money that it receives from other processes apart from the construction licencing. In other words, it would be possible to argue that 100% of the revenue that the construction industry is paying for licenses is being redirected to municipal programs and services other than the delivery of a good, construction licensing process.

In addition, the analysis of both, the demand, and the viability of increasing the personnel in response to the latter, poses the serious need for the municipality to reform the financial management of the DUC so that it in the long term it can perform better.

An immediate action needs to be to increase the transfers from the central coffers for providing updated and sustained maintenance of equipment, software, training and other infrastructure that the DUC may require for a more effective service delivery. Financing the actions described in the previous section should be the starting point, followed by the preparation and allocation of long-term capital and maintenance investments.

While not necessarily intended as a major source of revenue, a non-refundable processing fee would be recommendable for implementation in the DUC. This would dis-incentive filing incomplete projects, which is one of the sources for time losses in the department.

DEMAND GROWTH MANAGEMENT, PROXIMITY TO THE CITIZEN, AND BENEFIT COST

However, given the same analyses, the long-term challenge that the municipality faces with regards to the construction permits process is that its current infrastructure and capacity to effectively deliver the service are simply not sufficient for the expected growth in demand, even if no additions are made to the stock of formal parcels of land and the demand grows at the pace at which is growing today.

Furthermore, as indicated in the Impact of Increasing the Personnel Base section in Chapter Two (page 48), the option of increasing the staff base, either centrally, or in a decentralized scheme (which would be more expensive) is not an option that would result in a better ‘net’ delivery of the service in terms of time.

Consequently, in the long term, the municipality needs to consider alternative mechanisms of service delivery that meet this challenge. Based on the experiences of other countries, there are at least two mechanisms that would seem possible to implement in Mozambique:

1. To concession the construction licensing stage of the process to the private sector under a scheme that ensures competition in terms of proximity, effectiveness and efficiency in producing the license.
2. To delegate the delivery of this service to quasi-public institutions, such as the professional associations of architects and/or engineers.

These mechanisms are discussed in detail in the next two sections.

URBAN CURATORS

In 1995, to obtain a construction license in Colombia the industry had to wait an average of 1080 days¹⁴. As a solution to the problem, the National government approved a proposal to concession the issuance of construction licenses to the private sector. This proposal, amongst others, came as a result of a very similar, Nation-wide effort to streamline a number of processes to enhance the business environment, such as the one that is currently in place in Mozambique.

Independent Professionals, called Urban Curators (*Curadores Urbanos*), became responsible for the administration of building permits. In a format very similar to that of the Notary Publics, a very rigorous method for selecting the curators and renewing their authorization to operate based on professional qualifications exams and interviews was implemented. Complex but clear formulae to determine the number of curators that a city can afford (a minimum of 2 is required for competition), as well as the cost of the construction license that they can charge based on the construction activity of the city were developed. A system of controls and accountability to the public was also put in place.

Although there has been some controversy and the path has been difficult sometimes, sixteen years after the reform was introduced, the positive impact in the construction process is evident. The number of days to obtain a permit has been reduced to 46¹⁵, on average, and the municipal government now has more time to focus controlling the activity, urban planning, and improvements, such as new parks, sidewalks and mass transit systems. The curatorial activity, very much like the notarial, has evolved into a professional organization, very well regulated by a ministry, with a *Colegio* or association that advances the collective interests and defines and enforces its own regulations and accountability controls for a transparent operation nationwide. This year, the goal at the national level is to complete the creation of superintendence and, at level of the *Colegio*, to centralize data, certain services and processes in self-funded facility.

These results have been possible, in part, because the resources generated from construction licenses do not go to the central municipal coffers. While it could be argued that this has turned into a ‘privatization’ of the public function, what in fact has occurred is the formation and consolidation of an effective public service financed by the economic activity that it is intended to serve; this includes, from the smallest and simplest construction or adaptation of a house by a family in any type of neighborhood to complex industrial and commercial constructions. The result is the shift from a vicious to a virtuous circle that continues to attract investment, generate wealth and provide employment.

Creation Process

By definition, Urban Curators are private professionals who are in charge of studying, processing and issuing construction permits, urbanization and subdivision of land, upon request of people interested in these kinds of projects¹⁶. They are not part of the local Administration, but they are designated by it. The process to establish the urban curators of a city begins with a request by the Mayor to the Ministry of Housing. The application includes a technical study that evaluates the demand for licenses, the need for

¹⁴ Cámara Colombiana de la Construcción (CAMACOL). This was before Doing Business surveys were launched in 2003.

¹⁵ Doing Business Report, 2012

¹⁶ Art. 73, Chapter 1, Title III, Decree 1469 of 2010

Urban Curators, and their operational sustainability. Once the Ministry approves the creation of urban curators, it assigns a factor to the city that will be used in the designed formula to calculate the cost of each license.

When the local administration has the approval to create Urban Curators, there will be a public call to candidates, and an independent entity will be designated to carry out a merit-based competition from where will come out a list of three people. All candidates to become Urban Curators must be architects, civil engineers, or hold graduate degrees in related fields. The merit competition consists of an evaluation of candidate's curriculums, a written test regarding domestic construction regulations and urban planning, and a final interview. The local Mayor will select, from the list of three, those who will become Urban Curators, in case just two offices were to be created.

License Cost

What the urban curators will charge for each permit is regulated by National government. The expense by permit is determined by the following formula:

$$E = (Cf * i * m) + (Cv * i * j * m)$$

Where Cf is a fixed term equivalent to the 40% of the monthly minimal wage, i is a coefficient associated with the future use of the construction (housing, industry, commerce, institutional), j corresponds to an adjustment factor between expense and number of square meters required by the permit, and m is the city's factor assigned by the Ministry of Housing. Coefficients are determined as follows¹⁷:

Table 10: Coefficients associated with the land use for the requested license (i)

Housing						
Stratum	1	2	3	4	5	6
Factor	0.5	0.5	1.0	1.5	2.0	2.5

Other land uses			
M ²	Institutional	Commercial	Industrial
1 ≤ Q ≤ 300	2.9	2.9	2.9
301 ≤ Q ≤ 1000	3.2	3.2	3.2
1001 ≤ Q	4	4	4

¹⁷ Source: República de Colombia, Decreto 1469, 2010.

Table 11: Adjustment factor between expense and square meters in license (*j*)

M ²	Construction	Urbanization
Q ≤ 100	0.45	
100 < Q ≤ 11,000	$J = \frac{3.8}{0.12 + \left(\frac{800}{Q}\right)}$	$J = \frac{4}{0.025 + \left(\frac{2000}{Q}\right)}$
11,000 < Q	$J = \frac{2.2}{0.018 + \left(\frac{800}{Q}\right)}$	

Table 12: Coefficients to determine city factor (*m*)

Yearly average of approved licenses		Yearly average area approved	
More than 3000	0.75	More than 400.000	1
3000 to 1001	0.8	170.000 to 400.000	0.95
1000 to 301	0.9	100.000 to 169.000	0.9
300 or less	1	Less than 100.000	0.85

City category	
0 (Especial)	1.25
1	1
2 a 6	0.75

Based on this formula, Table 13 compares the cost of a permit for a 2,000 square meters warehouse in two different cities in Colombia that are similar to Maputo, in 2011. Using data of Mozambique's monthly minimal wage for 2010, the expense of the same license is estimated for Maputo. The results indicate that this license would cost US \$2,477 if the 0.93 municipal factor was applied and US \$1,918 if the 0.72 municipal factor was applied. Presently, a license of 2,000 square meters for commercial use in Maputo costs approximately \$1,168 dollars.

While further studies of city GDP and economic activity would be required, it is reasonable to suppose that, based on the actual fees, a construction entrepreneur might be willing to pay a higher price than today, provided, however, that this meant a true and significant reduction to the current time and difficulties associated to process.

Table 13: Example of the cost of a construction license for a warehouse (commercial use) in two Colombian cities and in Maputo

Cost of a construction license for a 2000 m ² warehouse				
	Cali	Palmira	Maputo	
Area (Q - M2)	2000	2000	2000	
Cf (USD)	124.1	124.1	42.7	
Cv (USD)	248.1	248.1	85.3	
i	4	4	4	
j	7.31	7.31	7.31	
m	0.93	0.72	0.93	0.72
Cost	\$7,268	\$5,579	\$2,477	\$1,918

Sources: Monthly minimal wage: *Colombia*, Decree 4834, 2010;

Mozambique, www.meusalario.org and author's calculations.

Values are in US dollars.

Regulation

The operation of urban curators is well regulated by local and central government. They are not just responsible disciplinary, fiscally and criminally for their actions, but they are also under control by local administration, who is monitoring their job constantly. In addition, the Ministry of Housing organizes oversight commissions frequently. The objective of these commissions is to coordinate and accompany them on the performance of their functions. In order to accomplish this objective, the commission includes not only the city's Mayor (or his delegate), but representatives from non-profit organizations of the construction sector, the architects association, and the engineers association. Finally, the urban curator's decision over a construction permit may be revoked by the city planning office if the public or local authorities find it against the law or against any urban regulation.

Impact of Reform

The introduction of urban curators for the construction permits process has had a positive impact. The greater impact has been made in the number of days necessary to obtain these permits that have reduced from 1080 to 61, on average, or by 2.8 years. This reduction is explained by three main reasons: 1) the efficient interaction created between the citizen and the professional staff of the urban curator, 2) the competition created between urban curators, who, in order to obtain a greater market share, develop innovate tools and increase the quality of service, and 3) the possibility of investors to monitor construction permit's process online and keep closely related to it.

Other positive benefits of the urban curatorial system include:

1. The creation of a new realm of professional activity for architects and numerous types of engineers and lawyers.
2. Additional markets for the insurance industry, given that curators are also required to be insured and bonded for liability of their decisions
3. A greater participation and proximity, but not without the proper 'at arm's length' relationship, between the construction industry and the regulatory institutions governing it.

In consequence, planning institutions or those in formerly in charge of the construction permits process now have time to work on other important issues such as urban planning, construction of public parks and sidewalks, and the creation of massive transport systems.

In the case of Mozambique, it is clear that the DUC could focus with more attention and better resources on the responsibility to follow up and provide the final review and approval of constructions, which is a natural public function that should not be delegated.

Urban Curators Institutions

Given the need for a broaden representation and with the purpose of institutionalize the job, the National Urban Curators Association was created in 1997. The main objective of this organization is to strengthen the figure of Urban Curators, but as a consequence of pursuing this goal, it is expected a better fulfillment of urban regulations and an improvement of spatial planning. Locally, the Bogota's Urban Curators Corporation was created in 2003. Even though it represents the interests of Bogota's Urban Curators, its objective is to create a joint production of services, facilitating access to information and improving operation's efficiency. The next step Urban Curators are working on is the creation of their Superintendence, an institution thought to be the main regulator of their activity.

SERVICE BY A PROFESSIONAL ASSOCIATION

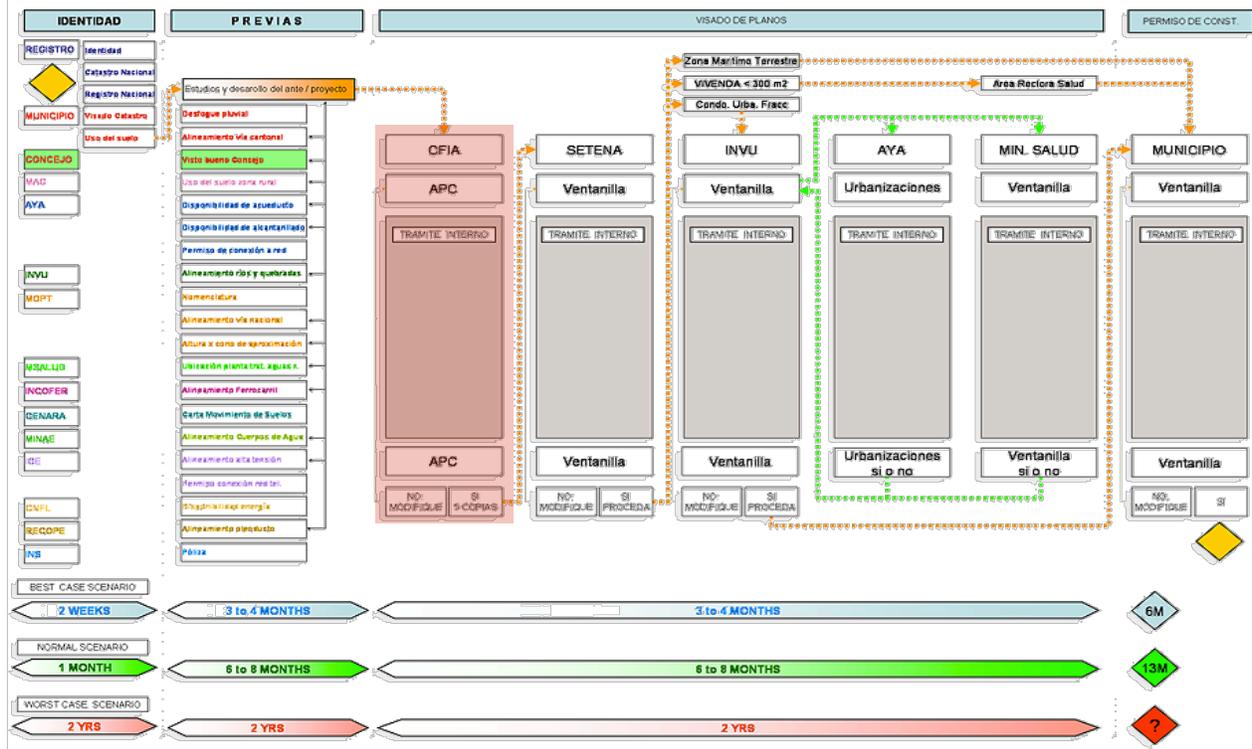
In 2006, the Government of Costa Rica, supported by a business climate program funded by CIDA, defined and began implementing a series of reforms also aimed at reducing the country's construction licensing indicators. Having conducted an assessment similar to the present one, the following situations were found that rendered the construction permits process at least as complicated as the Mozambican, as illustrated in Figure 21:

1. A weak and outdated land cadaster
2. A similar situation in the land registry
3. A situation in which, depending on the characteristics of the project to be developed, 20 regulatory institutions, most of them belonging to the National level, could be required to conduct pre review of development and construction projects and/or define easements, lines, and other limitations to the project depending on its location. Even the Municipal Council is amongst these, for cases in which the land use is not defined or uncertain. This can, imaginably, stall the process or at least make subject to the political dealings inside the Council.
4. A process in which, past the preliminary reviews, and also depending on its location and characteristics, the project would be subject to official stamping by at least three, but most of the cases 5 different institutions before reaching the municipality for the actual processing of the construction license. These include the
5. Even though it seemed 'well designed', it was a process that posed numerous challenges, inter and intra institutional difficulties, opportunities for corrupted practices, and dead ends.
6. In consequence, the approval of a construction license could (and in many cases continues to) take anywhere between 6 months and more than 2 years.

However, the assessment also determined that the *Colegio Federado de Arquitectos e Ingenieros* (federated architecture and engineer association, appearing red shaded as CFIA in the figure) which already had a role as the institution that has to issue the first stamp, was in capacity to immediately take greater responsibilities. This is because:

Figure 21: Costa Rica construction permit process in 2006.

Source: CIDA/UMG Inc., Canada



1. A National law that granted it quasi-public status created the *Colegio*. This means that the organization can, by law, take responsibility of providing public services upon decision by the Government and, in doing so, it equates to a public institution, therefore being accountable to the same processes, controls and institutions that oversee the public exercise.
2. In the same law, the *Colegio* was given the responsibility to define, administer and oversee and control the practice of suitable professionals as well as the contractual relationships between land owners and design and engineering professionals. This is the reason why it stands as first in the stamping process.
3. The *Colegio* was also granted the responsibility to define, administer and process the electrical component of the construction permits process.
4. In order to carry out its part of the process, the *Colegio* was implementing proprietary, secured software that was named *Administrador de Proyectos de Construcción* or APC. This system includes secure payment and digital signature mechanisms. The system includes a sophisticated workflow mechanism that generates all the necessary transfers and issues all the necessary reports to properly follow up the process.

Based on this assessment, the recommendation, given and taken ‘on the spot’ was to offer and extend this platform to the remaining institutions that require stamping the project, and even to the municipalities of the country. This was complemented with the following recommendations:

1. To remove as many institutional pre-reviews as possible, by strengthening the professional, sworn declaration of knowledge of, and full compliance with, all regulations imposed over the parcel of land to be developed or constructed. This was positively received, for example, by the Ministry of

Health, which had expressed its interest of removing an old provision requiring the pre-review, and a Presidential Decree was therefore issued that shifted to the professional the full responsibility of respecting and applying the public health regulations. A new decree that includes almost all the institutions has been recently issued.

2. To include within the APC copies of all the official documents, plans, easement lines, regulations affecting land development.
3. To implement a universal form that gathers all the necessary information at once and electronically distributes it, or securely stores it, to all the institutions that require it.

The resulting ‘model’, illustrated in Figure 22, is basically the automation of a process that began with a few ‘connections’ between institutions with progressive leaders who see the opportunities of reducing their reach on certain areas in favor of strengthening others. The professional in charge of the project submits the plans, documents and payments through one same portal and the distribution process is taken thereof by the APC. This includes a very modern and secure database (the APC) that provides all the information and administers the entire process no matter which institution is added, removed or shifted. No visits are required to the offices of the APC, but if the professional is interested or if a person does not have access to a computer, he or she can still process the file in person.

While the construction permits process still requires visiting several institutions because some are still reluctant to ‘open’ their processes for external administration, or because of laws protecting the sensitive information they hold (such as the land cadaster and the municipality), the APC requires connecting to those data bases as opposed to serving as repository of their information. In the case of the cadaster, the process has been as complicated as it seems to be in Mozambique, for the same reasons of having to update, regularize and formalize a land transformation process that for many years has taken place without proper data base formation and update. However, in the pilot case of the Municipality of San Carlos, it was possible to connect and transfer the resulting stamped plans and documents to the municipal data system, which automatically generates the request to process and issue the construction license.

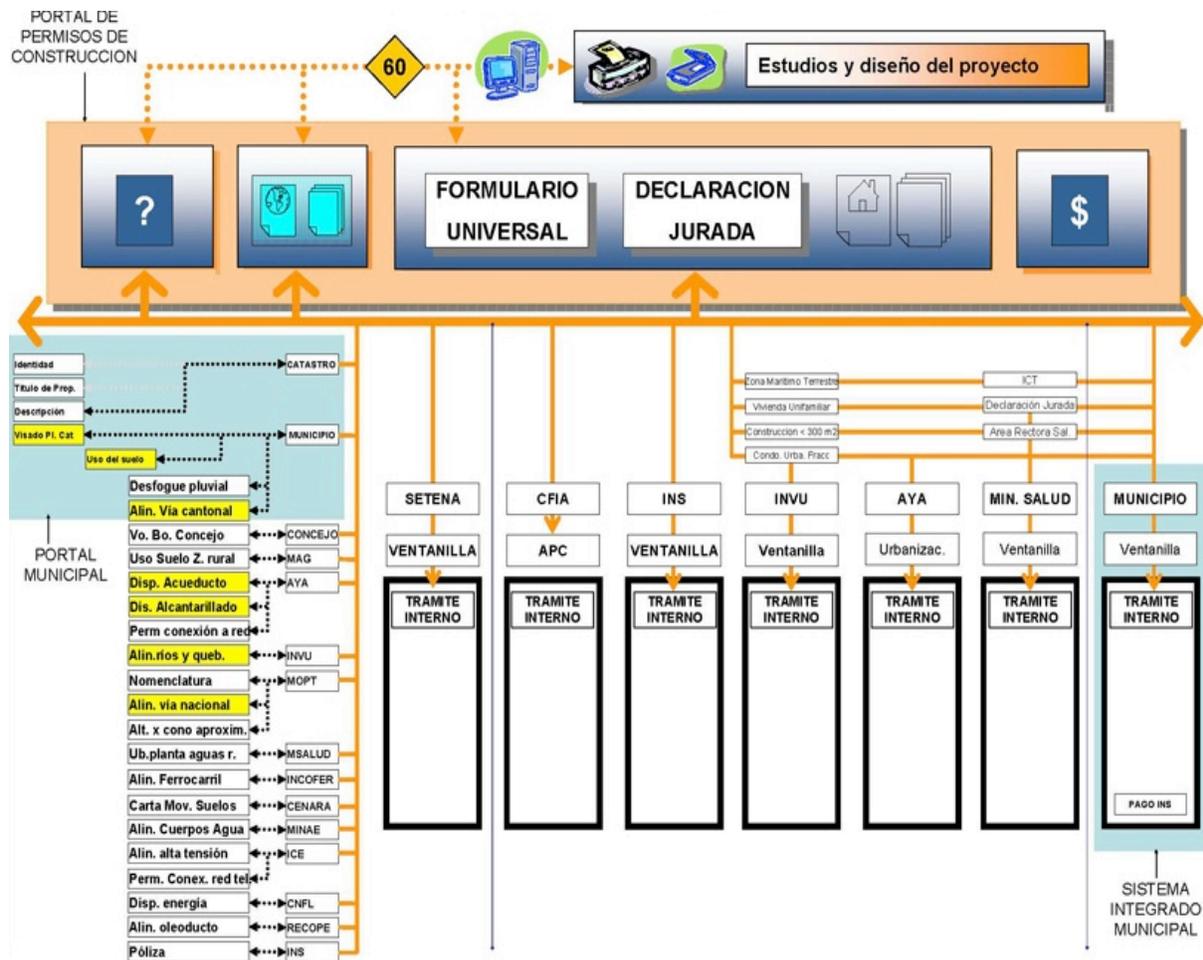
Some of the benefits of this mechanism are the following:

1. The increasing administration of processes by the professional association has provided an incentive for the professional practitioner to use the services of the *Colegio*, and pay membership and processing fees, therefore strengthening the institution’s social and regulatory role and responsibilities.
2. Because of the latter, the *Colegio* can finance capital and maintenance costs of the system. It has also been able to provide equipment and training to the personnel from other institutions to connect to the APC and use the platform for carrying out their tasks.
3. As a result, the APC and its physical location at the *Colegio* are increasingly becoming the one-stop-shop desired by many countries, with the virtue of being a true ‘home grown solution’ to an otherwise universal problem.

The non-secure content of this system can be accessed at www.tramitesconstruccion.go.cr and reveals, for its simplicity, a system that could be very easily replicated in Mozambique. This raises the issue of the ‘one stop shop’ mechanism and the opportunities and possibilities for this in Mozambique, which is discussed in the following section.

Figure 22: Proposed model for the Costa Rica construction permit process

Source: CIDA/UMG Inc., Canada



THE 'ONE STOP SHOP' MECHANISM

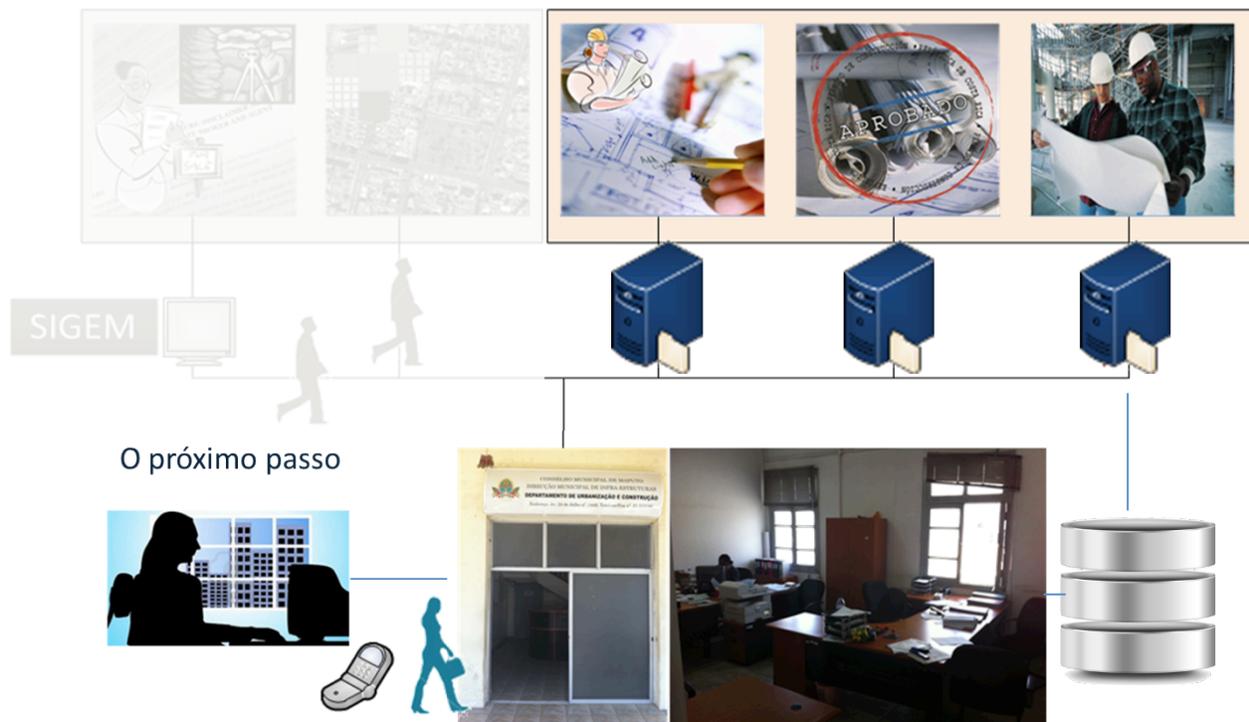
As indicated in the Chapter One section titled Balcão de Atendimento Único (BAU) (page 26), Mozambique is in the process of implementing a one-stop shop mechanism that is programmed to include municipal services once certain services from certain National and Provincial institutions are deployed. Consequently, this study did not focus on this topic in detail. However, to provide a complete image of the possibilities for the discussions with SPEED stakeholders that took place between December 8 and 16, 2011, a brief profile was provided of the classic models that are available. These are:

1. Institutional single window
2. Multi-institutional single window
3. Multi-institutional center

Institutional Single Window

This model aims at concentrating the ‘front office’ requirements in one single place and instance, which must therefore be capable of becoming the administrator of requirements made to several, institutions or dependencies within an institution. Therefore, the service can be either an institutional or a multi-institutional single window. The case of the institutional single window was not profiled, since, in practice, each institution (DUC, DMPUA, CRP, etc.) has its own version of this model. In the case of the DUC, for example, the *Repartição de Secretariado* is the single window, for all documents enter and exit the department through this division. Furthermore, should the recommendations included in the section titled Inside the DUC (page 55), be implemented, the department would immediately become an electronic single window, such as is illustrated in Figure 23.

Figure 23: The DUC operating as a single window.



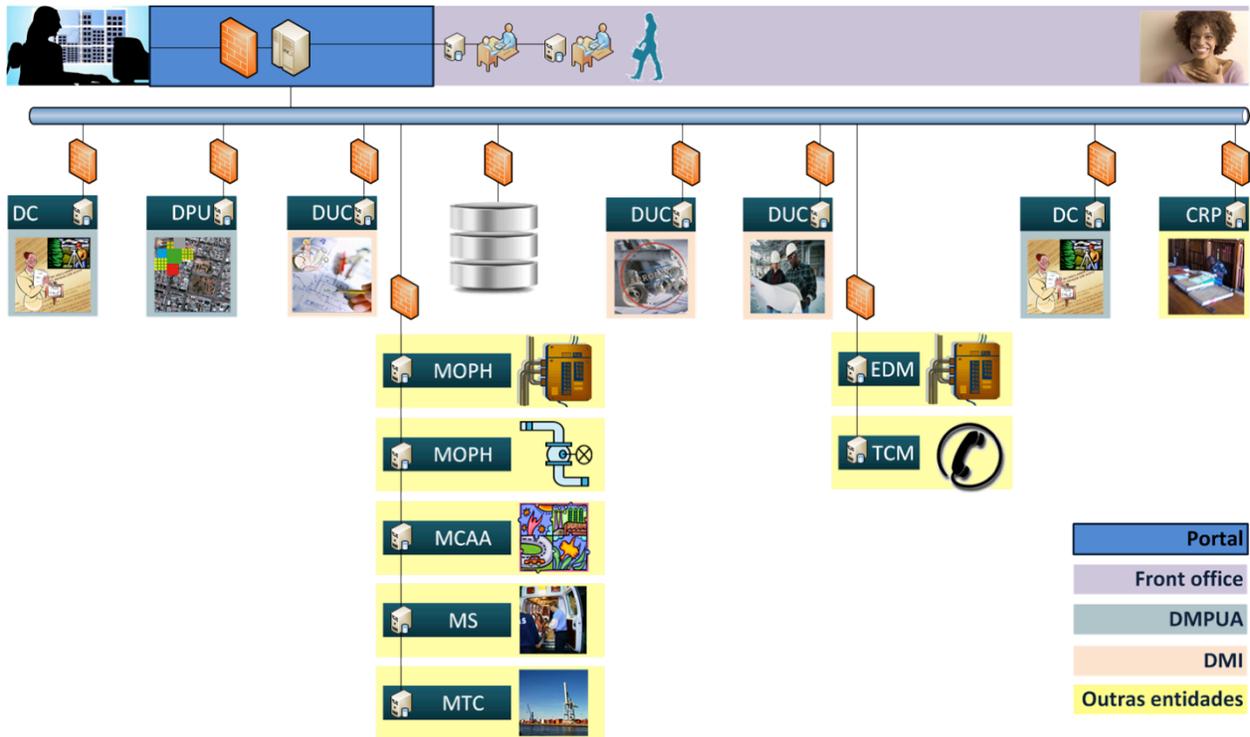
Multi-institutional Single Window

A multi-institutional single window, such as the one broadly illustrated in Figure 24, can be understood as a mechanism that integrates the ‘front office’ efforts of several institutions, regardless of their physical location. (The mechanism of locating all institutions in the same physical location is discussed in the next section). This is conducted by means of one or more inter-operability bridges that enable, with the appropriate security filters and mechanisms, the connection of multiple data bases regardless of the systems on which they are built (except for some proprietary data base platforms).

Similar to the Costa Rican case described before, a portal that offers all the information and connects all the institutions and departments becomes the point of entry for the citizen and/or professional. This can, and actually should have a physical location for those users who cannot electronically access it. Once the portal is passed, the system takes care of the process, generating all the necessary communications,

reports and steps that result from the work flow design. As indicated previously in this report, the workflow is already available as one of the results of the first phase of PROMAPUTO. Therefore, the immediate task would be to implement this design.

Figure 24: General scheme of a multi-institutional single window for Mozambique



However, with or without the latter, implementing the multi institutional single window in Mozambique would require the following:

1. Workflow unification.
2. Maximum simplification of the ingress process, including a universal form to be filled and processed only once.
3. Parameters and times of response fairly agreed by the different institutions.
4. Full integration of the relevant data bases of all participating institutions, which can be costly to implement and maintain.

Some of the benefits of this mechanism are:

1. Reduction, if not elimination, of the direct presence of the citizen; this reduces time, transportation and labor costs.
2. Long term savings in operational costs for the participating institutions
3. Reduction in errors

Multiservice Center

The multiservice center, broadly illustrated in Figure 25, does not refer to a single process but of a single facility in which the divisions of all the institutions participating in the process are located, sharing areas for public information and waiting, but organized in such way that each institution has its own single window, its own staff and its own internal processes. In consequence, this mechanism does not require workflow unification as in the previous case, although, in time, this should be goal.

Figure 25: General scheme of a multi-service center



Some of the conditions for this mechanism to properly work are the following:

1. An appropriate facility, well located, well designed and well maintained for receiving large numbers of people.
2. Tools and equipment that allows the resolution of the each process inside the facility.
3. Political will to separate staff from each institution's headquarters and to delegate the management of contractual, reporting, processing, supervisory and other relationships for the proper functioning of the center.
4. It is a costly solution.

However, the main benefit of this mechanism is the certainty for the citizen that all petitions will be resolved in one same place. In cities in which it has been successfully implemented, it has evolved into full-service platforms that deal with all citizen needs and processes (paying taxes, creating companies, obtaining passports, etc.). Some cities have also opened, based on supply and demand analyses, satellite platforms that reduce transportation, time and labor costs to the citizen and the municipality.

SUMMARY REFORMS

Throughout this Chapter, a series of recommendations have been offered that could render a reduction in the time, steps and visits that a citizen has to undergo in order to fulfill the construction permits process as defined by the Dealing with Construction Permits Indicator of the Doing Business Report.

These have been drawn based on the analyses of the general context and of the internal processes of the DUC, which, as indicated in Chapter Two, offer numerous opportunities for reform that range from simple, immediate decisions and actions that should be undertaken by city authorities, to more long-term, policy and legal reform. For each set of recommendations, a series of conditions for a proper implementation as well as benefits that they could bring have also been identified. These are summed up in the following paragraphs.

RECOMMENDATIONS, TIME SAVINGS AND REQUIREMENTS

As indicated in Table 14, there are 13 recommendations that have been identified. Implementing each one would entail different time savings in terms of days and has a series of requirements. There are some recommendations that do not necessarily represent time savings but would be required for the consolidation of the ‘5 elements and 5 stages’ institutional structure that is discussed ahead.

Notwithstanding their ‘promising’ nature, these recommendations and time savings should be taken with caution and studied in greater detail, given the short term and scope of this study. In addition, the savings in time could not be added together, for even though they are realistic, some of them (for example the concession of the licensing stage) will still require time and labor expenditures that are not calculated here. Depending on their scope and reach, other reforms, (such as the transfer of the onus, responsibility and liability of the pre-review to the professional(s) in charge of the design or the delegation of authority to approve all projects to the DUC) may result embedded in other reforms (concession) or may not be required at all.

Table 14: Summary recommendations, time savings and requirements for simplifying the construction permits process in Mozambique.

	Recommendation	Time Savings	Requirements
1	Implementation of the <i>Regulamento do Solo Urbano</i> provision that transforms the <i>DUAT</i> into a <i>TUATU</i>	30	Presidential and Mayoral executive orders and strong follow up.
2	Merging the <i>Certidão de Benefeitorias</i> , into the <i>Licença de Utilização</i>	95	A National decree reforming the <i>Regulamento do Solo Urbano</i>
3	Transfer of the onus, responsibility and liability of the pre-review to the professional(s) in charge of the design. Require the purchase of liability insurance.	60	A National decree reforming the <i>Regulamento do Solo Urbano</i>
4	Delegation of authority to approve all projects to the <i>Diretor Adjunto</i> of the DUC	RFS*	A National decree reforming the <i>Regulamento do Solo Urbano</i>
5	Concession of the licensing stage of the construction permits process to private operators or to a quasi-public organization such as the architecture and/or engineering associations. Require the purchase of liability insurance.	130	A National decree reforming the <i>Regulamento do Solo Urbano</i>

	Recommendation	Time Savings	Requirements
6	Transfer, to the DUC, the authority to carry out the complete post-review, including acceptance of the water and electricity installations.	134	A National decree reforming the <i>Regulamento do Solo Urbano</i>
7	Implementation of the <i>licença de utilização</i> as the document required for connecting the construction to the different utility grids.	RFS*	A National decree reforming the <i>Regulamento do Solo Urbano</i>
8	Dividing the DMPUA in two independent departments: A Directorate of Cadaster and Land Administration, and a Directorate of Planning and Environment.		A <i>Postura Municipal</i>
9	Integrated reform: Delegation of ALL approvals to the <i>Diretor Adjunto</i> ; elimination of the stage of <i>Parecer</i> , from the processes that require signature by the <i>Diretor Adjunto</i> ; delegation, from the <i>Diretor Adjunto</i> to the different division chiefs, of the authority to sign intermediate official documents; and implementation of a system of electronic communications that provides fast notice to the client on actions required in order to continue the process.	100	A <i>Postura Municipal</i> Hardware and software
10	Design and implementation of one single form for all construction permit related processes	14	A <i>Postura municipal</i>
11	Increase the DUC budget to reflect a fair redistribution of the income generated by the department. This allows the immediate installation and maintenance of better equipment, software and training programs.		Political decision and executive order by the Mayor. Strong follow up by the industry.
12	Implementation of a <i>processing fee</i>		A <i>Postura Municipal</i>
13	Implementation of a global information service		Executive decision by the DUC Financing.

RFS: Requires further study

Source: author's calculations.

GENERAL BENEFITS

Apart from the savings they represent in time, several benefits were also discussed for the given recommendations. In sum, these would be:

1. The raise of a system in which the 5 'classic', and necessary, elements of a construction permits process are also the five stages that a citizen has to undergo.
2. A clear division of roles and responsibilities, in which five institutions administer each one of the 5 elements or stages. This grants independence to the institutions and gives clarity to the citizen or entrepreneur.
3. In the case of opening the concession of the licensing stage to the private sector or to the association of architects and/or engineers, the benefits would be:
 - a. A system shared with other institutions that have legitimate, public and social interests on the land development and construction economies. This can help balance the

- concentration of public powers, increase transparency, reduce speculation and bring home more long-term investment.
- b. A new area of professional activity for the numerous architects and engineers that are graduating from universities and have limited areas and markets to practice their skills.
 - c. A more feasible way, as opposed to one in which the public sector is the only investor, to implement and maintain mechanisms such as the multi institutional single window or the multiservice centers that require large capital investments and continued upgrading.
 - d. New market opportunities for insurance companies.
4. A system in which the checks and balances necessary for good, transparent governance could be better defined, carried out and overseen by control agencies and by the public. This could result in an environment of reduced chances for political manipulation, corruption, speculation, and unfair access to land development and construction opportunities.
 5. A system in which a large portion of the public wealth created by the construction economy (the fees paid for licenses) is more evenly distributed and, by returning greater portions to the departments that actually enable that wealth to be created (the DUC), better equipment, tools, training can be provided to the individuals that comprise that division, and whose well-being is key to the success of the operation.
 6. A greater willingness to pay, and to pay more for the construction license fees, by those who own the resources and are interested in land and construction development, provided a better, less cumbersome and timely service was provided.

Figure 26: A system in which the 5 classic elements of the CPP are clearly separated from each other and some are handed in concession to the private sector, or the professional association



IMPLEMENTING THE REFORM

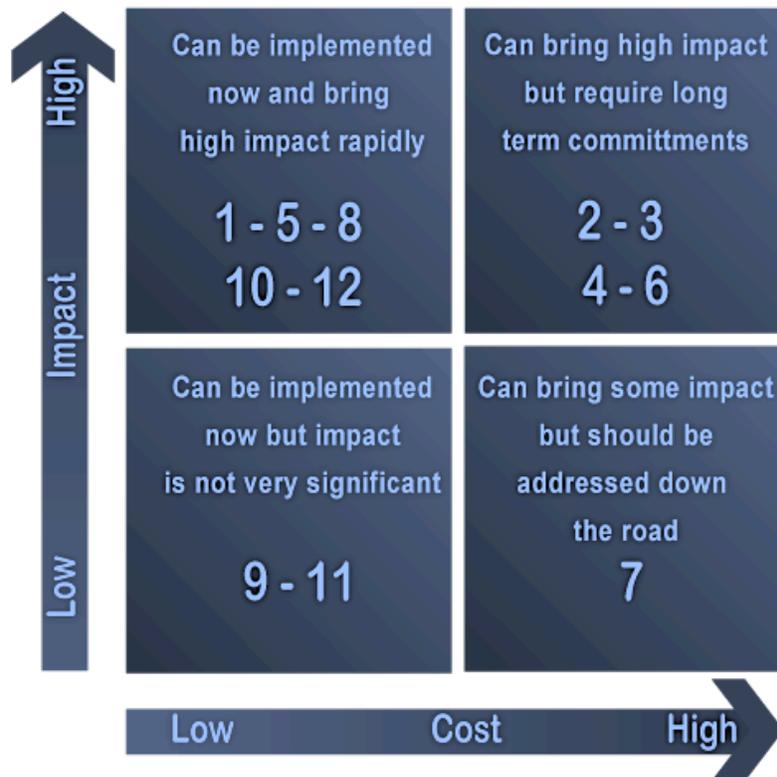
Based on a series of discussions of the analyses and recommendations, which were held by municipal and SPEED stakeholders, a preliminary, empirical identification of the cost and impact of the latter was defined, followed by a series of actions that would be required to move forward. These are:

COST AND IMPACT

As previously noted, the thirteen recommendations listed above would impact differently the construction permit, and the cost of their implementation would also be different. The result of preliminary discussions in which the impacts discussed above as well as the costs that implementing them would carry resulted in the categorization that appears illustrated in Figure 27. It is important to note that no detailed measurements other than those provided by the author were discussed and that the discussions were, therefore, based on the empirical knowledge of the participants. In addition, the ‘costs’ were not only defined in terms of time but also in terms of the political and administrative challenge that some of those

recommendations entail as seen by participants. Notwithstanding this, the exercise allowed the categorization, which is very helpful for determining the implementation stages that are discussed later on.

Figure 27: Cost and impact matrix of proposed recommendations



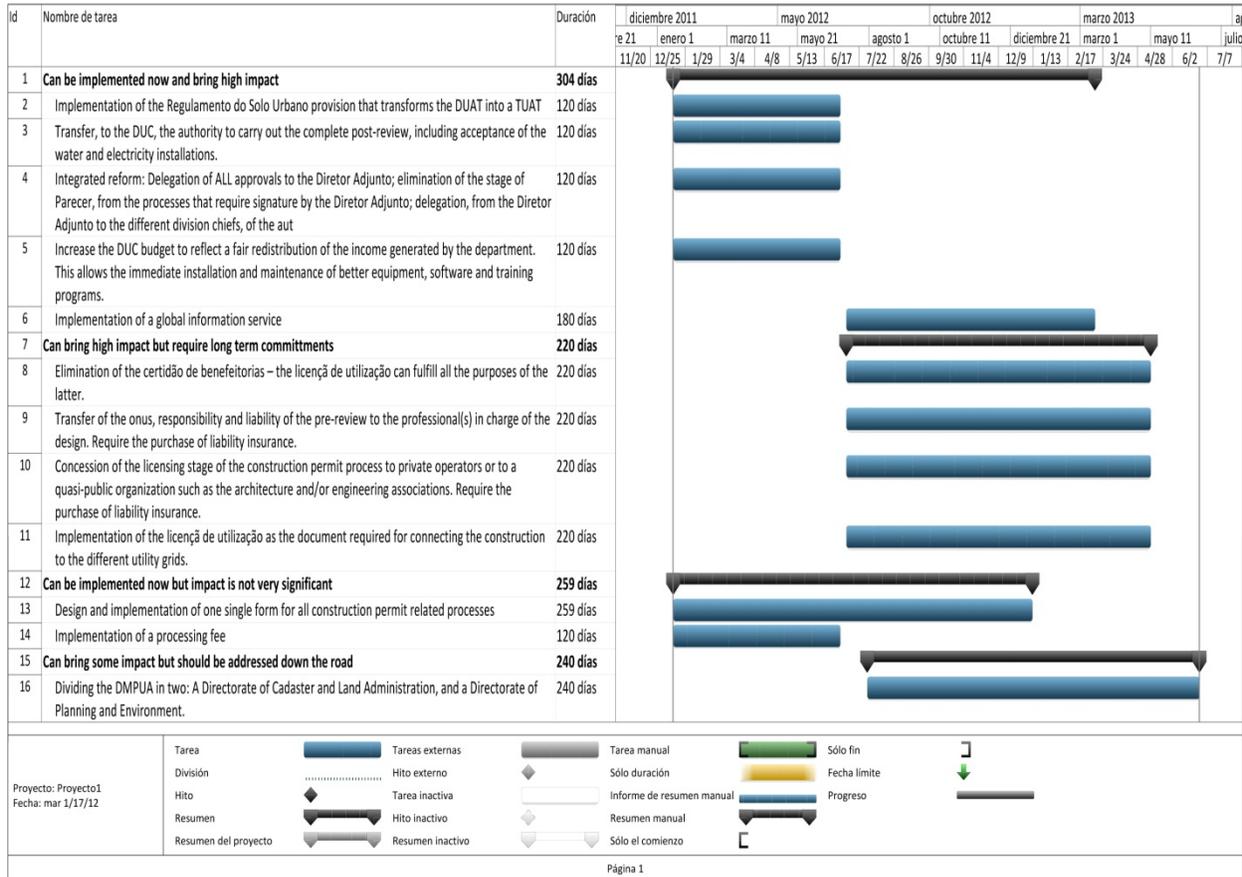
As illustrated, recommendations 1, 5, 8, 10 and 12 should be addressed first. This is because their costs would be relatively low (their requirements are in the realm of good management and pragmatic decision making by city officials), and their impact could be very high. These actions should be carried while planning and putting in place a long term process that defines, promotes, and brings about recommendations 2, 3, 4 and 6, which require more detailed analyses, interaction with institutions from the National level and more resources. This long-term process should be managed a team and through a mechanism in which key stakeholders participate on a regular basis. While recommendations 9 and 11 could be implemented not, their implementation should follow the previously indicated ones. Finally, because of its relatively high cost and low impact on the process, recommendation 7 should be addressed once the previous actions are underway.

SCHEDULE

The process for implementing the recommendations was also discussed with municipal and SPEED stakeholders, resulting in the schedule that is illustrated in Figure 28. Accordingly, the recommendations

that can be implemented now and bring high impact should be dealt with first, and could take approximately 6 months for implementation, provided that the framework discussed in the next section be in place. Some of the recommendations from this set could only be implemented upon implementation of others, which is why the group would extend for approximately a year.

Figure 28: Schedule for implementing recommendations



However, at the same moment work on the recommendations that can bring high impact but require long-term commitments should be ready for implementation; this would probably extend for 1 year before beginning to yielding results. Similarly, if resources were available, work on the recommendations that can be implemented but their impact is not very significant could also commence; this could be done in conjunction with those recommendations that can bring some impact but should be addressed further down the road.

As indicated in the illustration, the total implementation schedule would require approximately one and a half to two years.

SETTING AN AD-HOC, PUBLIC - PRIVATE INSTITUTIONAL FRAMEWORK

One of the recommendations that came out from the discussions is the need to set up a public – private group that accompanies the reforms. This should be comprised of the following:

1. A steering committee with executive representatives from the National and municipal institutions that are more closely related to the construction permits process, and from private and non-for profit organizations with legitimate interests in the process. From the Government side, it was recommended the inclusion of, at least, the Ministry of Public Works, the Ministry of Justice and the Ministry of Industry and Commerce. From the private sector, the CTA, the associations of engineers, of architects of realtors and of land surveyors should be active members.
2. A technical committee, made up by senior professionals of those same organizations.
3. A ‘reform coordinator’ should be appointed, to develop a detailed work plan of the reforms, carry out the actions and follow up on them.
4. Specialized local consulting services in the field of economics, to prepare more detailed analyses (described in the next section); also, in the fields of legal and state reform in Mozambique, to draft new or modify existing legislation.
5. An external advisor to provide general insight and direction to the process.

According to the previous section, these working groups and supporting service providers should be programmed for 18 to 24 months of activity. Local experts would be required for specific tasks defined by the technical and steering committees and the external advisor would be required for at least 6 visits of one week to the country at critical moments in the process.

VISITING OTHER COUNTRIES TO LEARN ABOUT OTHER APPROACHES

This report has offered just two examples of successful solutions to the difficulties associated with issuing construction permits in two developing countries, Costa Rica and Colombia. There are many more: in Ottawa, Canada, there is a system that enables the architect to undergo the entire process electronically. In Brazil, several cities have implemented extremely efficient multi-institutional single window operations as well as multi-service centers. In Nigeria, with support from the IFC, significant advances have been achieved too.

An effective way to begin implementing reform in this field, which can also prove to be a good long-term investment, is by having key personnel who manage the construction permits process, a senior officer of the administration and someone who could champion such a process at the city council level, visit several of these experiences and learn, first hand, the challenges faced, how the solutions are addressing those challenges and what lessons have been learned from their implementation. Therefore, it is highly recommendable as a long-term investment, that a commission of Mozambicans with these profiles be offered the opportunity to visit some of these countries, especially the ones in development.

In Costa Rica, it would be recommendable to visit the Capital of San Jose and the smaller city of San Carlos, which has been instrumental in structuring a simple but very effective construction permits process. In Colombia, it would be very convenient to visit Bogota to learn how a mega city addresses the situation (through a combination of multi-service centers and the *curadores urbanos* model) and the city of Barranquilla, which is strikingly similar to Maputo and has undergone major improvements in its capacity to deliver citizen services. Closer to Mozambican reality and culture, it would be recommendable to visit Porto Alegre in Brazil, who are the pioneers in multi-institutional service centers and Nigeria, to learn the lessons from a country in relatively similar circumstances to those of Mozambique.

FURTHER STUDIES

In carrying out this short-term study, the author has identified the following studies that ought to be conducted that would allow a better definition of the recommended reforms in terms of their costs, benefits, action requirements and implementation schedule.

1. A survey of the different forms to access land that underlie all the formal construction licenses that are issued by the municipality. In other words, for developments such as the one defined for the Doing Business Report, the question is to determine the distribution between developments that obtain the DUAT from the municipality and those that obtain the DUAT by purchasing the concession to another person and formalizing the transaction during construction. Intuitively, the author believes that the second is the case.
2. A more in-depth economic analysis of construction licensing in Maputo to determine the following:
 - a. The current cost of opportunity to the city, of the current construction market that is occurring through extra-legal or informal mechanisms.
 - b. The cost / benefit to the Municipality, of producing an additional license versus the costs / benefit of focusing on one of the stages/elements of the construction permits process (as a result of concession).
 - c. The willingness to pay, and the calculation of, a higher fee for construction licenses that could be charged in exchange for a participation of the industry in its regulation and public service delivery (such as the concession to a private operator or to a professional association) and a net reduction of the time in delivering the service, also to be determined by the study.
 - d. The feasibility of different forms of concession of the construction licensing stage to the private sector or professional associations under the present fee structure.
 - e. The additional revenue and sources that could be generated to cover the cost of the concession.
3. A study to determine the current capacity of the DUC to deliver net reductions and more effective and efficient services if the department had the appropriate infrastructure, equipment, software, training and others. How much should the municipality, in fairness, return to the DUC?
4. A full cost and benefit analysis of the recommendations presented in this study.

Together, these studies would not only provide a much stronger case with respect to the construction permits process reform, but also to comprehensively approach and provide answers as to how should Mozambique transform its land policy framework in such ways that it enables a more effective, efficient and equitable land development market, without affecting its Constitutional tenet of public ownership of land.

CONCLUSIONS

This study has looked at the construction permits process in Mozambique in general terms, and in detail at the dealings and workings within the DUC. This was determined as a result of the identification of several reform programs related to the process that are currently underway while there are other areas, namely the DUC, which require further assistance and currently have no support.

One of the most striking findings, visible even through a limited scope analysis such as this one, is the fact that the municipality is returning back to the DUC not more than 18% of the revenue that is generated and administered by that department, which operates in conditions demonstrated as being very, if not extremely limited. This appears to be unfair for the department and its personnel, who are fighting on the side of good governance, effective, efficient and accountable delivery of services. This has created a group that clearly distinguishes itself for teamwork and willingness to learn more about their mission, who, in the opinion of the author, should be rewarded with the appropriate work-place conditions.

The author also believes that the DUC has reached a peak in its capacity to deliver services efficiently with the human and technical resources available to it. However, the risks are and will remain very high for any kind of mistake to occur no matter how responsible and careful the personnel are; it also reflects a situation that can easily be subject to manipulations by irresponsible or corrupt persons. Consequently, investment in equipment and systems to facilitate the administrative, courier and communications needs are urgently needed and can represent a quick win. The money would be there if a more even redistribution of the resources generated by construction licensing took place. The higher municipal and National authorities must be made aware of this and the industry has a lot of work to do in this regard.

However, as demonstrated by this study, the long-term solution of more personnel does not seem viable economically or politically. Therefore, in order to address an increased demand, the structural changes of opening the possibility of concession of certain services, of merging the *Certidão de Benefeitorias* into the *Licença de Utilização* and of implementation of the TUATU reform are critical for reaching and being able to sustain a reformed process. Therefore, immediate, coordinated action to attain this should commence immediately.

As seen in the summary recommendations table (page 69), several recommendations entail having to review the *Regulamento do Solo Urbano* and most likely issuing a National decree that reforms it on several areas. Because of this, the implementation phase of this project requires the company of an expert Mozambican legal advisor, knowledgeable of the *Regulamento*. The aim, at the end of the process should be to have a new version that incorporates and enables the recommendations.

Some of the recommendations that stem from the analyses have an impact or are related to other urban development processes that are beyond the scope of this study. Therefore, further studies are required to establish whether such recommendations are possible. This should be included in the following phase of this project.

As is the case in other economic sectors, the industry and professional associations are committed to help in whichever tasks they are called to do. As demonstrated by the Costa Rican case, thanks to its membership and fees structure, the association can take on the responsibility of providing the public service of issuing stamps and licenses at minimal financial expenditures to the municipality. In fact, they

are willing to also finance the technologic and personnel training requirements of the areas in those institutions that have a responsibility in the process. All the authorities have to do is provide and maintain the political will and decisions to allow for this to happen. In Mozambique, there is no reason why this could not be the case.

However, the private sector and professional associations must also be reminded that, in today's world, we have to pay for the city and the services we desire and deserve. This is because, as demonstrated in a preliminary way, the fees that are currently paid, the taxes that the municipality is receiving, and the social wealth that is being lost to the extra-legal economy, require that those who can, pay for those services and, by example, lead the ethical, moral way for those who cannot. But the informal economy and the fee structure seem to also allow for increases.

In sum, it all comes down to where the municipal and National authorities, as well as the private and associated sectors would like to go with this: whether they prefer to (i) 'squeeze', at maximum, the municipality's profit generating areas, at the expense of a very poor service (that contributes to continued extra-legal and informal action by the private sector); or (ii), have a service delivery system that effectively and efficiently responds to the demand generated by the industry, which can help increase the amount of revenue by attracting new investment. Once again, the municipal and National authorities must be reminded of this and it is the role of the industry and professional associations to do this.

At any rate, the next steps in the reform path are to finance and establish a mid-term institutional frame of work comprised, in part by ad-hoc, key actors, and some paid services for special studies and advisory services that can envision, plan and lead the way.

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ANNEXES

The following electronic documents constitute the attachments to this study:

1. Organization Chart of the City of Maputo (opens in Microsoft Visio).
2. Time Scale Analysis of the DUC internal processes according to the DUC official documents (opens in Microsoft Project)
3. Time Scale Analysis of Construction permits process according to real case studied. (opens Microsoft Project)
4. Time Scale Analysis of Construction permits process according to DCPI methodology. (opens in Microsoft Project)
5. Detailed analysis of all internal processes in the DUC (opens in Microsoft Excel)
6. Cross Function Analysis of one process inside the DUC. (opens in Microsoft Visio)
7. **Gobierno de Colombia. Presidencia de la República. Ministerio de Vivienda y Desarrollo Territorial.** Decreto 1469 de 2010 de abril 30. (Por el cual se reglamentan las disposiciones relativas a las licencias urbanísticas; al reconocimiento de edificaciones; a la función pública que desempeñan los curadores urbanos y se expiden otras disposiciones. Bogotá, 2010. (PDF). This document is worth translating to Portuguese. It provides a comprehensive view of the mechanism of the curadores.
8. **Gobierno de Costa Rica. Presidencia de la República.** Decreto N° 36550-MP-MIVAH-S – MEIC (Reglamento para el Trámite de Revisión de los Planos para la Construcción) San Jose, 2007 (PDF). This document should also be translated to Portuguese. It provides a comprehensive view of the mechanisms whereby the construction licensing is handled by the professional association of architects and engineers.
9. Implementation Schedule for the Recommendations (opens in Microsoft Project)

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