

DAY XXIX OF THE "HIDDEN DEBTS" SCANDAL TRIAL

António Carlos do Rosário says the Government "killed" ProIndicus because it delayed publication of the SIMP concession contract in the Government Gazette



António Carlos do Rosário

Credits: O País

On the fifth day of his hearing, António Carlos do Rosário was confronted with the request to issue a USD 278 million State guarantee for a new credit for ProIndicus. It would be the third loan, after the USD 372 million and USD 250 million that ProIndicus received from Credit Suisse. The request was signed by the then SISE General Director, Gregório Leão, who, in his hearing at the trial, claimed that the increase of another USD 278 million was aimed at "safeguarding operational issues". He referred the

details to the then Economic Intelligence National Director. Yesterday, António Carlos do Rosário explained that the aim was, on the one hand, to "restructure" ProIndicus debt, and on the other hand, to safeguard operational aspects issued by the Operational Command, which, because they are classified and constitute a State secret, he did not detail them.

"I'm going to talk about the part that aimed to reassure the creditors, through a guarantee, and prevent them from triggering the State guarantee, because we

had to pay the first instalment of 90 million dollars. We were experiencing constraints on the ground implementing the concession contract for the Integrated Monitoring and Protection System (SIMP) signed between the Government and ProIndicus. The contract had to be published in the Government Gazette for the company to be able to start operating in full. It was the non-publication of the SIMP concession contract in the Government Gazette that killed ProIndicus and other companies".

António Carlos do Rosário argued that

the request for the issuance of a new guarantee would not result in a new debt. "We did not have the money to pay the USD 90 million, but we presented the comfort letter asking for more time to pay. The idea was to communicate that we are in a good relationship with the Government." The Public Prosecutor interrupted the defendant by saying that a State guarantee is potential debt. But António Carlos do Rosário replied: "Potential debt is not real debt. Banks did not provide financing because of the State guarantee; rather because of the viability of the business. Until today there is no evidence that the State is paying the debts of the three companies".

Asked why the State guarantee had to be issued in favour of Palomar, the defendant replied that it was the entity that acted as the interlocutor with the creditors. "EMATUM had been problematized, there was a lot of noise in the press, there was a lot of pressure here and my name had already been burned. That took away my

room to manoeuvre in some international financial markets. To obviate all that, we preferred a separate company to do that work." Requests to issue State guarantees for ProIndicus' financing were made in 2013, before SIMP was established in 2014. The defendant said SISE was mandated by the then Coordinator of the Operational Command, Filipe Nyusi, to request the issuance of guarantees in favour of ProIndicus, even before the SIMP concession contract was signed.

As to the fact that ProIndicus did not enter into any contract to provide security services to the oil companies operating in the Rovuma Basin, the defendant laid the blame on the Ministers of National Defence, Interior and Economy and Finance. "ProIndicus did everything in its power to start with commercial activities. But the Government did not do what we asked. It was the Minister of National Defense, together with the Ministers of the Interior and of Economy and Finance, who were supposed

to sign the joint order on the terms of the SIMP concession contract for its publication in the Government Gazette".

To the question whether before resorting to funding, ProIndicus had a promissory contract or other legal instrument, to ensure that the oil companies would enter into contracts for security services, the defendant said that contacts were made through intelligence channels. "The promissory contract assumed the existence of ProIndicus. But if we look at it, the dates of creation and funding of ProIndicus are very close. But we were already in contact with the oil companies, so much so that the company that was protecting Eni came to use ProIndicus offices." The defendant said he could no longer remember whether he had formally informed the oil companies that the Government had granted ProIndicus a concession to implement SIMP and that, as a result of that concession, it was necessary to conclude contracts for the provision of security services.

EMATUM was a commercial company with a covert operational component

About EMATUM, the first question from the Public Prosecutor was to know when and where the establishment of the company was decided, to which António Carlos do Rosário replied that it was at the Operational Command. At the same time the creation of SIMP and the operational means was decided, between 2011 and 2012. "At that meeting the Minister of National Defense, the then SISE General Director and myself were present. It was on that day that the Minister of National Defense said that Monte Binga should not enter EMATUM because it was a company linked to Defense. That could lead to boycotts of EMATUM. That is why the majority shareholder of EMATUM was IGEPE (Institute for the Management of State Shareholdings)."

Asked whether the decision to create EMATUM was taken to the consideration of the Joint Command (headed by the President of the Republic, in his capacity as Commander-in-Chief of the Defense and Security Forces), the defendant replied in the negative. "The Commander-in-Chief was informed by SISE General Director and by the Minister of National Defense." The defendant also said that he could no longer recall whether the shareholders of EMATUM subscribed their company shares in cash. Regarding the name of EMATUM, António Carlos do Rosário said that it was the team he led that discussed and chose the name.



EMATUM Vessels

On the motivation for the creation of EMATUM, he said that there were two objectives, one operational and the other commercial. "From an operational point of view, the objective was to guarantee our presence at sea 24 hours a day. That's because ProIndicus assets don't stay permanently at sea, it's not sustainable. They make the approach after the target has been identified. EMATUM is the only platform that allowed us to scan the sea from Ponta D'Ouro to Cabo Delgado, including

fishing in Madagascar's Exclusive Economic Zone. Therefore, with the EMATUM boats we would have advanced warning of illegal fishing, environmental pollution, etc."

António Carlos do Rosário said that from an economic point of view, the objective was to collect revenue through the sale of the fish (tuna and accompanying fauna). "We were in a position to ensure that that fish that did not qualify for export would be canned. For phase two, we had iden-

tified Inhambane or Xai-Xai (in the southern area), Pebane (in the central area) and Memba (in the northern area) where we would work with artisanal fishers. We would set up fish purchasing depots. This would be a source of income for the fishers and EMATUM would process this fish. We were planning to supply 30,000 cans of tuna to the Defense and Security Forces because we came to the conclusion that the food component is very important for the morale of our forces”.

As for EMATUM shareholders, he explained that the composition was decided by the Coordinator of the Operational Command. “He is the one who said that I should contact the Minister of Fisheries and IGEPE. And as SIMP coordinator, my team and I went to meet the holders. The Minister of Fisheries welcomed the idea, saying that he had wanted for a long time to get EMOPECA working. He is the one who appointed the Ministry of Fisheries

staff I worked with. He said that we had serious problems supervising fishing because we had no boats. Then I went to see Minister Manuel Chang and he called the Chairman of the Board of Directors of IGEPE, whose name escapes me. He is the one who gave the names of IGEPE staff. EMATUM went from paper to the sea”.

Asked how to understand that EMATUM was linked to the Defense and Security Forces while its corporate purpose was fishing, the defendant said that this was a covert component. “The Ocean Eagles vessels were acquired under EMATUM contract, but they were aimed for Defense; the large ground control centre was acquired under EMATUM contract, directed for Defense.” For the establishment of EMATUM, no memorandum was signed allegedly because it was an operating company. “The less documents there are, the better for us. It was on purpose”.

The shareholders of EMATUM (EMOPES-

CA, IGEPE and GIPS) did not participate in the negotiations of the contracts for the supply of goods and services and financing. “Those who did participate were the holders of the company’s corporate bodies. But I no longer remember their names.” On the same day that EMATUM was established, a general meeting was held to elect the board of directors and to deliberate on the contracting of external funding.

Asked who the persons appointed to the positions were, the defendant said he only remembered that he was elected Chairman of the Board of Directors. He then asked for documents to “refresh” his memory. On the criteria for selecting people, he replied that they were nominated by the shareholders. “In my case, the fact that I was SIMP coordinator was relevant and, as such, I had to be part of the board of directors of the three companies to facilitate operational articulation”.

The defendant says that EMATUM delivered equipment worth USD 500 million to the Ministry of National Defense

EMATUM feasibility study attached to the files predicted, in terms of revenue generation, USD 224 million from the third year (December 2016). “This study was prepared by the team led by myself and two other international consultants. For their safety, given that this issue has caused problems for many people, I have an obligation to protect them. Therefore, I will not reveal their names”.

Because the feasibility study had to be submitted to various institutions, including banks, which were not supposed to know that EMATUM was linked to Defense and Security, it was not explicitly revealed that the company had a paramilitary component.

“We found a soft way to say that EMATUM is going to participate in maritime surveillance activity. Moreover, there is no EMATUM document that says that the company is connected to Defense and Security. We did that on purpose because it is a covert component. The only proof we have is the transfer of equipment from EMATUM to Defense. Some managers of the company knew that EMATUM had the Defense and Security component, namely: myself and the directors Maria Isaltina Lucas and Henrique Álvaro Gamito.”

To the question why EMATUM did not enter into any concession contracts with the Government, he said that because of its covert nature it should not proceed that way. “We wanted people to look at EMATUM as a purely fishing company. We



Credits: TVM

have a control center for operations at sea. It is based on land and receives information through EMATUM’s means, the fishing boats, surveillance boats and drones. Not all fishermen would know that those boats are also security boats. The boats have probes and detection and communication instruments that other fishing boats do not have. The information that is captured is launched directly to the operations control center on land.”

EMATUM was constituted on the same

day that the members of the administrative council were elected and the contract for the supply of goods and services was signed. António Carlos do Rosário explained that the contract for the supply of goods and services to EMATUM was discussed by the team he led. “I must not say the names of the people for security reasons. I took an oath.” Asked how to gauge that the price of each vessel was not inflated, the indicted said he had no way of knowing it because the goal was to

acquire the complete package, including technology transfer. "We are happy with the complete package of the solution. If we decided to do it alone, the total price would be high because of the cost of installing and managing the system. EMATUM's contract includes technology transfer, something that the other companies did not give."

The Prosecutor used the Kroll report to show that EMATUM spent USD 220 million for the purchase of three Ocean Eagle vessels, when at market price it could have paid USD 60 million. For the 21 longline-type fishing vessels, Kroll said that EMATUM paid USD 535 million when at market price it could have paid USD 48 million. On these questions, the defendant remitted himself to silence. "I prefer not to answer. Kroll report, no!" Asked whether part of the EMATUM financing amount (USD 850 million) would have been used to purchase equipment for Defense, António Carlos do Rosário answered positively.

It is on the files that the former Minister of National Defense, Anastácio Salvador Mtumuke, allegedly refused to sign a letter from SISE regarding the receipt of

Defense equipment budgeted at USD 500 million, claiming that the Ministry of National Defense had not received such material. Confronted with the facts, António Carlos do Rosário said that it was not him who prepared the letter. "Who prepared the letter was Kroll. And it is said that they prepared the letter in the Attorney General's Office because there was a need to clarify about the 500 million dollars. They came to us at SISE asking to take the letter to the Ministry of National Defense. Former Minister Mtumuke explained to me that if he signed the letter that Kroll brought they would have taken it to the banks that financed the companies to show that the money was used to buy Defense equipment. Another reason is that if he signed the letter confirming receipt of Defense equipment, Kroll would require him to go check and account for the equipment." Asked if he had any way to prove the allegation, the defendant said he had no way to do so.

Since the Privinvest group told Kroll's auditors that the goods delivered to EMATUM were in accordance with the supply contract and that no weapons were su-

plied, the Prosecution asked the indicted how the payment for Defense equipment that would have cost USD 500 million was made, to which he said he will not reveal it because it is a state secret.

When confronted with some contradictions between his statements made at the Attorneys General's Office (AGO) and now in the trial, António Carlos do Rosário said that at the time his relationship with the AGO was "deteriorated" because this institution had allowed Kroll to enter SISE. What's more, he said that at the time he was concerned about defending the interests of the country, the names of people and institutions itself. "Today I am here and I feel that I must say everything to defend myself. However, at that time I was heard by the AGO I assumed everything because I was in office, I said things to defend people and institutions. The person that you want to defend today, because you believe he is innocent, I have always defended him. There is not a person in the Republic of Mozambique who has defended more this person that is intended to be defended today," he said, in reference to the actual President of the Republic, Filipe Nyusi.

"It is an aberration to say that EMATUM was unviable"

All fishing vessels acquired by EMATUM were considered unfit for the exercise of the activity by the maritime and fisheries authorities, lacking some interventions for their suitability. On this point, the indicted said it was news to him. "EMATUM operated and even made exports. We have documents from Customs that prove that there was fish exportation. What we were told is that the vessels should be suitable for national legislation. We said that the legislation is from colonial times and this is the 21st century. The vessels were modern and it is the legislation that is outdated. INAMAR itself licensed nine vessels that were already operating. We were never told that the vessels were unfit.

Confronted with statements by Cristina

Alice Matavel, former CEO of EMATUM, that the company was unviable due to several factors, such as the high costs of operating the trawler vessels and the scarcity of tuna bait in Mozambican waters; high insurance costs valued at about USD 40,000 per quarter for each vessel; and high daily mooring costs at the Port of Maputo valued at USD 258 for each vessel, the defendant flatly denied it.

"It is an aberration to say that EMATUM was unviable. There was a feasibility study approved by the banks. Cristina Matavel was appointed by IGEPE to EMATUM, where she started as financial director, then was promoted to administrator and later on to CEO. During that time she never said that EMATUM was

unviable and it was only in 2016, after she left the office, that she discovered that the company was not viable." António Carlos do Rosário's lawyer intervened by stating that Cristina Matavel gave an interview to the Notícias newspaper, published in the May 8, 2015 edition, in which she argued that EMATUM was viable. Alexandre Chivale promised to attach the newspaper copy to the file.

It is stated in the files that EMATUM did not have adequate infrastructure for its main activity, which was tuna fishing, in addition to the lack of technical staff. The defendant said that it had adequate facilities for fish preservation. "The facilities were leased. They were high quality facilities and we even exported fish to the international market."



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