



Cristina Matavel

DAY XLIV OF THE "HIDDEN DEBTS" SCANDAL TRIAL

Cristina Matavel: She arrived at EMATUM as a technician and left as a CEO receiving 400 thousand MT/month and today says that the company was not viable

- On the last day of the week, the court heard the declarant Cristina Matavel, a manager by profession and retired from the Institute for the Management of State Holdings (IGEPE). She said that between August 2013 and November 2016 she worked at EMATUM, holding various positions, from technical, financial director, general director, to chief executive officer.

The declarant said that, initially, she was asked by the then CEO of IGEPE, Apolinário Panguene, to support the installation of EMATUM, and she did such work as registering the company with the Tax Authority to start business and registering the company with the Ministry of Labour. She said she found that the rented premises were precarious and she had to monitor the refurbishment that was being carried out by an architect who had been hired. "This work extended until 2014".

Cristina Matavel explained that during the time she was supporting the installation of EMATUM she found that in the company's statutes the ordinary general meeting to present the previous year accounts should have been held by March 2014. "At that time there was nothing prepared. That was when I prepared the accounts for 2013 and the general meeting was held in June 2014. It was no longer an ordinary meeting because, according to the company's statutes, it was already out of period."

After the general meeting in June 2014, she was informed that the first five (5) boats were about to arrive, specifically in July. "Distress came because there was no one to pilot the boats. It was necessary to recruit sailors. We did that here in Mozambique, with the help of a recruitment company. But there was one issue: tuna fishing requires certain techniques and at that time, it was not possible to find people within the country with the skills for this purpose. We had to hire foreign captains from different countries".

For these reasons, the declarant concluded by saying that "EMATUM started from the end". That is, it received boats before creating the necessary conditions for fishing operations. "All the conditions were created after the boats arrived. The boats arrived but we had no way to start fishing. And the costs started to mount up because the boats were moored".

The declarant also recalls that when the vessels arrived in Mozambique, the National Marine Institute (INAMAR) made recommendations and it was necessary to make some adjustments to the vessels. "For the type of fishing that would be done, INAMAR gave a list of adjustments that should be made to the vessels. That work was done from July until the start of fishing operations on 6 December 2014. The first boat left for fishing on 6 December 2014 and returned to the Maputo Fishing Port in January 2015.

During her time at EMATUM, Cristina Matavel said that the company produced 284 tons of tuna. Most of the production (172 tons) was exported to various countries, such as China, Uruguay, Spain and India. In terms of revenue, the declarant indicated that it was 54 thousand dollars and about 290 thousand euros. About 49 tons were sold within the country, but the declarant did not specify the revenues.

"Our production was low, because in addition to producing, we had to form the teams. We did 66 jobs, some short and others long. The autonomy of the boats was 25 days at

sea, but they did not stay for that period. One of the factors was the installed capacity of the water tanks that only served for 10 days. In the adaptation work, we had to add water tanks.

Cristina Matavel argued that the maritime authorities should have been involved in the process of vessel manufacturing. "When we received the recommendations from INAMAR, we informed the supplier, Abu Dhabi Mar, but it never heeded our complaints. They did not accept to make the adjustments and claimed that they manufactured the boats according to the specifications in the supply contract. And they sent back other batches of boats with the same suitability needs. We had to pay for the adjustment work, which meant more costs for the company. The fishing gear that came with the boats did not fit and we had to buy new ones.

On 10 September 2014, Cristina Matavel was assigned to work exclusively at EMATUM. "Before, she worked simultaneously at IGEPE and EMATUM. At IGEPE I was Financial Director. It was not easy for me to reconcile the two functions, as I was always requested in both places. I contacted IGEPE's CEO and he authorized me to work exclusively for EMATUM. And I stopped receiving salary at IGEPE". As president of the Executive Board, the last position she held at EMATUM, Cristina Matavel received 400,000 meticaís per month. She received a VW Amarok car as part of the incentives.

From the problems of the vessels to the high costs of debt and operations that made EMATUM unviable

The declarant confirmed that the three trawl boats, the so-called trawlers, were never used. "I don't know how the procurement process was designed. But if the trawlers were for the capture of bait, they should have arrived earlier so that when the other vessels arrived there was already bait. There was no previous work to identify the place where tuna bait occurs in the Indian Ocean. According to experts, it was necessary to use European squid or Namibian horse mackerel as bait for tuna fishing. "We tried to monetize the three trawler boats, but no one showed interest in renting them".

Cristina Matavel said that in addition to fishing boats, the supply contract contemplated other means alien to the fishing activity, such as Ocean Eagles boats. "Until I left EMATUM, I had never really understood the supply contract. There were things provided for in the contract that were not being fulfilled, such as the issue of training and setting up a command and control centre. We had to



set up a container for the operations directorate at the Maputo Fishing Port, which served as a command and control centre."

According to Cristina Matavel, each tuna fishing boat cost USD22,302,000. meaning that the total to be paid was USD 535,248,000. "The amount was below EMATUM's debt of USD 850 million. EMATUM had bought 24 vessels, 21 of which were fishing vessels and three trawlers. I never got an explanation of the purpose for which the difference amount had been applied." However, she was later informed that another amount had been used to purchase other means.

From the analysis of the structure and operation of the company that he made, the declarant said he found that it was unviable for several reasons, highlighting, firstly, the debt

that was extremely high, the amortization time that was very short (seven years), with the aggravating factor that the grace period was also very short (six months), with high interest rates (6%). "For me, when a company is going to ask for financing it has to have the capacity to repay that amount, or negotiate a long grace period until it starts producing in order to pay off the debt.

The unviability of EMATUM also has to do with the high insurance costs, as quarterly each boat paid about 44 thousand dollars. "The insurance of the boats is indexed to the purchase price and in the maritime business there are no third parties. That is, there is more own damage than third-party damage. That is why the object of insurance is the hull. Our insurer was EMOSE. But

EMOSE reinsured and passed to a London-based company, which sent a technician in September 2015 to do the verification and produced a report with a list of recommendations. This report was shared with the provider, Abu Dhabi Mar, but the latter did not comment. Now the boats are uncovered, that is, they are not insured".

Other costs are related to mooring fees, which were USD 258 per day for each boat. "The initial berthing cost for each boat was USD 305 per day. We negotiated until we reached USD 258 for each boat. The berthing cost is a fee that is paid for providing services, such as landing and refuelling for a new haul. But the fees were high because the EMATUM boats did not go out to fish, they were permanently moored at the Maputo Fishing Port.

The millionaire injections of public money into EMATUM

When EMATUM began operations in December 2014, interest was already due and paid in March of the same year. According to information that the declarant says she received from the then CEO António Carlos do Rosário, it was the supplier (Prinvest group) that paid the amount of USD 53 million. "I never understood how a supplier pays interest from the contracting company. After a long time, Abu Dhabi Mar, the supplier company, sent a letter informing that the amount of USD 53 million that it used to pay the interest of EMATUM was subsidy for operations".

For the start of EMATUM's activities, the supplier (Abu Dhabi Mar) transferred about three

million dollars and later one million euros. "This money was EMATUM's, so we consider it as a subsidy and not as debt. Abu Dhabi Mar did not supply all the equipment in the supply contract, at least until I left EMATUM. So we were deducting it from the amount paid".

On 14 February 2015, IGEPE credited USD 20 million in favour of EMATUM to an account domiciled at Moza Banco. "The account's signatories were the then Director Henrique Gamito and the then CEO António Carlos do Rosário". The USD 20 million was credited as supplies, of which USD 4,337,500 was for the operation of the company, and USD 15,772,500 was transferred to Credit Suisse for debt service pay-

ments. "The revenues were low to meet the high costs that existed, so IGEPE, in its capacity as shareholder of IGEPE, sent that amount which was to be entered as a supply".

Also for debt servicing, on 16 March 2015, EMATUM received the amount of 383,984,500 meticaís from the National Treasury Directorate and, on 20 April 2015, the amount of 13,251,300 meticaís, in the company's account domiciled at Banco Nacional de Investimentos (BNI). EMATUM also received money from the other shareholder, GIPS (a company linked to the State Intelligence and Security Service), as supplies, in the amount of 40 million meticaís.

From the assumption of part of EMATUM's debt by the State to the failure of the revitalization of the company

On July 14, 2014, the National Budget Directorate sent a letter to EMATUM informing that the State was assuming a part of the debt, amounting to USD 350 million. The justification was that the amount had been used for the acquisition of equipment aimed at pursuing the public interest. EMATUM was then left with a debt of USD 500 million.

In June 2015, in a meeting led by the then National Treasury Director (Isaltina Lucas), the declarant said that they were informed that there was a reversal of the division of the debt of 850 million dollars: the State would now assume USD 500 million and EMATUM

would be left with USD 350 million. They were also informed that the company would sign a retrocession agreement with the state.

"Due to this confusion of the debt division, it was necessary to correct the amount paid for the boats to conform it to the new debt of USD 350 million. Since the total value of the 24 boats was over USD 500 million, it was necessary to lower the price per unit to totalize USD 350 million. However, nobody had the courage to do it. I made a letter to the National Treasury Directorate on November 13, 2015, asking for documents for the purpose of loan accounting. But we did not get a response,

and for that reason there was no closing of accounts for the 2015 fiscal year."

After the reversal of the debt division, the declarant says she worked on preparing the business plan, with the help of the firm Ernest & Young, to operationalize EMATUM, taking into account the new debt of USD 350 million. "But we didn't go ahead with the business plan because it predicted that there was a need for more than USD 60 million for working capital. We went to present the EMATUM revitalization plan to the Minister of Economy and Finance (Adriano Maleiane), but he said nothing. Neither yes, nor no."

“My time at EMATUM was a professional murder”

Cristina Matavel recounted that on January 8, 2016, the date when the extraordinary general assembly was held to deliberate her departure from EMATUM, there were still two years left to the end of her term as president of the executive committee and two months left to render accounts for the previous year’s economic year, as per the company’s statutes.

“I asked to be given the opportunity to render accounts, but I was not given time to stay until March 2016, the month for closing the accounts. The IGEPE’s CEO, Ana Senda Coanai, said that closing the accounts was dispensable, and I asked that this decision be included in the minutes of the general assembly. I made this request because I understood that I should leave with closed accounts. I do not know what I did or did not do to deserve that treatment.

The declarant made it known that when she wanted to do the restructuring of EMATUM’s debt she went to BNI and Ernst & Young. “We signed a memorandum of understanding, but the first thing I got was a representative of the Russian bank VTB. He came knocking on my door to ask how we were restructuring a debt that VTB is part of without informing him. But I didn’t know that the loan was syndicated, I thought it was only Credit Suisse.” After the bank



Cristina Matavel dialoguing with lawyer Alice Mabota



Cristina Matavel in conversation with the defendant Teófilo Nhangumele

representative’s visit VTB sent an email to EMATUM’s then CEO, Antonio Carlos do Rosario, that read as follows: “Comrade CEO, today I received a visit from Mr. Roberto who said he was a representative of VTB and I did not know that the debt had been syndicated. I came here to help and for that I would like to know the truth.”

Cristina Matavel considered that her time at EMATUM “was a professional murder”. And she let it out: “It wasn’t easy. When the CEO of IGEPE was appointed, I asked for an appointment to talk to her. Nevertheless, she received me in the meeting room where other IGEPE employees were. I explained everything I said here. After a short time, she called me to let me know that I would be leaving office. And in fact a general meeting was scheduled for January 8, 2016, the day I left office.”

On Thursday, the declarant Apolinário Pan-

guene, then CEO of IGEPE, told the court that in 2015 he visited the EMATUM premises and was told by Ms. Cristina Matavel that he should not reach the basement of the building because defense material was stored. Confronted with these statements, Cristina Matavel said that the former CEO of IGEPE lied to the court. “He lied shamefully and I don’t even know why he chose me. To begin with, the building where EMATUM functioned did not have a basement. He was my superior and I had no power to prevent him from accessing any compartment of the company.”

Since the declarants are prohibited by law to make false statements, Judge Efigénio Baptista said that if the court concludes that Apolinário Panguene lied, it will issue copies of his statements and send them to the Public Prosecutor’s Office to initiate a criminal proceeding.

Odete Tsamba said she was called to sign the deed of constitution of EMATUM in a hotel

Odete Tsamba was the second declarant to be heard by the court. At the date of the facts, she was executive administrator of the stake portfolio of IGEPE. Regarding the creation of EMATUM, she said that she did not follow the preceding moments, but recalled that she was informed by the then CEO of IGEPE, Apolinário Panguene, that the State was creating a company in the fisheries sector.

According to the declarant, at a meeting of the advisory board of IGEPE that was taking place in a hotel in Maputo City, on August 2, 2013, Mr. Isaías Siteo, Director of the Private Notary of the Ministry of Finance, appeared with the constitutive deed of EMATUM to be signed. The declarant told that she was called by the IGEPE CEO to go and sign the deed.

“I went to meet him outside the meeting room and he was with Mr. Isaías Siteo. He explained that he had received instructions



Declarant Odete Tsamba

from the Minister of Finance (Manuel Chang) for us to sign the Constitutive deed of a fishing company that would be under IGEPE's management." The CEO of IGEPE had already signed the deed and only Odete Tsamba's signature was missing.

The declarant said that she asked the notary Isaías Siteo if everything was in conformity, to which he answered affirmatively. "I signed the deed and didn't have time to read the whole document. No document was required of me because the Private Notary has copies of documents from IGEPE managers. I remember that Doctor Isaías Siteo said he was in a hurry because he needed to go and collect other signatures."

In the minutes of the first ordinary general meeting of EMATUM held on the day the company was created, August 2, 2013, Odete Tsamba's signature appears. Confronted by the Public Prosecutor's Office, the declarant said that she did not attend that meeting and could not remember if when she signed the constitutive deed the minutes of the general meeting were also included. "I don't remember if I signed the

minutes at the time I was asked to sign the constitutive deed of EMATUM."

Besides the election of the social bodies, the general assembly of August 2, 2013 decided to contract a loan for the supply of equipment. Odete Tsamba said she did not have access to these documents. "In 2014, Ms. Cristina Matalvel organized a public event to present EMATUM's business opportunities. I went to the meeting to understand what EMATUM was and what was happening. I went as an individual and not as an IGEPE administrator".

Odete Tsamba has no knowledge that IGEPE would have paid up in cash the social capital it subscribed to EMATUM. After signing the deed, the declarant said she requested EMATUM's feasibility study from IGEPE's CEO, and received it two months later via email.

"In EMATUM I did not have any management role. I did not do any action that was normal to do with the participated companies. In 2014, I received the EMATUM business plan and sent it to the management of the control of the participated companies to issue the competent technical opinion. Later I had access to

the opinion, but I did not participate in the general meeting that discussed the document."

The declarant said that she learned that, in addition to IGEPE, there were other shareholders of EMATUM. "I was informed that other shareholders were EMOPESCA and SISE. That is just the way he talked. He said it was a good project and that I could have my problem with EMOPESCA solved. I was pleased because I believed that it was an opportunity to revitalize EMOPESCA, since it had not been operating for years and only accumulated debts and liabilities. I even thought that EMOPESCA's facilities would be used by EMATUM".

Asked what mechanisms IGEPE had to monitor the performance of the companies it participated in, the declarant said that there was a stake portfolio manager who monitored business plans of four to five companies. "When the managers of the companies had difficulties, they would approach IGEPE to discuss on them. The management of EMATUM was not clear to me, but it had a stake portfolio manager. He was the one who gave the opinion about EMATUM's business plan."



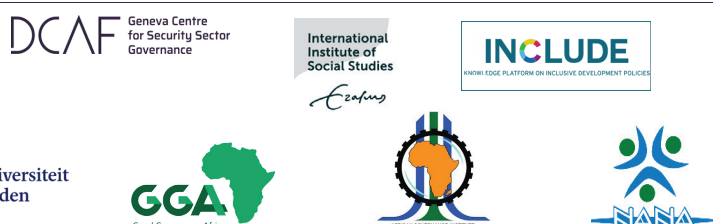
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