

DAY XLVIII OF THE "HIDDEN DBTS" SCANDAL TRIAL

“I had no way of acting otherwise, it was a State project and there was a lot of pressure to expedite the request,” Joana Matsombe, former Central Bank of Mozambique Administrator

- Joana Matsombe is retired from the Central Bank of Mozambique, where she held several positions over the 42 years of work, with particular reference to that of Administrator of the Central Bank of Mozambique, the last position before retiring in 2017.



Joana Matsombe

When the judge began to confront the declarant with statements made by a technician from the Department of Licensing and Exchange Control (Arnaldo Matuassa), she explained that at the time of the facts she was not in charge of this department which was responsible for analysing and authorising external funding to private entities.

“I don’t feel comfortable talking about these issues because it is not my area,” Joana Matsombe said. Still, Judge Efigénio Baptista insisted that the declarant should answer the court’s questions, because in the hierarchy of the Central Bank, she held the third position.

The declarant explained that, to her understanding, only guarantees issued by commercial banks and the Central Bank itself are subject to prior authorisation from the Bank of Mozambique. “No commercial bank should issue guarantees for external financing without the authorisation of the Central Bank of Mozambique”.

However, the issuance of State guarantees does not require prior authorization from the Central Bank of Mozambique, since they are issued by the Ministry of Finance, an entity that is above the Central Bank.

Joana Matsombe confirmed that she was involved in the process of authorising external funding for EMATUM. She explained that after the funding authorisation request was analysed in the Department of Licensing and Exchange Control, the process went up through the hierarchies, starting with the head of service, and going through the director and administrator of the area, until it reached the Governor of the Central Bank of Mozambique.

Since the Governor and the Vice-Governor of the Bank of Mozambique were absent at the time the file was submitted, it fell to her to issue the Order, in her capacity as the third person in the hierarchy of the Central Bank.

“All the files sent for Order by the Governor were submitted to my office. And the EMATUM file was urgent, confidential and there was pressure to Order it. The pressure came from outside, but it was my colleague who was responsible for the area, the administrator Valdemar de Sousa, that told me it was urgent”.

Joana Matsombe authorised the external financing of EMATUM, but she made it clear in her Order that it should be subject to the ratification of the Governor of the Central Bank of Mozambique. “Under normal conditions, I would not issue that Order. There were matters that, in the absence of the Governor, I should not Order them and that of EMATUM was one of them, given the amount of the funding (USD 850 million) and the nature of the project itself”.

Joana Matsombe described the EMATUM process as being *sui generis*, arguing that given its complexity, it would have taken



Joana Matsombe

longer at the Bank of Mozambique. “I don’t remember if the process even took two days at the Bank of Mozambique. The speed was in record time due to the pressure that was being exerted in the issue”.

Normally, requests for external financing authorization take some time at the Bank of Mozambique, because there are procedures and steps that must be followed, such as the need to assess the suitability of the parties, check that interest rates are in line with those practiced in the international market, among other issues.

To a question from the Court, the declarant replied that she had not read the EMATUM financing contract, claiming that it had already been done by the technical teams. “When the file arrive, the first thing we do is reading the opinions and check if there are any issues raised. If the opinions are favourable, we authorise it relying on the good faith of the technical teams”.

The declarant said that after what she saw and heard in the course of the entire trial, she would have a different stance today. “One has to look at this matter at the time it happened. At that time I believed that the people who submitted the file were acting in good faith and working with the best intentions for the Country. Being a civil servant, My feeling was that I was fulfilling my obligation”.

But today, Joana Matsombe defends that, strictly speaking, the EMATUM file should not even have entered the Bank of Mozambique because it did not fall under our responsibilities and it did not comply with the law. “It was a *fait accompli*, the financing contract had al-

ready been signed and the State guarantee had already been issued by the Ministry of Finance. The Central Bank of Mozambique had only to do its role so that the lender (Credit Suisse) could form the belief that the Mozambican State was committed to the matter”.

The opinions that served as a basis for Joana Matsombe to authorise the financing of EMATUM warned of the risk of the project due to the high amount involved and the fact that a State guarantee had been issued. This is because in case the project failed, as later happened, the State would become the debtor and would worsen the public debt.

“There were superior instructions for approving the funding. My colleagues will be able to explain it better. But I had no way of acting otherwise, it was a State project. And I had no way of doubting the State, I had no way of refusing”. The declarant said that she had learned, through colleagues, of the pressure applied by officials from the State Intelligence and Security Service (SISE) for the request to be authorised by the Central Bank of Mozambique.

Joana Matsombe was involved again in the EMATUM issue in 2016, specifically in the payment of an instalment of the debt. “At that time I was working in the management of reserves and markets at the Bank of Mozambique and I had to find money to pay an instalment of the EMATUM debt. The declarant said that in her 42-year career at the Bank of Mozambique, of which 20 years as Administrator in various areas, she did not remember dealing with a process similar to that of EMATUM.

Telma Gonçalves says she suffered psychological pressure from António Carlos do Rosário to speed up the EMATUM request

Telma Bernardete Gonçalves was the second declarant to be heard by the court yesterday. An economist and teacher, she has been retired from the Bank of Mozambique since 2017, when she was a management assistant. At the time of the facts at trial, Telma Gonçalves was the head of services in the Foreign Department of the Bank of Mozambique, where she was responsible for coordinating the sector and the analysis team. She would receive the request files for authorisation of external financing and distribute them to the technicians for analysis and issuance of the respective opinions. Once this work was done, she would also do its analysis and submit it to the management assistant.

She said that the request for authorisation to finance ProIndicus did not enter the Bank of Mozambique through the counter. In fact, she stated that ProIndicus file was hand-delivered to them at the office of the then management assistant of the Foreign Department, Elsa Chambal, by the then Chairman of the Board of Directors of the company, Mr Henrique Matlaba.

"I accompanied my colleague Elsa Chambal to the meeting where she received ProIndicus secret file from Eugénio Matlaba. My boss (Elsa Chambal) told me that the ProIndicus file should not go through the technicians. I should be the one to do the analysis and issue the opinion."

This is how Telma Gonçalves issued a favourable opinion to the financing of ProIndicus. "In my opinion I made reference to the existence of a State guarantee and that was a comfort factor. After my opinion came the opinions of the Management Assistant (Elsa Chambal), the Director of the Foreign Department (Silvina de Abreu), the Administrator of the area (Waldemar de Sousa), until the authorisation of the Governor of the Bank of Mozambique (Ernesto Gove).

The declarant also said that the EMATUM file was also hand-delivered to them by SISE's then Economic Intelligence National Director, António Carlos do Rosário, in the meeting room of the Foreign Department. "There was me and the Director of the Foreign Department, Silvina de Abreu. He was bringing the EMATUM project and explained that it was focused on fishing and selling tuna to be caught off the Mozambican coast. He also



Telma Gonçalves

said that vessels would be imported to catch tuna and weaponry to deal with attacks in the central region". However, the EMATUM financing contract did not mention the purchase of weapons referred to by António Carlos do Rosário.

Telma Gonçalves noted that during the meeting with António Carlos do Rosário, he gave a frightening description of the conflict in the central region of the country. "When Dr Silvina de Abreu said that they should avoid reigniting the conflict, he showed us a photo of Afonso Dhlakama (Renamo leader), accompanied by a white man, on a runway where there was an airplane. He said that Renamo was being financed by foreigners, and we needed to have the means to fight against that".

After the meeting, António Carlos do Rosário made many telephone calls pressuring both the declarant and the then Director of the Foreign Department to speed up the process, as the response was urgent. "In the calls he used to ask: 'Do you want to talk to Rosário or do you want to talk to SISE? I felt sick, it was the first time I was dealing with someone from the intelligence services. I would also get calls from my superiors asking how the process was going. But that didn't influence

my analysis and my opinion".

The declarant said she issued favourable opinions for the authorisation of financing for ProIndicus and EMATUM, considering that the Ministry of Finance is a suitable institution and if it issued State guarantees it is because it had made a background analysis on the relevance and viability of the projects. "I trust the suitability of the Minister of Finance, Manuel Chang, until proven otherwise". Even if the funding authorisation requests were unaccompanied by State guarantees, Telma Gonçalves said her opinions would be favourable. "They were beautiful projects," she said.

Regarding the request for authorisation for the additional financing of ProIndicus, Telma Gonçalves said that on an unspecified date, she was requested to meet with the Governor of the Central Bank (Ernesto Gove), where António Carlos do Rosário was present. It was at this meeting that she and the then Director Samuel Banze received a mission from the Governor to issue a favourable opinion on the authorisation for additional financing for ProIndicus. "On the same day, the authorisation was delivered to Mr António Carlos do Rosário by Director Samuel Banze in the lobby of the building of Bank of Mozambique.



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