

DAY XLV OF THE "HIDDEN DEBTS" SCANDAL TRIAL

Manufacturer of EMATUM vessels failed to comply with recommendations made by Mozambican inspectors in France

- The 45th session of the trial of the "hidden debts" began at 11:00 and would almost be postponed due to the absence of defence lawyers. They were all late. Until the time that Judge Efigénio Baptista entered the tent where the trial is taking place, no defence lawyer was present. And there were no conditions to continue with the work, since the law provides that defendants must have a defender at all sessions.



Lawyers' delay narrowly forced the adjournment of the session

- When the court was questioning the defendants if they knew the reasons for their lawyers absence, Isálcio Mahanjane, the lawyer for Ndambi Guebuza, António Carlos do Rosário, Maria Inês Moiane and Elias Moiane, entered the tent. The court appointed him as public defender for the remaining defendants and thus the session began.
- Early tonight, a power cut delayed for many minutes the beginning of the hearing of the second declarant. And the session was interrupted at midnight... Today, the declarant Felisberto will return to be questioned by the assistant (Bar Association of Mozambique) and the defence lawyers.

- In the afternoon, the session was interrupted for 10 minutes when the judge was informed that the defendant Maria Inês Moiane had fainted in the tent reserved for the defendants. She was rescued and taken to hospital, where she was hospitalized. It is worth remembering that at the beginning of the trial, the lawyer for Maria Ines Moiane tried several times to get a dispensation for his client for health reasons. The report from Maputo Central Hospital, where Maria Ines Moiane was examined on court orders, confirmed that she was ill, but noted that it was not an illness that would make it impossible for her to attend the trial sessions.

- For health reasons, Angela Leão has not attended the trial sessions for a week. It is reported that she was admitted to a hospital and is now in the process of recovery in the Civil Prison of Maputo. Just yesterday, the court had to dismiss the defendant Zulficar Ali Ahmed due to illness.



Silvestre Inácio Soluda, a staff member in the Ministry of Fisheries, worked for EMATUM on the recommendation of the then Minister of Fisheries, Victor Borges. During the period he was linked to the company, from August 2013 to July 2018, he held the positions of Operations Director (2013 to 2014) and Project Advisor (2015 to 2018). The first declarant heard on the 45th day of the trial of the “hidden debts” scandal, Silvestre Soluda said that he was informed by the then Minister of Fisheries that the State was creating a tuna fishing company, and he should join the team.

“At the time I was the Director of the School of Fisheries. I accepted the mission and ceased my duties as Director of that School. The Minister told me that, to get detailed information about EMATUM, I should speak to Dr Ivone Lichucha, who was already working in the company. From my conversation with her, she said that it was a new company and that there was a lot of work to be done. I was very excited about the challenge, besides the fact that the state had been trying to create a tuna fishing company for many years.

The declarant said that when he was appointed to the company, the project had already been designed and the building of boats was already underway. “I was informed by the CEO António Carlos do Rosário that in addition to fishing, EMATUM also included the protection component”. He was also informed that in addition to fishing boats, the company had other assets that were under the management of the Mozambican Navy.

One of Silvestre Soluda’s first tasks was to prepare the registration of the boats and the licensing of the company for fishing. It was then that he discovered that the entire process of building the boats had not been properly authorized by the competent Mozambican authorities. The National Marine Institute (INAMAR), responsible for certifying the safety and seaworthiness of the vessels; the National Institute of Fisheries Inspection (INIP); and the National Fisheries Administration, responsible for fisheries licensing and quota allocation, had no knowledge of the project.

“At INAMAR I found that the project for building the vessels had not been submitted beforehand. INIP should have the layout of the fish handling and processing area on the vessels. Given this situation, we requested a trip to France, where the vessels were being manufactured, to regularise and obtain documents required for licensing purposes”.

The Board of Directors authorised the trip to France, which took place in December 2013. The purpose was to obtain documents and find out about the stage of building of the vessels, the terms and conditions of their delivery in Mozambique, namely unloading and berthing at the Port of Maputo.



Silvestre Inácio Solud

“We wanted to know if the boats would come with fishing gear (hooks, lines and cautionary buoys); whether they included mechanical, refrigeration and electrical; whether they included means of safety for navigation (life jackets and lifeboats and pyrotechnic elements for emergency issues). We also wanted to know about the issue of crew training, since Mozambique has no tradition of longline tuna fishing.

The declarant related that when they returned to Mozambique, they produced a report with recommendations of what should be done. For example, they recommended the recruitment of maritime personnel (masters, sailors, machinists) and support personnel for shore-based fishing operations. To this end, they produced terms of reference for the profile of staff to be recruited.

“Since we had the documents of the technical characteristics of the boats, as well as the equipment installed (navigation and communication means, cold system), I started the application process for registration and licensing. It is following this that a team from INIP was sent to the French shipyard of Constructions Mécaniques de Normandie (CMN), of the Privinvest group, where the boats were being built, to carry out the pre-inspection activity”.

According to him, the team of INIP inspectors found a series of non-conformities and recommended the competent correction. “A minute was produced and signed by the INIP inspectors, by myself as representative of EMATUM, and by a representative of the CMN shipyard, where the parties committed

to correct the non-conformities before the vessels were dispatched to Mozambique.

The operations department, of which the declarant was part, requested the company’s Board of Directors that INAMAR should also be part of the team that travelled to France to carry out the pre-inspection of the vessels. However, the Board of Directors did not approve the request. “So it was decided that INAMAR would assess the vessels as soon as they arrived in Mozambique. Any company that wants to import or have vessels manufactured must submit the building project to INAMAR in order to obtain authorization”.

When the first batch of five vessels arrived in Mozambique, INAMAR and INIP carried out the respective inspections. INAMAR conditioned the registration of the vessels and the issuance of the safety and seaworthiness certificate to compliance with the recommendations it made. In turn, INIP, which had already made a pre-inspection of the five vessels in France, again found that there were still aspects to be corrected, which dictated the carrying out of adequacy works. Of the total of 21 longliner vessels received, only nine were suitable and duly licensed. Twelve were still to be made suitable. “The manufacturer did not correct the non-conformities found by the INIP inspectors in France, despite having made this commitment by signing the minutes”.

The declarant noted that the first five vessels were delivered without gear. The other vessels had the gear, but it was not suitable for tuna fishing. Silvestre Soluda explained that on the trip to France, the EMATUM ope-

rations team (of which he was a member) noted that the batch of vessels included three trawlers. The explanation the team received from the supplier was that the order included the three trawlers for bait fishing, consisting of small pelagics such as sardines and horse mackerel.

"From what I know, these pelagics are not abundant in Mozambican waters, and it is forbidden by law for industrial fleets to drag small pelagics. The appropriate bait for tuna longline fishing is not abundant on the Mozambican coast. It is a very popular bait, which is why we had many difficulties obtaining it. In fact, it was only possible to obtain it with the help of expatriates hired to operate the boats and train the staff. It was a very expensive operation.

In addition to France, the declarant traveled to other countries where some of the vessels' equipment were manufactured, Germany, Japan, and Abu Dhabi. "We went to Abu Dhabi to see the coastal protection vessels that were being manufactured. But when we arrived a 3D video presentation was made to simulate a rescue of pirates victims. The SOS mechanisms shown are common to all fishing and commercial vessels. The maritime safety equipment is also common to all vessels. Therefore, EMATUM's fishing vessels had nothing related to defense and security."

The trip to Japan was made on the eve of the arrival of the first batch of five vessels. "In view of the difficulties we were facing in starting fishing operations, in March 2014 I was part of an EMATUM team that travelled to Japan with the objective of gathering experience in tuna fishing, researching the market, and studying the possibility of staff training." As a result, a Japanese delegation visited EMATUM



Silvestre Inácio Solud

and recommended that tuna for the Japanese market should be kept in freezing conditions of minus 60 degrees Celsius.

On another occasion, EMATUM's operations portfolio travelled to Seychelles and Mauritius in order to gather tuna fishing experience and identify possible partners. "In these countries we met with the authorities of the fishing industry and tuna associations, to whom we presented the purposes of our company. There was a reaction from Mauritius and we received a proposal from a company interested in a partnership or providing services. Subsequently, the company's consultant was invited to come to Mozambique

to present their offer for negotiation. "That exercise culminated in a memorandum of understanding. EMATUM requested that the consultants go to CMN's shipyards in France to survey the vessels, but the builder did not accept that visit."

In conclusion, Silvestre Soluda said that there was a lack of prior preparation of the project. "Mozambique had no experience in tuna fishing. We had about 150 tuna fishing boats in Mozambican waters, and only one had a Mozambican flag. We needed to do the training first and take care of all the issues related to the registration and licensing of the vessels to avoid later adjustment work."

EMATUM had an internal debt of nine million dollars and stopped operating in April 2016 due to lack of money

Felisberto Manuel was the second declarant to be heard by the court yesterday. He was Director of the Executive Committee of EMATUM. "I received a call from the CEO of the Institute for the Management of State Holdings (IGEPE) informing me that I should join EMATUM's management team. I don't know who suggested my name, because at the time she didn't know me and I didn't know her either." I was entitled to a monthly salary of a little over 400 thousand meticais net, including subsidies. "Unfortunately I didn't receive a salary for a year. I left EMATUM in June 2018 and the company is still owing me."

The declarant acknowledged that EMATUM



paid very high salaries to the members of the board of directors, as he stated that the salary sheet was not compatible with the company's activity. "In the restructuring we were going to do, we had as a proposal to lay off all the staff. The salaries were unrealistic. And we wanted to set new salaries compatible with the company's capacity." Until he left EMATUM, the company's restructuring project had not yet been implemented because it was necessary to sign the program contract with the Ministry of Economy and Finance.

To a question from the Public Prosecutor's Office about the autonomy of the fishing boats, the declarant said that the boats were designed with a capacity for 33,000 liters of

diesel fuel. "With full fuel tanks, and considering the size of the engines, the boats could stay at sea between 25 and 30 days. "That also depends on where the vessels are going to fish. If it is Inhambane, they can go fishing at will for 25 days and return to the Maputo Fishing Port safely."

But due to the lack of financial resources to buy fuel, the boats went out to work with only 10,000 liters of diesel fuel. The result: they worked only five days since they had to make four days of round trips. "When the days for fishing are reduced, the operation becomes unviable. The most important thing is the days when the boats are fishing. EMATUM stopped operating in April 2016 due to a lack of money to finance its operations. From that time on, one of the shareholders paid the salaries, but it was late.

When the company management prepared the restructuring plan, EMATUM had a debt of nine million dollars with its suppliers of goods and services. And the biggest slice of the debt was with the main suppliers: PETROMOC (fuel); the MPDC (space for mooring vessels in the commercial port) and EMOSE (insurance for the vessels). "In addition to the nine million dollars we needed to repay the internal debts, there was a need for three million dollars to operationalize the company. So USD 12 million was needed for the restructuring of EMATUM."

Felisberto Manuel said that the company's management made many attempts to find partners, since they had come to the conclusion that the shareholders (IGEPE, GIPS and EMOPECA) had no money to inject into the company. The declarant made it known that he abandoned the project when US-based Erik Prince's company Frontier Services Group partnered with EMATUM and together they created TUNAMAR in late 2017.

"I didn't feel comfortable. There were no conditions to continue working. The environment was not good. As EMATUM board members we were working on restructuring the company, but we learned on the partnership with Frontier Services Group through the CEO Antonio Carlos do Rosario. I only interacted with them once on the phone. The CEO himself made the launch of the partnership between EMATUM and Frontier Services Group. My colleagues and I learned about it through the press.

Asked about the main reasons that dicta-



Felisberto Manuel

ted EMATUM's failure, the declarant pointed to the high amount of debt and the price of each fishing vessel. "EMATUM did not need that USD 850 million amount. If in fact each fishing boat was bought at USD 22.3 million, I would say that the biggest problem lies there. A fishing boat doesn't cost USD 22 million. It costs up to two million dollars. And the fact that we did retrofitting work raised the cost of each boat even more."

Felisberto Manuel said that EMATUM has never had market problems. "We always had buyers. It's just that we didn't have enough product because the boats were not operating at full capacity. This was due to the financial difficulties to finance the operations, especially the purchase of fuel." He also pointed to the high insurance costs of the boats (USD 44,000 per boat/quarter) as another reason that made the company unviable.



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