

DAY XLVII OF THE “HIDDEN DEBT” SCANDAL TRIAL

“Processes for authorising loans were treated differently with confidentiality”, Arnaldo Matuassa, retired technician from the Central Bank of Mozambique

- Arnaldo Matuassa, 52, is retired from the Bank of Mozambique where he worked as a licensing and exchange control technician. When the investigation into the “hidden debts” began, he was the staff member nominated by the Bank of Mozambique to interact with the Attorney General’s Office (PGR). The Department of Licensing and Exchange Control, where he was assigned to, is the Central Bank body responsible for the entry and exit of capital in Mozambique. The declarant confirmed that it is the responsibility of the Central Bank of Mozambique to authorise external financing to private entities, while external loans of a public nature are authorised by the Minister of Finance.



Arnaldo Matuassa

The declarant began by explaining that under the Foreign Exchange Law, guarantees are capital operations subject to prior authorization of the Central Bank of Mozambique, meaning that no private entity should sign guarantees for contracting a foreign loan without the authorization of the Central Bank. The external financing contract must only be entered into after approval by the Central Bank of Mozambique.

Applications for contracting external loans by private entities are submitted to the Department of Licensing and Exchange Control: The file goes to the head of service who appoints a technician to do the analysis and issue an opinion on the process. "The documents return to the head of service and, with the technical opinion and analysis, the file is forwarded successively to the Assistant Director, Director of the Department, Director of the Area and to the Governor of the Central Bank of Mozambique". All the intervening parties are required to give their opinions on the application, but the Governor of the Bank of Mozambique has the last word.

After approval, the application is registered and communicated to the applicant, with the obligation to, within 30 days, attach the signed and certified financing contract. The applicant is directed to proceed with the registration of the loan disbursement. And the entry of capital in the Country is done in two ways: in convertible foreign currency or in equipment and other material goods.

For the registration of capital in the form of foreign currency, the commercial bank receiving the funds shall register it in the foreign exchange registration module of the Central Bank. In addition, if the capital comes in the form of equipment and other material goods, the registration is made at the Central Bank of Mozambique, upon presentation of a single document confirming the entry of such equipment into the country. In both cases, the private capital import bulletin is completed and submitted to the Central Bank of Mozambique.

The disbursement registration allows the Central Bank to control the capital that actually enters the country or is relevant at the time of repayment. In the payment of the debt, only the amount that actually entered the country shall be repaid. The loan capitals should not be sent by entities other than the one that signed the financing contract.

Arnaldo Matuassa said that the authorisation processes of the loans for ProIndicus, EMATUM and MAM had a different treatment and was a confidential one. "The files of other loans authorised by the Central Bank are available for consultation by any technician from the Licensing and Exchange Control



Elsa Chambal

Department. The files of the three companies were kept in the safe and I do not know who had access to them. When the Attorney-General's Office asked for copies of the financing contracts of ProIndicus, EMATUM and MAM, my director, Paulo Mandlate, gave them to me.

During the preparatory inquiry, the Attorney-General's Office invited the declarant to access the files authorising the contracting of the debts by ProIndicus, EMATUM and MAM, and found that all of them lacked a complete opinion.

The declarant said that under the Foreign Exchange Law Regulation, the applicant for authorisation to contract a foreign loan must submit the copy of the proposal of the loan contract and not the signed contract, as the Central Bank of Mozambique has the prerogative to analyse the proposal and give recommendations. Only after the Central Bank of Mozambique's authorisation can the applicant sign the financing contract.

In light of this explanation, Judge Efigénio Baptista explained to the declarant that, in the case of ProIndicus, the financing contract was signed on 28 February 2013 and subsequently submitted to the Central Bank of Mozambique for homologation purposes. He then questioned, "Is this a legal procedure?" Arnaldo Matuassa replied in the negative: "The Foreign Exchange Law and the respective regulations are clear: the applicant can

only sign the financing contract after authorisation from the Central Bank of Mozambique".

Yet yesterday, the court heard Elsa Chambal, a retired employee of the Bank of Mozambique. When the ProIndicus loan was contracted, Elsa Chambal was assigned to the Department of International Relations and Protocol of the Bank of Mozambique. She said she was told by her Director that she would receive in her office a person linked either to the Ministry of National Defense or the State Intelligence and Security Service (SISE). It was Eugénio Matlaba, an official of the Ministry of National Defense and at the time of the facts CEO of ProIndicus, who talked on the Bank of Mozambique authorizing the contracting of external funding for the project of Protection of the Exclusive Economic Zone.

The declarant recalls that she was warned that the matter was confidential, so she had an obligation to maintain confidentiality. The documents relating to the authorization request to contract external funding included an authorization for the issuance of a State guarantee signed by the then Minister of Finance, Manuel Chang. Elsa Chambal explained that under normal conditions, the Bank of Mozambique takes 15 days to answer to a request for contracting a loan abroad. Nevertheless, three days after receiving Eugénio Matlaba, she says she started receiving a lot of pressure and the justification was that the matter was urgent.

Abílio Tomé, INAMAR inspector, can not say if EMATUM was sanctioned for ordering boats without authorization from the maritime authorities

On the 47th day of the biggest financial scandal trial in Mozambique, Abílio Tomé was the first declarant to be heard by the court. He is a naval engineer and inspector, started working for the Mozambican Dredging Company (EMODRAGA) in 1986, and was transferred to the National Directorate of Maritime and Fluvial Transport, later turned into the National Directorate of Maritime Administration and Safety. Currently, Abílio Tomé works at the National Institute of the Navy (INAMAR), where he is a naval inspector.

He confirmed that the process of vessel construction must be communicated to the maritime authorities, namely INAMAR, in order to obtain the competent authorization and the proper monitoring during the manufacturing phase. "When a company applies to INAMAR for the construction of a vessel, it must present the authorization from the entity that oversees the activity (fisheries or maritime transport), descriptive memory, general arrangement drawing, longitudinal section, piping scheme, fuel supply and electrical part, communication system, engine power, source of the vessels components, etc."

In the case of EMATUM, INAMAR was not asked to authorize the construction of the vessels and do the proper monitoring. "They sent a letter requesting the inspection and registration of the vessels when they were already in Mozambique. We requested documents and only after they were delivered did we go to do the inspection. From the inspection made by the INAMAR inspectors, it was found that the vessels had several non-conformities and recommendations were made. INAMAR is a member of the International Marine Organization and must comply with all the conventions of this body.

Among the non-conformities detected on



Abílio Tomé

EMATUM's vessels were the following: "The anchoring system (apparatus that throws anchor) was not working properly; the fire-fighting system had only one pump, against two required; the fuel tank vents were in the crew cabin and not on deck; the drinking water tanks were oxidized; the communications system was faulty; the cabins did not have proper ventilation; set/compensate the magnetic needle because it came aboard another ship; the engine room exit door was too heavy; the doors admitted water inside the ship.

Only after the correction of the detected non-conformities, INAMAR authorized the registration of the vessels. Under normal conditions, when an interested party in manufac-

turing vessels does not comply with the procedures and rules, he is subject to sanctions, which include embargo of the work and application of fines. Asked by Judge Efigénio Baptista if EMATUM had been sanctioned, he replied that he has no information, since this is an administrative matter, and he does not know why in the case of this company it was done differently.

Regarding EMATUM's vessels, the declarant said that they had nothing related to the military defense and security system. "I didn't see anything of a military nature, even the communication system was the normal one. Except that they removed such military equipment when we were going to do the inspection."



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