

DAY LVIII OF THE “HIDDEN DEBTS” SCANDAL TRIAL

Maria Isaltina Lucas: the “shielded” declarant who had everything to be in the dock, but her name is not even in the independent case.

- Maria Isaltina Lucas is an economist and has been a staff member of the Finance Ministry since November 1991, where she has held various posts, including National Director of Treasury, Permanent Secretary of the Ministry of the Economy and Finance and Deputy Minister of the Economy and Finance. She is on the list of public managers responsible for issuing, without any legal basis, the State guarantees that made it possible to finance ProIndicus, EMATUM and MAM, to the amount of two billion dollars.



Maria Isaltina Lucas ao lado do Presidente da República, Filipe Nyusi



Maria Isaltina Lucas ao lado do Primeiro-Ministro, António Carlos do Rosário

- Contrary to information indicating that she was a defendant in an independent case of the “hidden debts” filed by the Attorney General’s Office, Isaltina Lucas said yesterday that she has no knowledge of being a defendant in a criminal or civil case in Mozambique. She only knows that she has one civil suit pending in a Court in London, United Kingdom.
- In addition to her participation in the issue of State guarantees, Maria Isaltina Lucas served on the board of directors of EMATUM as a non-executive director, entitled to a monthly salary of 188 thousand meticaís. In the Privinvest group’s bribery payment spreadsheets, in which she is identified as “Three Kisses”, Maria Isaltina Lucas is noted as having received three (3) million dollars for her role in enabling the illegal loans to ProIndicus, EMATUM and MAM.
- After the outbreak of the “hidden debts” scandal, her name began to be mentioned in the press, a situation that forced the President of the Republic to remove her from her position as Deputy Minister of Economy and Finance in February 2019. When the public opinion believed that the exoneration was aimed at allowing her to be held accountable for the role she played in the “hidden debts”, Maria Isaltina Lucas was again “rescued” by the government of Filipe Nyusi, appointing her as Advisor to the Prime Minister, Carlos Agostinho do Rosário. The civil society criticised the appointment and Maria Isaltina Lucas had to resign. Of all the public managers involved in the “hidden debts”, Maria Isaltina Lucas is the most protected by the government of Filipe Nyusi, which makes her free from prosecution at Attorney General’s Office..
- As Deputy Minister of Economy and Finance, Maria Isaltina Lucas did not inform Minister Adriano Maleiane that, besides EMATUM, there were two other companies that benefited from State guarantees, within the scope of the “hidden debts” contracting. Maleiane only learned of the existence of ProIndicus and MAM when he was negotiating the restructuring of EMATUM’s debt. Faced with this question, Maria Isaltina Lucas said she was convinced that Adriano Maleiane had been informed by his predecessor Manuel Chang, during the handover of portfolios.

The hearing began with the declarant explaining the process for issuing State guarantees. Maria Isaltina Lucas explained that once the State guarantee is issued by the Minister of Finance, there is no intervention by any other institution, except in cases where the financier requests ratification by the Council of Ministers and/or the issue of a legal opinion from the Attorney General's Office. "When it comes to sovereign guarantees, there is no intervention by the Central Bank of Mozambique. But if it is a request from the financier, the Central Bank of Mozambique may intervene".

Regarding the State guarantees issued in favour of ProIndicus, EMATUM and MAM, Maria Isaltina Lucas explained that the requests were submitted by the State Intelligence and Security Service (SISE), always with the classification of secret and urgent, which is why the common procedures were not followed in this type of operation.

The documents were addressed directly to the former Minister of Finance, Manuel Chang, who, in turn, requested the declarant to issue an opinion, in her capacity as National Director of Treasury. "In the first case, namely that of ProIndicus, the request for the guarantee was not made by the SISE General Director. It was handed to me by the Minister of Finance".

The opinion was issued by the former Deputy Director of the Treasury for the Public Debt Area, Piedade Macamo. Following this, the Minister of Finance had to explain that in similar cases of requests for issuance of State guarantees, the opinions should be issued by the declarant (in her capacity as National Director of Treasury), given their secret nature.

The declarant said that she did not issue formal opinions for the three State guarantee request, namely two for ProIndicus (the first worth USD 372 million and the second USD 250 million) and one for EMATUM (USD 850 million). According to her explanation, not issuing a formal opinion means not making it in writing.

From her analysis of the feasibility studies, Isaltina Lucas said she had found that the companies were viable and that the lenders were internationally-renowned banks which had to follow strict financing procedures. She admitted that the guarantees issued for the three companies were above the limits set by budgetary legislation, a fact that under normal conditions would determine a review of the budget law. "But this was not done because these were matters concerning national security".

On the same grounds that the companies



Isaltina Lucas Créditos

Credits: Jornal Domingo

aimed to defend national sovereignty and security, the financing documents were not subject to the prior review by the Administrative Court. Maria Isaltina Lucas said that when MAM documents were submitted, she issued an opinion with reservations that the limits for issuing State guarantees were being exceeded, a position that was supported by the Minister of Finance. Even so, Manuel Chang signed the State guarantee for the financing of MAM, in the amount of USD 530 million.

The declarant understands that SISE set up the three companies, ProIndicus, EMATUM and MAM, to get funding because, as a State security body, it would be very difficult to get funding directly from the banks. In fact, banks require that the protocols on which the requests for financing are based must be commercial and viable.

Questioned by Judge Efigénio Baptista on how the Ministry of Finance monitored the management of ProIndicus, EMATUM and MAM, the declarant explained that the management of funds and procurement is the sole responsibility of the companies receiving the loans. "This is the normal procedure. The Ministry of Finance is never involved in the direct management of funds of public or State-owned companies. Even in the case of projects implemented by the Ministries, the Ministry of Finance is never involved in the direct management of funds. The Ministry of

Finance only requests reports from the project implementation units".

The declarant said she did not remember the companies benefiting from the "hidden debts" submitting reports to the Ministry of Finance, except for EMATUM. "EMATUM was the only one that submitted the audit reports and even published in the press. It was up to the companies to submit reports".

Maria Isaltina Lucas was informed by the defendant António Carlos do Rosário and the former Minister of Finance that EMATUM had both commercial component and defence and security one. "The latter component was confirmed when the Government approved the inclusion in the 2014 State General Account of part of EMATUM's debt, amounting to USD 500 million". But the declarant cannot say what defence and security equipment was purchased with the USD 500 million, under the allegation that she did not see the supply contracts.

As part of the restructuring process of the State business sector, of which EMATUM was part, the Government recommended that a new viability study should be carried out and that ways of making its business viable should be found. "The study was even submitted to the Ministry of Finance and resulted in the separation of the debt, with the State taking over part of the debt, in the amount of USD 500 million".

Maria Isaltina Lucas met and interacted with all the managers of Credit Suisse and the Privinvest group involved in the “hidden debts”

Isaltina Lucas met Jean Boustani, the Privinvest group manager responsible for paying bribes, in Maputo City, through António Carlos do Rosário. “I do not remember the year, but he was introduced to me by Dr António Carlos do Rosário”. The declarant also confirmed that she knew Iskandar Safa, the owner of the Privinvest group. She said she met him in France, during the trip of a delegation from the Ministry of Finance, led by the Minister himself.

“We went to France to interact with several public institutions, such as the Ministry of Trade, the French Development Agency and, finally, we visited the Privinvest facilities”. Asked what the purpose of the visit to the Privinvest facilities in France was, the declarant replied that it was for publicizing that part of the goods ordered by ProIndicus, EMATUM and MAM companies were being produced in France.

She confirmed that she knew the Credit Suisse bank managers, namely Andrew Pearce, Detelina Subeva and Surjan Singh, all involved in the “hidden debts” financial scandal. As with other parties in the case, the three Credit Suisse managers were introduced to the declarant by António Carlos do Rosário.

Maria Isaltina Lucas said she first heard about the project to protect the Exclusive Economic Zone with the defendant Teófilo Nhangumele, during her meeting with him in his office in the Ministry of Finance, at the request of the former Finance Minister, Manuel Chang. “The explanation I received was that the project was aimed at protecting the Mozambican coast. But I did not participate in the preparation of the project’s feasibility study.”

In fact, the first feasibility study was presented to her by Teófilo Nhangumele. To a question from the Public Prosecutor representative, Maria Isaltina Lucas said that she did not recall having heard of the success fee for all those involved in the project to protect the Exclusive Economic Zone.

Confronted with an email sent to her by Jean Boustani, Maria Isaltina confirmed the email address, but she did not remember reading and replying to the subject matter. In the email, Boustani informed about the visit to Mozambique of a delegation from Credit Suisse bank and asked her to confirm the



agenda.

On 10 January 2013, Maria Isaltina Lucas signed the indicative terms and conditions of ProIndicus’ financing of USD372 million together with Victor Bernardo (representing ProIndicus), Jean Boustani (Privinvest), Andrew Pearce and Surjan Singh (Credit Suisse).

Asked in what capacity she signed the terms and conditions of ProIndicus’ financing, if she was not on the company’s board of directors, Maria Isaltina Lucas replied that she did so on behalf of the Ministry of Finance, as guarantor of the financing. “I received the terms and conditions from the hands of the Minister of Finance. That document was not binding on the State, it only served as a basis for negotiations”.

Invited to explain to the Court on what basis the legal opinion of the Attorney General’s Office and the approval of the Administrative Court were waived when contracting the loans for the three companies, the declarant replied that the Ministry of Finance limited himself to issuing the State guarantees. And added that the question about the non-observance of the conditions for financing the companies could be clarified by the former Deputy Director of the Treasury for Public Debt (Piedade Macamo), a person who participated in the negotiations.

To a question from the Public Prosecutor’s Office representative, the declarant replied that she was appointed by the Minister of Finance to join the board of directors of EMATUM, as a non-executive director, between 2013 and 2015. “My role was to monitor the progress of the company through participation in the meetings of the board of directors. She left EMATUM when she was exonerated from her position as National Treasury Director, because she understood that her staying at the company was inherent to those functions. As a non-executive director of EMATUM she had a monthly salary of 188,000 meticaís.

Asked if as an economist she believed that EMATUM would have the capacity to repay the debt of 850 million dollars in seven (7) years, as defined in the financing agreement, Maria Isaltina Lucas explained that the analysis of the viability of the projects was not merely economic and financial, since they also aimed to ensure the defence and security of the country.

Even so, the declarant admitted that from the social object of the companies and the respective viability studies, nothing indicates that they are linked to defence and security. “I was informed by the Minister of Finance and by António Carlos do Rosário that the projects included a defence and security component.”

Chang had failed to issue the State guarantee for MAM, but Maria Isaltina made a second favourable opinion

On 25 April 2015, the former General Director of SISE, Gregório Leão, requested the Ministry of Finance to issue the State guarantee for the financing of MAM, worth more than USD700 million. Maria Isaltina Lucas issued an opinion recommending the issuance of the State guarantee. In his order, Manuel Chang asked that MAM's managers wait and that it was convenient to use other financing mechanisms that do not have an impact on the volume of public debt.

But on 30 April 2014, Isaltina Lucas issued the second opinion which served as the basis for the Minister of Finance to authorise the issue of the State guarantee for MAM, in the amount of USD 530 million. Asked why she issued the second opinion, she replied that she was directed by the former Minister of Finance to meet with António Carlos do Rosário and Jean Boustani after having issued the first opinion. "I made the second opinion based on the arguments that had been put forward in that meeting."

In his order, Manuel Chang wrote that "given that it is a matter that has already been decided, I authorise the issue of the guarantee." Asked if she knew who had taken the decision referred to by the Minister of Finance in his order, Maria Isaltina Lucas

replied in the negative.

To a question if, before issuing the opinion, she had enough time and elements to analyse and make sure that MAM was viable from a commercial point of view to honour the debt, the declarant replied that time was limited and the matter was very urgent. "I did not only analyse the economic and financial viability, but also and above all its purpose, namely the defence of the sovereignty and security of the State."

MAM proposed the issuance of real guarantees to replace the State guarantees, since the issuance of guarantees for the financing of EMATUM had created tension in the relationship between the Government and the cooperation partners financing the State Budget. When asked how the real guarantees would be established, she explained that the companies should previously have contracts or guarantees for the provision of services that should serve as real guarantees with the financing banks.

However, she stated that this objective did not materialise due, on the one hand, to the urgency in financing the projects and, on the other, to the fact that the companies had stated that they would work towards replacing the State guarantee with a real guarantee.

Not even the former Treasury Director was able to clarify the 43 million meticaís transferred from the Treasury to the company Txopela

Regarding the 43 million meticaís that Txopela received from the Treasury, the Mozambican Bar Association (OAM), an assistant in the case, wanted to know the circumstances in which that operation was made. "I don't have the file here, but I have a vague memory of hearing about this company when I was National Director of the Treasury. If such a transfer has occurred, there was a letter of request signed by the applicant, technical opinions and authorisation from the Minister of Finance."

Asked under what circumstances the Treasury is authorised to make payments to private companies, Maria Isaltina Lucas replied in the following terms: "There are several modalities of payment of expenses in the State, but the basic rule is that payments are made directly to suppliers."


And because the issue was not clarified, OAM requested that the National Directorate of Treasury be sent to the Court the file relating to the process that instructs the transfer of 43.6 million meticaís to the company Txopela Investments, as well as the purposes of the operation.



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