



CENTRO DE INTEGRIDADE PÚBLICA  
Anticorrupção - Transparência - Integridade

# COMMUNIQUÉ

## PGR MUST ACT IMMEDIATELY REGARDING THE HIDDEN DEBTS

- **The Kroll Report provides sufficient elements to hold responsible the persons involved**
- **The Government has lied and must be held accountable**

The Center for Public Integrity (CIP) has followed with great interest the publication by the Attorney General's Office (PGR) of the Executive Summary of the Independent Audit Report launched by Kroll UK Inc. regarding the loans to the public enterprises ProIndicus, EMATUM and MAM. It is the first official publication of the Government that aims at explaining the maneuvers of the debts contracted in a hidden way that received guarantees from the very same Government in an unconstitutional way and in violation of the Budget Law.

The summary version made public by the PGR does not identify the names of the main players implicated in this process, but it provides enough information and legal relevance to allow immediate action by the PGR to charge those involved with criminal activities, in what is the largest financial scandal in Mozambique since its existence as a State.

Among several findings in the report, the following are being highlighted because of their seriousness:

- Destination of US\$ 500 million (about ¼ of the total loan amounts) unexplained;

- Diversion of US\$ 713 million (more than 1/3 of the total loan amounts) through over-invoicing of goods;
- Some US\$ 200 million (about 10% of the total loan amounts) spent on commissions paid to banks and other agents who brokered the loans.

There has been virtually no attempt by the Government of Mozambique to collaborate with Kroll in carrying out the independent audit. This fact is repeated throughout the 64 pages of the Executive Summary of the report, in which Kroll complains of the lack of access to sources of information that were essential for the conduct of the audit and clarification of the facts surrounding the hidden borrowings. The lack of collaboration in the provision of information was not exclusive to the Mozambican companies (EMATUM, ProIndicus, MAM), which were the subject of the audit and which, obviously, have an interest in hiding the bad practices that guided this entire borrowing process. The Ministry of Economy and Finance and the State Information and Security Services (SISE), key entities with knowledge about the transactions, also shied away from providing information.

It should be noted that the Director General of SISE, which is considered the “brain” of the operation, was changed and at the time it was believed that this measure was designed to enable Kroll to have access to all the necessary information.

This lack of cooperation therefore reveals that, during the 6 months of the international audit, the President of the Republic and his Government lied to the Mozambican people by stating repeatedly and publicly **that the institutions concerned had every interest in the audit and would therefore fully clarify the dark areas around the case of the hidden debts.**

#### **In view of these findings:**

- It is strange that there are still no visible actions of holding accountable the people involved in this process, as the Attorney General’s Office had received the complete report of the audit over a month ago, although its the summary is only being published now, together with the fact that the evidence needed for accusations in this case (instrução preparatória) was being prepared for over a year;

**- The PGR should take immediate action, bearing in mind that it is the sentinel of criminal action in Mozambique with the role of criminally charging the persons involved, which should include the preventive detention of those who may obstruct the ongoing investigation process;**

- The PGR must, in the pursuit of its functions, preemptively seize the property of all those involved in the proceedings in progress and of those who may be implicated, in order to compensate the State for damages caused by their action in violation of the law;

- The PGR should also hold responsible the institutions that refused to provide information to Kroll that, under a mandate from the PGR, audited the debts. It should be noted that this lack of collaboration constitutes unlawful criminal behavior;
- CIP reaffirms, now reinforced with the information from the summary of the audit report carried out by Kroll, that in approving the registration of the guarantees issued by the State in favor of these debts, the Deputies of the National Assembly legalized the violation of the Constitution of the Republic, thereby legalizing a mockery to the people who elected them and who represent them;
- CIP reiterates that the Mozambican State should not pay the debts contracted by the three companies, since the proceeds did not benefit the State in any way; the guarantees issued in favor of these companies, in violation of the Constitution of the Republic, should become null and void so that they cannot be invoked to justify the payment of the debt by the State;
- CIP demands a declaration from the Constitutional Council of the unconstitutionality of the Resolution approved by the National Assembly that endorses the guarantees issued by the State in favor of the debts of MAM and ProIndicus.

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Rua Fernão Melo e Castro nº 124, Bairro da Sommerschield  
Tel: (+258) 21 499916 | Fax: (+258) 21 499917 Cel: (+258) 82 3016391  
Email: cipmoz@gmail.com  @CIP.Mozambique  @CIPMoz  
www.cipmoz.org | Maputo - Moçambique