



Mozambique settles “hidden debt” on eve of London bribery trial

Mozambique has struck a last-minute [deal](#) to end a high-stakes dispute over Credit Suisse’s role in the “[tuna bond](#)” corruption scandal, which was set to go to trial in London this week. The settlement relates to a controversial maritime project which was funded by undisclosed government-backed loans worth more than \$2 billion, equivalent to 12% of Mozambique’s GDP at the time.

Formally announced on 2 October 2023, the settlement provides welcome relief for the Mozambican government by writing off significant debts owed to Credit Suisse under a loan agreement with the state-owned company ProIndicus which was tainted by grand corruption and kept hidden from the Mozambican people. While the deal would reportedly relieve the Republic of roughly \$500 million in debt, the details of these financial benefits have not been disclosed while the hidden debts under other loan agreements, including EMATUM, remain untouched. It’s essential that the full settlement is published promptly to ensure transparency and enable the public to scrutinise its terms.

While this partial release from an unjust debt is a positive development for Mozambique, the reality is that it does little to address the scale of the [damage](#) caused by this “hidden debt” which devastated Mozambique’s economy, pushed 1.9 million people into poverty, and which will have lasting consequences for generations. The [ultimate cost](#) to Mozambique is estimated to be more than \$11 billion, or \$400 per citizen in a country where the average annual income is \$500.

However, these losses will now no longer be pursued by Mozambique in the scaled back London trial. An important consequence of the settlement with UBS is that Mozambique has dropped its lawsuit against Credit Suisse. In a further major development announced on 5 October 2023, Mozambique dropped its claim for macroeconomic loss against the key remaining defendant, the UAE-Lebanese shipbuilder Prinvest.

The trial will nevertheless [proceed](#) in mid-October to decide the remaining claims involving Prinvest and the sanctioned Russian VTB Bank. Mozambique hopes that their narrowed claims will reduce legal costs in the case going forward, as the Republic is currently [spending](#) £3.5 million a month on legal fees and has racked up \$80 million in costs since filing its claim in London in 2019.

Mozambique claims that Prinvest and its owner, Iskandar Safa, colluded with Credit Suisse bankers to corrupt high-level officials in order to secure Mozambique’s liability under the sovereign guarantees. Prinvest [maintains](#) that payments to bankers and Mozambican officials totalling \$136 million were not bribes or corrupt kickbacks but rather consultancy fees, legitimate remuneration, campaign donations, or investments.

In December 2022, a criminal court in Maputo [found](#) the son of former President Guebeza and 10 others guilty of corruption offences, while former finance minister Manuel Chang [faces](#) fraud and money laundering charges in the US. For its part, Credit Suisse paid approximately \$475 million to UK, US and Swiss authorities to [resolve](#) bribery charges in 2021, and offered Mozambique \$200 million further as debt relief although there is a lack of transparency about how this fits with the recent UBS settlement. While three of its former bankers pleaded guilty to corruption offences in the US, no senior managers who oversaw the unit in which these bankers worked appear to have faced any regulatory or enforcement action in the UK.

The London trial offers a crucial opportunity to get to the bottom of one of the biggest ever bribery scandals and ensure accountability for those involved. The Mozambican people deserve to know who is responsible for the “hidden debt” which has left them bearing the heavy consequences of corruption on a grand scale.

Comment from Mozambican and UK civil society organisations

The Budget Monitoring Forum (FMO, Fórum de Monitoria do Orçamento) in Mozambique considers:

“We are concerned about the fact that the agreement is secret and has not been debated with the Mozambican people. The FMO urges the Government of Mozambique (GoM) to provide information on when all the details of the agreement will be made public, including the monetary benefits that the country will obtain, so that society can assess whether the agreement is fair and serves the interests of Mozambicans. Regardless of whether there is an out-of-court settlement in any of the disputes in the courts, we consider it important that these cases are not archived, and that the Attorney General’s Office (PGR) continues to investigate the crimes that led to the issuance of the hidden debts and shares all information and clarifications with Mozambicans.”

Edson Cortez, Executive Director of the Public Integrity Center (Centro de Integridade Pública) in Mozambique said:

“This agreement is the result of the struggle of Mozambicans who, since the discovery of the hidden debts, promptly opposed the payment of odious debts that did nothing to benefit the Mozambican people. We have won a small battle in the long fight against corruption. There is still a long way to go. While we wait for the disclosure of the agreement to find out how much of the debt has been cancelled, we won't stop fighting so that Mozambicans don't pay a penny of this odious debt. A Luta Continua!”

Tess Woolfenden, Senior Public and Research Officer at UK campaign group Debt Justice, said:

“Only when the details of the settlement are released, will we be able to know the true implications for Mozambique and its people. There should be no further costs for the people of Mozambique who have already paid too high a price for loans mired in corruption and a severe lack of accountability.”

Dr Helen Taylor, Senior Legal Researcher at Spotlight on Corruption, said:

“While the UBS settlement promises some relief from an unjust debt, it represents a fraction of the costs of this corruption scandal that have been estimated at \$11 billion and which have seen ordinary Mozambicans forced into extraordinary levels of poverty. It’s deeply disappointing that Mozambique has dropped its claim against Privinvest for macroeconomic damages. This was the last hope for securing meaningful compensation from the alleged architects of this bribery scheme. It’s essential there is full transparency about the terms of the settlement, and that it is accompanied by publication of a full dossier of the evidence.”

Notes to editors

- The [Budget Monitoring Forum](#) (FMO) is a coalition of twenty-one civil society organisations, promoting the strengthening of the capacity of civil society organisations to participate and influence public financial management processes, through monitoring and advocacy for policies and public services that meet the needs of disadvantaged groups.
- The [Public Integrity Center](#) (CIP) is a non-profit, non-partisan, independent entity created by a heterogeneous group of Mozambicans interested in contributing to the deepening of democratic governance in the country. CIP promotes integrity in the public sphere by denouncing corruption and wrongdoing in general and advocating public awareness and good practices in the management of the common good.
- [Debt Justice](#) (formerly Jubilee Debt Campaign) is a UK charity working to end poverty caused by unjust debt through education, research and campaigning.
- [Spotlight on Corruption](#) is a charity that shines a light on the UK’s role in corruption at home and abroad by scrutinising the UK’s anti-corruption laws and international anti-corruption commitments, while monitoring their implementation and enforcement.

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