

Debt settlement with Credit Suisse based on payment of 142 million dollars

Note of Outrage

Mozambique paid creditors approximately 142 million US dollars (USD), including USD 96 million in local currency obligations and USD 46 million in cash, to settle the USD 522 million loan (referring to Proindicus) as part of the out-of-court settlement with the Credit Suisse, the Swiss bank implicated in the hidden debt scandal.

This information was released by the international press two months after the Ministry of Economy and Finance (MEF) and the Attorney General's Office (PGR) disclosed (October 2, 2023) the existence of an extrajudicial agreement with UBS and other members of the banking syndicate involved in financing Proindicus.

However, the announcement of the out-of-court settlement was just the tip of the *iceberg* because crucial details about the costs and implications of the settlement were skillfully hidden from the public.

The vague statements by the MEF and PGR about a motivation based on the need to "mitigate risks and costs inherent to judicial litigation", at the time amounting to USD 80 million, did not dispel the FMO's concerns.

From the beginning, the FMO expressed great concern that the Mozambican government was hiding crucial details of the agreement with UBS. This concern was reinforced in light of LAZARD's involvement in the negotiations. It should be remembered that the FMO had already warned of the possibility of conflicts of interest arising from LAZARD's connections and debt securities with UBS.

Thus, the FMO:

1. Expresses surprise, concern and indignation at the settlement of the debt through the extrajudicial agreement based on a payment of 142 million dollars;
2. Does not agree with the fact that the Mozambican Government hides crucial details of the agreement with UBS;

3. Reiterates that this "secret agreement" not only exempts UBS from any responsibility for the hidden debts, but also leaves the Bank exempt from responsibility for its role in the fraudulent scheme that resulted in the loans, granting it a bonus of 142 million dollars;
4. Warns about the disadvantage of the agreement and questions the reasons that led to the omission of part of the terms of the extrajudicial agreement in the publication made to the Boletim da República (Resolution n°. 34/2023 of September 14);

5. In this context, the FMO:

5.1 Demands that the Government fully disclose the terms of the agreement and explain to Mozambicans, in detail, the reason for paying 142 million on a debt considered illegal and the consequences for the Mozambican people in the present and future;

5.2 Urges the Government to clarify the origin of the funds used to pay the UBS, especially considering the current context of scarcity of resources to finance public expenditure, harming the social sectors, which have a direct impact on the quality of life of Mozambicans;

The FMO will continue to monitor developments surrounding these illegal loans that have generated an unprecedented negative impact on the Mozambican economy and society, and will continue to inform Mozambican women and men about developments in this process and the respective implications for their lives.

Maputo, January 18, 2024

