

WHERE IS THE 200 MILLION DOLLARS OF DEBT RELIEF?

Government never commented on Hidden Debt Relief

- Credit bank Suisse was fined US\$475 million for its involvement in granting US\$1.3 billion in illegal loans;
- Part of this fine included the relief of 200 million dollars of Mozambique's debt by the Credit Suisse, as part of the penalties imposed by UK Financial Conduct Authority (FCA).
- Despite the bank having agreed to the forgiveness, the Mozambican government remains silent and the reports do not report any change in the amounts owed to Credit Suisse.



The Credit Suisse bank faced a series of accusations of corruption and negligence related to illegal loans granted to Mozambique, worth around 1.3 billion US dollars (USD), with state guarantees. As a result of these illicit practices, the bank was fined a total of USD 475 million by authorities in the United States (US) and the United Kingdom (UK).

This fine included the payment of USD 175.5 million to the United States Department of Justice, USD 100 million to the United States Securities and Exchange Commission (SEC) and USD 200.6 million to the United Kingdom Financial Conduct Authority (FCA).

As part of the agreement with the FCA, Credit Suisse agreed to forgive USD 200 million of Mozambique's debt, a measure that, in a way, minimized the sanctions imposed on the bank. In the resolution with the FCA, Credit Suisse agreed that its UK operations were not conducted with due skill and diligence, and it did not take reasonable care to organize and control its affairs responsibly and effectively, with adequate risk management systems ¹.

However, while Credit Suisse made the commitment, the Mozambican government remains curiously silent regarding this relief, repeating the hidden stance that characterized the contraction of the illegal debts.

Recently the Government and the Swiss Bank reached another “secret agreement” regarding the debt granted by that bank, but it also makes no mention of the forgiveness of 200 million dollars.

Surprisingly, even the most recent reports from the Ministry of Economy and Finance (MEF) do not² reflect this relief, and the debt owed to Credit Suisse (EMATUM, designated MOZAM 2032) remains valued at 900 million dollars, the same value stipulated in 2019, at the time of its restructuring ³.

The EMATUM debt, which continues to represent around 9% of external public debt, represents a high risk for the country, exposing it to exchange rate fluctuations that can drastically inflate the value of the debt.

¹ [Credit Suisse Group settles concerns for legacy issues with regards to Mozambique and resolves the case on past observation activities - Credit Suisse \(credit-suisse.com\)](#)

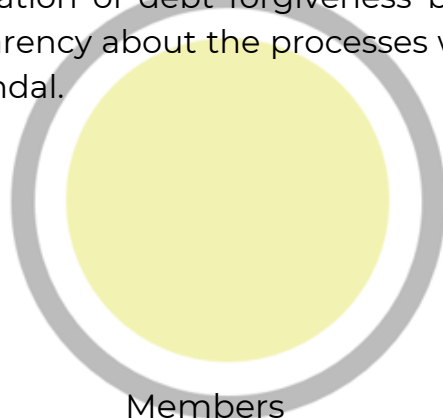
² <https://www.mef.gov.mz/index.php/publicacoes/politicas/gestao-da-divida-publica/1950-boletim-da-divida-publica-ii-trimestre-2023/file>

³The restructuring cost the coffers USD 40 million in consent and exchange payment fees, and increased the value of previously designated debt securities by USD 726.52 million to USD 900 million.

In addition to the capital payment of 900 million dollars, there is biannual interest to be paid until 2031. Interest is set at a rate of 5% during the period from 2018 to 2025, and at a rate of 9% during the period from 2026 to 2031. Interest payments have already consumed USD 224.5 million from the State's coffers and could represent an additional cost of 620.7 million by 2031.

This financial burden represents not only an injustice to the Mozambican people, but also a serious threat to economic stability, compromising the government's ability to invest in priority sectors and respond to possible crises, in a context in which external aid has been weakening.

Given this scenario, the Budget Monitoring Forum (FMO) urges the Mozambican government to issue a public statement clarifying to the Mozambican people the stage of operationalization of debt forgiveness by the Credit Suisse and demonstrating full transparency about the processes with creditors associated with the hidden debts scandal.



Members



CONTACTS

<p>Author : FMO Address: Rua Gil Vicente, Nr 52; Maputo, Mozambique; Email: rosc@rosc.org.mz ; Web site: www.fmo.org.mz ;</p>	<p>Coordination members: ROSC – Civil Society Forum for Children’s Rights OCS – Citizen Observatory for Health FDC – Foundation for Community Development CESC – Civil Society Learning and Training Center NWETI – Communication for Health</p>
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