

LONDON COURT JUDGMENT ON THE HIDDEN DEBTS SCANDAL

A GREAT VICTORY THAT DOES NOT CLOSE THE CHAPTER OF CRIMINAL LIABILITY OF THOSE INVOLVED

In a judgment handed down today, 29 July 2024, the Court of Justice of England and Wales, under the direction of Judge Robin Knowles, ruled in favor of the Mozambican State. This decision comes after a case initiated in 2019 by the Attorney General's Office, which aimed to recover losses caused by illegal guarantees.

The sentence reaffirms that Mozambique was seriously harmed by this financial scandal, living up to the FMO's position on the illegality of the debts and the need to restore justice in favor of Mozambican citizens. The court recognized that the Privinvest Group, through its leaders Iskandar Safa and Jean Boustani, had paid significant bribes to guarantee the execution of the guarantees associated with the loans from Proindicus, EMATUM and MAM.

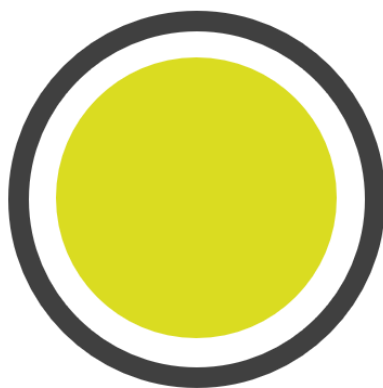
The Privinvest Group was ordered to pay around USD 1.9 billion to the Mozambican State, an amount that includes the amounts already paid by the State under the guarantees, in addition to interest and associated fees. This amount also covers Eurobonds and transaction agreements established with several financial institutions, including VTBC and BCP.

This decision opens space for reducing the burden on Mozambicans in payments assumed in agreements with hidden debt creditors, but it still does not comprehensively address all the social and economic effects that Mozambique has faced since the start of the scandal. Although London's decision is a significant step towards mitigating the financial damage and improving the situation of the country's public debt portfolio, the repercussions of the hidden debt scandal on its economy and social fabric were not reflected.

However, the FMO welcomes the commitment of the Attorney General's Office to continue to combat corruption and hold all those involved in criminal practices accountable, in addition to seeking reimbursement of legal expenses.

This victory, however, does not close the chapter on criminal liability for those involved, so that situations like these never happen again.

The FMO also reiterates the need for transparency in the reversal of the amounts that will be returned to the country, including those of Manuel Chang. The funds must be applied to reducing the burden of public debt and freeing up fiscal space for investments in social sectors, aiming to improve the living conditions of Mozambicans.



Members



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