

## Council nullifies Mozambique's secret loan

The constitutional council has declared that the 2bn Euro loan to Mozambique is null and void. As previously reported in [Legalbrief Today](#), former Finance Minister Michael Chang in 2015 instructed Swiss bankers Credit Suisse in an official government letter to pay out the loan, not to the Mozambique Central Bank, but into the bank account of commercial broker in Abu Dhabi. In return for the loan, Mozambique was supplied with 21 long liner tuna boats and three trawlers. The council ordered 'the nullity of the acts inherent to the loan contracted by Ematum SA, and the respective sovereign guarantee granted by the government in 2013, with all legal consequences'. **The ruling means all three of the loans in the package are null and void and that the government guarantees are illegal.** The case was brought by the civil society coalition the Budget Monitoring Forum (Forum de Monitoria do Orçamento) which has taken the lead in the campaign against the secret debt.

*In an unrelated matter, Mozambique's former Transport Minister Paulo Zucula has been arrested on suspicion of taking bribes* from the Brazilian construction company Odebrecht which was involved in the construction of the international airport in the northern city of Nacala. **Prosecutors allege that Odebrecht paid a bribe of \$315 000 to Zucula, who served under President Armando Guebuza.** A second \$250 000 bribe was allegedly paid to Chang. A report on the [allAfrica](#) site notes that Chang is already under detention in SA and is awaiting extradition back to Mozambique. A businessman and architect of Italian descent, resident in Maputo, Emiliano Finocchi, was also detained in Maputo, apparently in connection with the same case. Odebrecht admitted, in 2016, that it had paid bribes, equivalent to \$439m in 11 countries, including Mozambique. The report notes that the charges were brought by the US, Brazilian and Swiss authorities, and the two companies settled the case by agreeing to pay a combined fine of \$3.5bn.