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Conference

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# The New Debt Crisis



**Structural adjustment, loans,  
corruption and profits —  
the case of Mozambique**

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**Saturday 18<sup>th</sup> November 2017  
Basler Afrika Bibliographien (BAB)  
Klosterberg 23, 4051 Basel**

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A new debt crisis is looming and threatens to force African governments to surrender their sovereignty to international financial institutions and to accept structural adjustment programmes that impose reductions in their social spending. Two factors are held responsible for this new surge of indebtedness after the partial debt cancellation of 2000 (HIPC Initiative): 1) the sharp fall of commodity prices after the 2008 crisis and 2) the massive flow of capital to high-interest countries in the South—against the background of low interest levels in the North. In this context, loans are offered without due diligence against the promises of prospective gains from the extractive industry. In many cases, loans are contracted in order to construct infrastructural projects in connection with the extractive industry. African governments received USD 32.8 billion in loans in 2015 but paid USD 18 billion in debt interest and principal payments in the same year.

A case in point are the loans amounting to more than USD 2 billion given to three Mozambican shell companies by the banks Credit Suisse and the Russian VTB. These loans were secretly granted against a government guarantee without the Parliament's knowledge. They entail serious consequences for the country as a whole and the poor in particular, such as inflation, exchange rate losses, loss of trust and aid from donor countries, downrating as a debtor (implying even higher interest rates), budget cuts for social services, health and education, decline of democracy and increased corruption levels.

The objective of the conference is to understand the mechanisms of indebtedness and how the latter curtails the policy-making capacity of indebted countries, increases poverty and inequality and prevents true development. Perspectives for political activities shall be explored in a conversation between experts, activists and politicians from Europe and Mozambique in order to counter the above mechanisms of indebtedness. As the legal seat of Credit Suisse and as one of the donor countries, Switzerland is called to critically reflect her role and to tackle the problem.

Cover picture: The open and hidden loans that caused the massive debts of Mozambique were geared to establishing, on the one hand, a tuna-fleet (EMATUM, background) and, on the other hand, a coast guard (Proindicus, foreground) as state companies. Those in charge of securing this second, secret, loan expected to keep the lucrative protection of future offshore-operations a national business. Creditors, too, apparently considered this a highly profitable and secure investment. A week after the picture was taken, the IMF suspended the country over the undisclosed sum (picture: Maputo docks, 22.4.2017, STRINGER/AFP/Getty Images).

## Saturday 18<sup>th</sup> November

8.30	Registration and Coffee
9.00	Welcome
9.15	The global sovereign debt system: How it works and what needs to be done about it <i>Jürgen Kaiser</i> , Coordinator <a href="http://erlassjahr.de">erlassjahr.de</a>
10.15	Break
10.45	Did donors and lenders guide Mozambique's elite down the rent-seeking road? <i>Joseph Hanlon</i> , London School of Economics and Open University Respondent: <i>Elísio Macamo</i> , Centre for African Studies Basel
11.45	The impact of the new debt crisis on Mozambique, perspectives for change, risks and opportunities <i>Carlos Nuno Castel-Branco</i> , Institute for Social and Economics Studies IESE Respondent: <i>Elísio Macamo</i> , Centre for African Studies Basel
12.45	Lunch break
14.00	Switzerland—Mozambique, a longterm relationship: Reviewing International Cooperation, Banks and Politics  The secret loans and stopping budget support, perspectives for the future cooperation <i>Gerhard Siegfried</i> , SDC  A coherent foreign policy—conflicting interests as a challenge <i>Swiss Parliamentarian, Susanne Leutenegger Oberholzer (asked)</i>
15.00	Break
15.15	Panel discussion
16.45	Closing

## Further Information

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### Documentary

*Maputo—Ethnography of a Divided City (2015)*

By João Graça and Fábio Ribeiro, Mozambique (74 min)  
Portuguese, English subtitles

Rapid urbanisation is one of the most dramatic developments on the African continent, often yielding contrasting and shocking images of affluent businesses and residential districts alongside sprawling shanty-towns or slums. The Mozambican film studio ANIMA. Estúdio Criativo has produced one of the most comprehensive expositions of one of Africa's divided cities. Their focus on the people inhabiting the city's so-called bairros provides a privileged view of the way in which symbolic and material boundaries of various urban spaces are contested and negotiated.

Friday, 17<sup>th</sup> November, 18.30

Basler Afrika Bibliographien, Klosterberg 23, Basel  
Free admission

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### Subscription

Until 14<sup>th</sup> November to:

[afrika-tagung@unibas.ch](mailto:afrika-tagung@unibas.ch) or to KEESA, P.O. Box 195,  
4005 Basel, Phone +41 61 681 80 84 (fepa)

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Fees: CHF 50.–/CHF 25.– (students)

To be transferred until 14<sup>th</sup> November to PC 30-494115-9,  
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4005 Basel, or cash at the conference; Lunch not  
included.

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