



Department
for International
Development



Rory Stewart OBE MP
Minister of State

Tim Jones
Jubilee Debt Campaign
The Grayston Centre
28 Charles Square
London
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18 July 2017

Dear Tim,

Thank you for your email of 30 June seeking a response to the Jubilee Debt Campaign's call for the UK government not to support a bailout from the IMF for Mozambique's secret lenders.

Following the confirmation of undisclosed state-guaranteed 'hidden loans' in April 2016, the UK suspended all financial assistance delivered directly through Government of Mozambique systems. The IMF suspended its credit facility and other donors suspended their budget support.

An independent audit of the hidden debts was a key demand from the IMF and other donors as part of a process to restore trust and transparency. The publication of the audit summary at the end of June is a welcome step in that process, particularly in light of the challenging context for an audit. Like your supporters however, we maintain serious concerns about the limited disclosure of information and the lack of accountability of those involved in the process.

A decision on whether to repay the debts rests ultimately with the Government of Mozambique and the companies concerned. An IMF programme can only be part of a solution to addressing the debt crisis and progress on this will need to take account of the Government's own plans and actions. The UK will continue to work with the IMF and the donor community to help restore macro stability in the country, but placing emphasis on the need for transparency and accountability. UK Government officials continue to offer advice and support to the Mozambican prosecutor's office for furthering its investigations.

Our priority remains supporting the people of Mozambique, who are some of the poorest in the world, and tackling poor governance is critical to encouraging stability and inclusion. As a member of the IMF board, the UK will take into account the impacts of any future proposed programme on poverty reduction prospects for the country.

We welcome the Jubilee Debt Campaign's ongoing efforts to achieve greater accountability on this issue and my officials in DFID would be pleased to set up a further discussion in the coming weeks to talk through your campaign.

Yours sincerely

A handwritten signature in blue ink that reads "Rory Stewart". The signature is written in a cursive, flowing style.

RORY STEWART