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OIG INVESTIGATION REVEALS SMALL-SCALE FRAUD BY A SUPPLIER FOR A GLOBAL FUND TB GRANT TO BURKINA FASO

An investigation by the Office of the Inspector General (OIG) has found evidence of small-scale fraud on the part of a local supplier. It also found that the principal recipient (PR) of a TB grant did not take appropriate action in awarding a contract to the supplier and in responding to the fraudulent activities once they became known.

 A [report](#) of the investigation was released on 1 September 2017. The investigation was carried out earlier this year.

According to the OIG, in June 2014 the supplier, Sogedim-BTP Sarl, delivered 35 counterfeit, low quality motorbikes valued at € 73,661, to the PR, the Secrétariat Permanent du Conseil National de Lutte Contre le Sida et les IST (SP-CNLS). The motorbikes were needed to provide community services to people affected by TB.

The motorbikes were never used. After they were delivered in June 2014, they were put in storage because they had the wrong license plates. While the motorbikes were in storage, a sub-recipient raised concerns about the deteriorating quality of the bikes. The PR arranged for an independent evaluation of the motorbikes. The evaluation confirmed that the bikes were counterfeit. According to the OIG, in November 2014 the PR requested that Sogedim provide a certificate of authenticity; Sogedim did not comply. In February 2015, the PR asked Sogedim to replace the motorbikes; again, Sogedim refused.

The country team at the Secretariat was not alerted to the problem by the PR until July 2015, one year after the counterfeit motorbikes were delivered. The Secretariat did not report it to the OIG until December 2016, 18 months later. The OIG said that a lack of understanding of when to report such issues

contributed to the delay, despite the fact that the Global Fund has clear policies in this regard.

The OIG said that Sogedim did not cooperate with reasonable requests for information from the Global Fund during the investigation.

With respect to the PR, the investigation found that:

- the PR neglected to incorporate the terms and conditions of the Global Fund’s Code of Conduct for Suppliers in the contract with Sogedim despite the fact that it was required to do so under the grant agreement;
- the PR did not provide a clear description of the motorbikes in the purchase contract;
- the PR did not include a clause in the contract requiring Sogedim to provide a certificate of authenticity for the motorbikes;
- the PR did not include provisions in the contract that would have allowed the PR to hold the supplier accountable for the final product; and
- once the fraud was revealed, the PR was unable to demonstrate to the OIG that it took prompt and appropriate remedial actions.

The OIG recommended that the full amount of the loss (€ 73,661) be recovered. In a message attached to the investigation report, Marijke Wijnroks, the Global Fund’s Interim Executive Director, said that the Secretariat “will seek recovery of funds spent on the counterfeit vehicles, and take appropriate action against the supplier.”

The TB grant in question, BUR-810-G11-T, ended in May 2015 and is currently in financial closure. The PR, SP-CNLS, is not managing Burkina Faso’s current TB and HIV/TB grants.

The OIG said that the Secretariat has considerably improved risk mitigation measures for the Burkina Faso portfolio since the procurement of the motorbikes, in response to an [earlier investigation](#) by the OIG, published on 30 October 2015 (see [GFO article](#)). The earlier investigation revealed large-scale procurement of counterfeit long-lasting insecticide-treated bed nets by a government PR in 2010. The enhanced risk mitigation measures include the following:

- procurements of all health products for Burkina Faso are carried out through the Global Fund’s Pooled Procurement Mechanism (PPM);
- local procurement of all major non-health products is channeled through independent third parties like UNICEF and UNOPS; and
- a fiscal agent is now verifying and providing assurance on program implementation more proactively than was the case previously.

The earlier investigation revealed non-compliant expenditures of € 9.1 million. The OIG said that the government has already paid back € 1.57 million and will pay the remaining amount in annual instalments through to September 2020.

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