



Independent observer
of the Global Fund

MISUSE OF COVID-19 FUNDS UNDERMINES THE FIGHT AGAINST COVID-19 PANDEMIC

While the world is busy fighting the COVID-19 pandemic, some countries are facing an ‘epidemic’ called corruption. Concerns about the misuse of public funds, including those from international donors, have been reported in some countries, particularly in the emergency procurement of medical products for the COVID-19 response. Since COVID-19 found many countries ill prepared, most resorted to emergency procurement of medical supplies to combat the pandemic. For some people, especially those entrusted with the responsibility of public procurement, the situation offered significant opportunities for corrupt deals.

In this article, we highlight corruption and the misuse of public funds in Bangladesh, Brazil, Kenya, Somalia, South Africa, Uzbekistan, and Zimbabwe with regard to the purchase of medical products necessary to combat COVID-19.

Incidents of misuse of public funds meant to fight COVID-19

According to [the Intercept](#), in Brazil, the Ministry of Health awarded Farma Supply, a company without experience in hospital supplies but with close ties to the President, two contracts to purchase surgical masks without public competition. Although the Ministry acted within the [federal law no.13 979](#), of 6 February 2020, which allows for emergency purchases without bidding, it opted to offer the contracts to Farma Supply despite offers from other companies to purchase the masks at a significantly lower price. Furthermore, the company charged 12 times the market price for purchasing the masks.

According to the [Citizen Digital](#), in Kenya, there are claims of graft at the Kenya Medical Supplies Authority (KEMSA), the agencies mandated to procure, store, and distribute medical supplies in the country. KEMSA’s officials have been accused of flouting procurement regulations, which saw the

authority procure personal protective equipment (PPE) and other COVID-19 supplies at double the price. This was not only the misuse of public funds but also donor funds meant to help the country fight COVID-19.

Kenya is one of 102 countries that have received funding from the Global Fund to fight COVID-19. Unlike other countries, Kenya does not use the Global Fund's pooled procurement mechanism (PPM) but rather uses KEMSA to procure medical products with Global Fund grants. When KEMSA works well, it actually gets lower prices for antiretroviral therapy (ARVs) than the PPM, as highlighted by [the 2018 audit of Global Fund grants to Kenya conducted by the Office of the Inspector General](#). The country also received significant funding from the United States Agency for International Development (USAID) and other donors. Both the Global Fund and USAID have [threatened to withdraw funding due to the scandal](#).

According to [the Daily Nation](#), the KEMSA board suspended the Chief Executive Officer, the Head of Procurement, and the Commercial Director on 14 August 2020, to allow the Ethics and Anti-Corruption Commission to investigate a controversial 7.7 billion KES (\$71.3 million) tender for the procurement of PPE. The Senate Health Committee, a parliamentary committee in one of the houses of Parliament of Kenya, is also investigating the scandal. The Cabinet Secretary for Health had already appeared before the National Assembly Health Committee on 17 August 2020, to explain the Ministry of Health's involvement in misappropriation of COVID-19 funds.

[The Daily Nation](#) also reported that in Somalia, Health Ministry officials stole funds meant for efforts to contain COVID-19. As a result of the theft, the Ministry of Health could not account for almost \$45 000. Consequently, four officials of the Ministry of Health were found guilty of the offence and charged in a Somali court of law. The Director-General of the Ministry of Health was convicted first and sentenced to jail for nine years. The court then sentenced the Director of Administration in the Ministry of Health to prison for 18 years, and the head of the Health Awareness Project for 12 years. The court also fined them \$23 666 each. The head of the Malaria and HIV/AIDS Department was sentenced to three years in prison and fined \$1 183. The jailing of corrupt officials is a good deterrent for those who contemplate stealing public funds.

According to [Polity](#), in South Africa, the National Education, Health and Allied Workers' Union (NEHAWU) has expressed corruption concerns connected with the purchase of PPE. The Union notes that the government contracted a construction consortium to supply surgical masks to the Western Cape Province at the cost of R38 million (\$2.22 million, \$1 is about R17.12). However, the construction consortium charged R16.16 per surgical mask and R2 300 for 100 digital thermometers, which is higher than the National Treasury benchmark of R11.50 per surgical mask and R992 for 100 digital thermometers.

A forensic investigation unearthed corruption in the procurement of PPE in KwaZulu-Natal. [The Mail & Guardian](#) reported that the Department of Social Development purchased 48 000 poor quality blankets at the cost of R22 million without tendering. Also, the purchase was made through several middlemen and not directly from manufacturers. According to [Reuters](#), South Africa's anti-corruption watchdog is investigating irregular procurement tenders issued for the purchase of medical products to help the country fight COVID-19. NEHAWU called for the President and Treasury to lead the fight against fraud and corruption in the health sector. The union has called for the centralization of the procurement of PPE, as individuals with corrupt tendencies had infiltrated the decentralized system.

According to [the Zimbabwean](#), in Zimbabwe, government officials have been accused of engaging in COVID-19 corruption, pilfering funds meant to fight COVID-19. The Zimbabwe government contracted Drax Consult, a Dubai-based company closely linked to the President's son, to supply medical products to combat COVID-19 at the cost of \$60 million. The Ministry of Health and Child Care supported the deal, but were overcharged for the medical supplies by more than \$500 000, according to [the Zimbabwean](#).

The scandal attracted the attention of the United States (US), which has provided grants to Zimbabwe to fight COVID-19. The US embassy in Harare [tweeted](#) that, “in a pandemic, corruption has a human cost. Every dollar lost to the corrupt is a dollar stolen from the Zimbabwean people. Transparency saves lives.” The Zimbabwe Anti-Corruption Commission is investigating the involvement of senior government officials in the scandal.

According to Tanzila Narbaeva, the Chair of the Senate of Uzbekistan, the Ministry of Health’s employees working in the Department of Sanitary-Epidemiological Surveillance were accused of embezzling \$171 000 meant to contain the spread of COVID-19. This was part of the \$1 billion that the government set aside in March to set up medical centers and quarantine facilities. The embezzlement of funds occurred even after Uzbekistan resorted to [borrowing more than \\$1 billion](#) to increase funding to combat COVID-19. The country also received donations from international financing institutions, such as the International Monetary Fund, Asian Development Bank, and the World Bank, to boost their efforts to fight the pandemic.

A Transparency International [study](#) revealed corruption and a lack of transparency in the procurement of medical supplies for the COVID-19 response in Bangladesh. Specifically, the study found that the procurement of surgical masks and other medical equipment was fraught with corruption. There were also attempts to cover up irregularities, corruption, and mismanagement, as only the senior officials knew about the procurement process. Furthermore, the medical supplies were substandard and priced at five to ten times their value.

Impact of misuse of COVID-19 funds

Besides derailing the fight against the pandemic, corruption and misuse of COVID-19 funds can lead to the loss of lives, especially those of frontline workers who rely on PPE while on duty. The World Health Organization Director-General Dr. Tedros Adhanom Ghebreyesus said in a press briefing on 21 August that, “Any type of corruption is unacceptable. Any level or any type of corruption is unacceptable. However, corruption related to PPE, lifesaving ... for me it is actually murder. Because, if health workers work without PPE, we are risking their lives and that also risks the lives of the people they serve. So, it is criminal, and it is murder.”

Actions to combat misuse of funds for COVID-19 response

To combat the misuse of public funds meant to fight COVID-19, [Transparency International](#) recommends the following:

- To promote transparency in public procurement, governments should make the procurement process open and online.
- Governments should protect whistleblowers and encourage whistleblowing.
- Governments should protect the freedom of speech and press and encourage the exchange of factual and reliable information.
- International financiers should include resources for oversight and accounting in development aid. Governments should provide proper auditing mechanisms and provide open, transparent, and regular communication to donors on the use of funds provided.

There is a need to strengthen country accountability structures so that they can be proactive in fighting corruption and prevent misuse of public funds. Additionally, it is high time civil society holds governments accountable for the use of resources directed to COVID-19.

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