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AN OFFICE OF THE INSPECTOR GENERAL INVESTIGATION REPORT ON THE AWARDING OF CONTRACTS TO THE MUTAMBARA FOUNDATION IN ZIMBABWE REVEALS FRAUDULENT ACTIVITY

In November 2015, the Fund's Sourcing Department (which is responsible for procurements carried out by the Global Fund Secretariat for its operational expenses), alerted the Office of the Inspector General (OIG) to an anonymous email that alleged professional wrongdoing on the part of the Director of the Mutambara Foundation in Zimbabwe. The Mutambara Foundation at the time, was a for-profit consulting firm which billed itself to the Fund as a foundation that "carries out research and advisory services for global companies and institutions in the science, technology, health and education sectors, with particular expertise and emphasis on the African continent".

Investigation launched

The OIG subsequently launched an investigation into the award of two consultancy contracts by the Sourcing Department to the foundation. These contracts were concerned with information and analysis on the detection of counterfeit medicines in Global Fund-financed African supply chains.

The first contract was awarded to the foundation in December 2013 (total value: US\$155,000). The second contract (total value: US\$36,000) was awarded to the Director of the foundation personally, who had, in December 2014, been invited by a member of the Management Executive Committee (MEC) of the Global Fund on behalf of an international alliance's health initiative, to be a member of their high-level expert panel. (Note: the Director of the Mutambara Foundation was first introduced to the Sourcing Department whilst he was serving as a Deputy Prime Minister of Zimbabwe from 2009 to 2013.)

Furthermore, in addition to the paid consultancy work, the Director also did work at the request of the Global Fund for which he was not paid.

The OIG reviewed the work product submitted under the two contracts due to the concerns of a Global Fund Sourcing Department manager that the Mutambara Foundation may not have been the real author. In addition, the OIG reviewed the procurement process for the award of the two contracts in part, due to the variance in rates (US\$4,000 per day vs. US\$250 per day) paid under the two contracts.

For the first contract, the foundation was paid US\$115,000 in consultancy fees for four written documents. The OIG's review of these documents determined that a substantial portion of the written work was not the original work of the Mutambara Foundation and that the original sources of the work were not credited. The OIG found that all of the work submitted by the foundation under the first contract contained a substantial amount of text, charts and images that were taken from other material already published. Subsequently through the ensuing investigation, the Fund determined that both the foundation and its director fraudulently obtained payment from the Fund by submitting work that it falsely misrepresented as its own.

The vast majority of the plagiarized material in fact, was taken from a 2013 copyright-protected book that covers issues related to substandard and falsified medicines. The book is available for free download on the internet found [here](#). It so happened that a PDF copy of this book had been given as background reading to the Director of the foundation at the beginning of the project by a Global Fund employee who was the point of contact for the first contract.

For the second contract, the Director of the Mutambara Foundation was paid US\$36,000 in consultancy fees, which included fees for drafting a report. After reviewing the report, the OIG found that a quarter of the report, including entire sections, was not the original work of the Director and that the original sources of the work were not credited.

Additionally, the second contract was also awarded in contravention of Global Fund procurement regulations as there were no exceptional circumstances to justify the non-competitive award of the contract to the foundation. In June 2015, approximately six months after the completion of the first contract, the Sourcing Department directly-awarded the second contract in a non-competitive manner, to the Director of the Mutambara Foundation, personally.

Under the second contract, the Director was responsible for two deliverables. The first was to obtain critical support and buy-in for the Global Steering Committee* from sub-Saharan Africa regional entities, including public endorsement from the Southern African Development Community; and to support the Global Steering Committee to facilitate the commencement of a pilot study in Zimbabwe on the track and trace of medicines. The total value of the contract was US\$36,000, which consisted of a daily rate to the Director of US\$250 per day.

Lapses in following proper procurement guidelines discovered

It was discovered that a manager in the Global Fund Sourcing Department 'steered' the second contract in a non-competitive manner by giving it to the Director of the Mutambara Foundation. The OIG investigation report notes that there is little guidance in the current procurement process that defines what constitutes "compelling urgency", the reason stated as being why the award of the contract was directly given to the director.

In fact, in addition to citing "compelling urgency" as a reason for the non-competitive award of the first contract, the Sourcing Department also attempted to justify the award on the basis of the specialized skills of the Mutambara Foundation. According to the Fund's procurement regulations however, contracts may

be awarded without competition if the expertise and skills needed for the scope of work can only be fulfilled by one supplier. The scope of the contract did not require particular expertise or skills that could only be fulfilled by the Mutambara Foundation.

Agreed management actions resulting from the investigation

As a result of the investigation, a number of Agreed Management Actions are to be implemented:

- The Secretariat will finalize and pursue an appropriate recoverable amount. This amount will be determined by the Secretariat in accordance with its evaluation of applicable legal rights and obligations and associated determination of recoverability.
- The Secretariat will address the supplier misconduct identified in this report in accordance with the Code of Conduct for Suppliers and the Sanctions Procedures.
- The Secretariat will review the actions of Global Fund Staff for violations of the Code of Conduct and Employee Handbook for Global Fund Employees and take disciplinary measures as appropriate.
- The Secretariat will review its current procurement framework (policies, regulations and procedures) to ensure that its contents are aligned and that they provide greater clarity and adequate guidance about the organization's procurement processes. This review and adjustment will include defining exceptional circumstances that justify single sourcing; determining market rate; reviewing and approving work product and invoices; maintaining auditable records of the various processes; and providing training to staff as appropriate. Regular reporting to and monitoring by the Management Executive Committee to drive compliance.
- The investigation revealed that the Sourcing Department improperly awarded contracts to the foundation and its director in violation of the Fund's procurement regulations and that the foundation and its director fraudulently obtained payment of consultancy fees by submitting plagiarized work.

The OIG referred the findings of its investigation report to the Global Fund Ethics Officer to determine if the conduct of Fund employees constituted a violation of the Code of Conduct for Global Fund Employees. Following the OIG investigation, the Ethics Officer completed a review that absolved the MEC member mentioned above, of any wrongdoing.

Throughout the investigation process, the Director of the Mutambara Foundation refused to cooperate with the Fund.

* The Global Steering Committee for Quality Assurance of Health Products and Services. Its participants include: Interpol, President's Malaria Initiative, The World Bank, World Health Organization, UNICEF, United Nations International Crime and Justice Research Institute, The Global Fund to Fight AIDS, Tuberculosis, and Malaria and is chaired by Norbert Hauser, GF Board Chair.

The OIG Investigation Report can be accessed here: <http://www.theglobalfund.org/en/oig/reports/>

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