

## COVID-19: Documented corruption and malfeasance cases

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The global COVID-19 pandemic has seen vast sums of much needed resources disbursed to mitigate the health, economic, and social impact of the virus. Wisely used, these resources provide an opportunity for countries to not only prevent more deaths and protect livelihoods, but to strengthen healthcare systems, protect jobs and boost economic recovery. However, this will only be the case if they are not subject to corruption and malfeasance.

The table below totals 19 prominent COVID-related corruption and malfeasance cases, where a reliable estimate of the funds involved was included. A summary of each story included in the analysis by region can be found below the table.

**The rounded total comes to astonishing USD 1.1 billion.**

To put this into perspective, this would be enough to purchase 50 000 ventilators.<sup>1</sup> While there is still a long way to go before the pandemic is drawn to a close, one thing is clear: taking stock of corruption risks before major disbursements of funding can save lives.

Region	Cases analysed	Total (USD)
Africa	4	7982630
Europe	7	555302400
Latin America	5	273198110
North America	1	1300000
Asia	2	288171000
	<b>Total all regions:</b>	<b>1 125 954 140</b>

### Regional breakdown of stories included:

#### 1. Asia (Pacific and Central)

- Philippines: USD 288.7 million disbursed by national health insurance deemed illegal
  - The Philippine Health Insurance Corporation, which has financed COVID-19 testing and treatment in the country, has been rocked with allegations of fund mismanagement and overpricing. In response, the senate has produced a report recommending the filing of charges of corruption against several senior officials of the

<sup>1</sup> At the price of USD 20 000 per ventilator. Estimates for ventilators range from USD 20 000 – 50 000. For further information: [https://edition.cnn.com/world/live-news/coronavirus-outbreak-03-30-20-intl-hnk/h\\_38745d93c4304badc708b9bddaab2a45](https://edition.cnn.com/world/live-news/coronavirus-outbreak-03-30-20-intl-hnk/h_38745d93c4304badc708b9bddaab2a45).

corporation and which estimated that USD 288 million disbursed between 25 March and 9 June was illegal or invalid.

- Source: Jenny Lei Ravelo, *Devex*, 13 September 2020, available: <https://www.devex.com/news/corruption-allegations-rock-philippine-health-insurance-corporation-amid-covid-19-98048>.
- Uzbekistan: embezzlement of COVID funds.
  - The Anti-corruption Agency announced in August it had discovered more than \$171,000 embezzled by employees with the sanitary-epidemiological service since the start of the pandemic, a department within the Health Ministry.
  - Source: *Eurasianet*, 10 August 2020, available: <https://eurasianet.org/uzbekistan-civil-society-hindered-in-ability-to-contain-covid-19-corruption>.

## 2. Europe

- Bosnia and Herzegovina: Prime Minister of semi-autonomous region arrested for inadequate ventilator procurement worth USD 583 000 0
  - Source: Zdravko Ljubas, *OCCRP*, 29 May 2020, available: <https://www.occrp.org/en/daily/12442-pm-of-one-of-bosnia-s-regions-detained-over-ventilator-procurement>.
- Estonia: USD 123 720 00 mysteriously goes missing following rushed procurement.
  - Source: Ilya Lozovsky, *OCCRP*, 21 April 2020, available: <https://www.occrp.org/en/coronavirus/in-europes-scramble-to-buy-COVID-19-supplies-anti-corruption-measures-fall-away>.
- Italy: COVID-19 contracts awarded to alleged fraudsters
  - State contracts for PPE were awarded to two Italian businessmen accused of fraud, worth USD 71982300.
  - Source: Matteo Civillini, *OCCRP*, 4 April 2020, available: <https://www.occrp.org/en/daily/12007-italy-grants-covid-19-public-contracts-to-alleged-fraudsters>.
- Romania: multi-million mask procurement failure
  - A rushed PPE procurement led to one million masks of insufficient quality being ordered, which had to be discarded.
  - Source: *OCCRP*, 15 April 2020, available: <https://www.occrp.org/en/coronavirus/convict-and-coronavirus-romanas-million-mask-mess>
- Slovenia: Opaque Coronavirus Procurement Deal Hands Millions to Slovenian Gambling Mogul
  - A USD 28 million contract was awarded to a gambling mogul in Slovenia to provide unspecified 'protective equipment'. The company to which it was awarded, Public Digital Infrastructure, has no prior healthcare experience.

- Source: Anuška Delić, Matej Zwitter, *OCCRP*, 3 April 2020, available: <https://www.occrp.org/en/coronavirus/opaque-coronavirus-procurement-deal-hands-millions-to-slovenian-gambling-mogul>.
- United Kingdom: UK pays at least USD 204 million for defective PPE
  - Some 50 million masks the U.K. purchased as part of a US\$326 million contract will not be used by the NHS due to fears of defects. The Good Law Project, which made the discovery, has asked that the contract between the British government and provider Ayanda Capital Limited, described as “a ‘family office’ owned through a tax haven in Mauritius”, be reviewed in court. It is alleged the company has ties to Liz Truss, the British Secretary of State for International Trade and prominent member of the Conservative Party.
  - Source: David Klein, 14 August 2020, available: <https://www.occrp.org/en/daily/12955-uk-paid-at-least-us-204-million-for-defective-masks>.
- United Kingdom: Investigation finds 12 contract worth USD 233 000 000 awarded to companies owned by prominent members and donors of the conservative party
  - Source: David Collins, Andrew Gregory, Gabriel Pogrand, Tom Calver, *The Times*, 9 August 2020, available: <https://www.thetimes.co.uk/article/tory-backers-net-180m-ppe-deals-xwd5kmnqr>.

### 3. Latin America

- Brazil: Graft allegations in USD 155 492 000 state contract to build field hospitals, Rio governor under investigation.
  - Rio de Janeiro governor Wilson Witzel decreed that the Institute of Basic and Advanced Health Care (IABAS) will have its contract revoked. Only one of seven mobile hospitals promised have been built so far, which works only partially. This case has been cited in the investigation of the governor, in addition to claims of graft in the purchase of ventilators. Witzel has denied the allegations.
  - Source(s):
    - Rodrigo Viga Gaier, *Reuters*, 28 August 2020, <https://www.reuters.com/article/us-health-coronavirus-brazil-politics-idUSKBN25O1HZ>.
    - *Journal de Brasilia*, 6 March 2020, available: <https://jornaldebrasilia.com.br/brasil/witzel-muda-gestao-de-hospitais-de-campanha-no-rio/>.
- Brazil: Governor under investigation for US\$100m contract with Chinese company for overpriced ventilators
  - São Paulo Governor under investigation by state prosecutors for US\$100m contract to purchase 3000 ventilators at 10 times the usual price from a Chinese company.
  - Source: Brenno Grillo, 11 May 2020, <https://brazilian.report/coronavirus-brazil-live-blog/2020/05/11/brazilian-prosecutors-crack-down-covid-19-corruption/>.

- **Bolivia: Health Minister arrested for overinflated ventilator purchases**
  - Health Minister Marcelo Navajas was arrested over the purchase of 170 ventilators from Spain, at an overinflated price of \$27,683 each. In an audit of the purchase, the Inter-American Development Bank found that the devices, when purchased on the market, should cost only a quarter of what was paid.
  - Source: Sandra Weiss, *DW*, 2 June 2020, available: <https://www.dw.com/en/coronavirus-latin-americas-corruption-fighters-gain-new-ground/a-53661216>.
- **Ecuador: Former Ecuadorian president, Abdala Bucaram detained in COVID corruption probe**
  - Bucaram was arrested following a raid at his home as part of a corruption probe into the purchase of hospital supplies during the corona crisis. Prosecutors estimate overspending of USD 12 million linked to the former President and 17 others.
  - Source: *Associated Press*, 3 June 2020, available: <https://www.usnews.com/news/world/articles/2020-06-03/ex-ecuador-president-detained-in-covid-19-corruption-raid>.
- **Honduras: US\$1 million in COVID aid has disappeared according to national Anti-Corruption Authority**
  - Source: Source: Sandra Weiss, *DW*, 2 June 2020, available: <https://www.dw.com/en/coronavirus-latin-americas-corruption-fighters-gain-new-ground/a-53661216>.

#### 4. North America

- **Mexico: Son of Mexican government official awarded tender for overpriced ventilators.**
  - León Manuel Bartlett Álvarez was awarded a government contract worth US \$1.3 million to provide 20 ventilators – costing US \$65,000 each. According to an investigation by Mexicans against Corruption and Impunity (MCCI), Bartlett's ventilators cost 85% more than the cheapest models previously purchased by the government.
  - Source: *Mexico News Daily*, 5 May 2020, available: <https://mexiconewsdaily.com/news/government-contractor-denies-getting-help-from-his-father/>.

#### 5. Sub-Saharan Africa

- **Nigeria: NGO uncovers public procurement graft**
  - CivicHive, a good governance NGO, uncovered Bureau of Public Procurement data in August showing that the Federal Ministry of Health had spent \$96,000 on 1,808 ordinary face masks - \$53 apiece.
  - Source: Andres Schipani, *Financial Times*, 1 September 2020, available: <https://www.ft.com/content/617187c2-ab0b-4cf9-bdca-0aa246548745>.
- **South Africa: Multiple accounts of corruption, fraud, and procurement malfeasance**
  - Multiple allegations of corruption related to South Africa's new coronavirus stimulus package. This has included \$341983.93 stolen from the country's unemployment

fund; \$7499647.52 in improper procurement linked to the husband of the President's spokesperson

- Source(s): *Business Tech*, 26 July 2020, available: <https://businesstech.co.za/news/government/419769/billions-of-rands-looted-by-south-africas-covidpreneurs-report/>
- Somalia: Ministers found guilty of COVID-related theft
  - In April, a month after the country reported its first case of COVID-19, the Ministry of Health announced that a number of officials were under investigation for diverting public monies for private gain, amounting to USD 45 000. In August, a court ruled officials were guilty of committing corrupt acts, sentencing the perpetrators to various prison terms and imposing fines.
  - Source: Abdulkadir Khalif, *The Nation*, 24 August 2020, available: <https://nation.africa/kenya/news/africa/somalia-jails-four-government-officials-for-stealing-covid-19-funds-1925166>.
- Zimbabwe: Health Minister taken to court for USD 20 million in coronavirus-related corruption
  - The Zimbabwean Health Minister faces corruption charges relating to a USD 20 million contract awarded to a firm incorporated in Hungary only two months prior. The award is alleged not to have gone through the Zimbabwean procurement registration authority. This follows a suspicious USD 2 million payment made to the firm in March, which had been flagged as suspicious by Hungarian authorities.
  - Source: *BBC*, 20 June 2020, available: <https://www.bbc.com/news/world-africa-53119989>.