



Investigation Report

**Global Fund Grant in**

# **South Africa**

## **Sexual exploitation and abuse of beneficiaries by a sub-recipient executive**

GF-OIG-23-008  
19 May 2023  
Geneva, Switzerland



# 1. Executive Summary

## 1.1 Investigation at a glance

A Principal Recipient in South Africa, engaged a sub-recipient from 2013 until March 2022 to implement a sex work program. The program was designed to provide health services to sex workers and address their human rights concerns.

The OIG investigation substantiated that a sub-recipient executive abused his position of power to sexually exploit, and abuse and harass at least eight sub-recipient staff and program beneficiaries. The executive demanded sex acts from the beneficiaries through coercion, threats of physical harm, false promises of payments, and as a condition to access program benefits or employment with the sub-recipient.

Both the Principal Recipient and the sub-recipient failed to take adequate action to address the sexual misconduct. Further, they did not promptly report these allegations to the Global Fund as required under the Global Fund's Code of Conduct for Recipients.

The Principal Recipient and the sub-recipient did not ensure that their staff and beneficiaries were sufficiently knowledgeable on prevention and protection from sexual exploitation and abuse, and sexual harassment and how to report them.

## 1.2 Genesis and Scope

In December 2021, the Principal Recipient reported to the Global Fund that it had received and investigated allegations of sexual exploitation and abuse (SEA) and sexual harassment of peer educators employed by one of their sub-recipients. The Principal Recipient investigated the allegations through a third-party non-profit human rights organization.

The third-party investigation found that the sub-recipient executive sexually exploited and abused, and sexually harassed five sub-recipient staff and peer educators. Further, the investigation established that two senior staff at the sub-recipient were aware of these allegations but did not investigate the allegations and support the victims. In response to the third-party investigation findings, the sub-recipient suspended the executive but resisted taking further disciplinary action against him and the other two senior staff or taking measures to strengthen the organization's governance structure.

Upon determining that the third-party investigation scope was not broad enough to include all potential victims, the OIG opened an investigation to collect their firsthand accounts from any additional victims or witnesses. The OIG investigation was more comprehensive and aimed to promote due process, ensure action was taken against implicated parties and improve processes and controls.

The OIG conducted a one-week mission to South Africa and met with program beneficiaries, sub-recipient staff and leadership. The OIG team obtained and analyzed relevant evidence, and interviewed victims, witnesses, and the subject.

The OIG investigation followed a victim-centred and trauma-informed methodology, which is designed to mitigate the risk of re-traumatization of victims and is guided by their rights and wishes.

Consistent with a “do no harm” principle, the OIG provided all witnesses with a description of the investigation’s scope and an explanation of the purpose of an administrative investigation. The OIG informed all interviewed individuals that their participation was voluntary and explained the OIG’s commitment to confidentiality and victim support. The investigation was conducted by investigators with experience in SEA cases. See **Annex B** for more details on the OIG’s investigation methodology.

The Principal Recipient provided psychosocial support to the victims identified in its investigation. Through its victim advocate, the Global Fund provided additional support to victims and witnesses during the OIG investigation.

Consistent with these principles, and the requirements of transparency and disclosure applicable to OIG activities, the factual descriptions of prohibited practices found through this investigation have been limited with a view to preserve the confidentiality of the victims and witnesses.

### **1.3 Findings**

This investigation identified the following:

- A sub-recipient executive abused his position within the Global Fund-funded sex work program to commit sexual exploitation and abuse, and sexual harassment against at least eight sub-recipient staff and program beneficiaries.
- Principal Recipient and the sub-recipient failed to effectively respond to reported sexual misconduct affecting the staff and beneficiaries of the sub-recipient. They did not report promptly these allegations to the Global Fund as required under the Global Fund’s Code of Conduct for Recipients. Neither of the organizations sufficiently educated their staff on prevention and protection from SEA and sexual harassment, nor on prohibited practices reporting channels.

### **1.4 Impact of the investigation**

The Global Fund sex work program implemented by the sub-recipient was designed to deliver health and human rights services to sex workers in line with South Africa’s National Strategic Plan and with the National Sex Worker HIV Plan. The program activities aimed to empower, test, and treat sex workers and their clients. Some sex workers also served as peer educators, among other roles, for the program.

There is a high burden of HIV in the sex worker population in South Africa with a prevalence of 62%<sup>1</sup> in a population estimated at 146,000.<sup>2</sup> Some 81% of the sex workers know their HIV status and 70% are undergoing antiretroviral therapy.<sup>3</sup> In recognition of the importance of sex workers as a key population in the fight against HIV, the sex work program intervention was designed to empower sex workers, prevent HIV infections, and increase access to treatment. Under the grant funding cycle that ended in March 2022, South Africa received **10%** of the US\$141.8 million funding allocated by the Global Fund for prevention programs for sex workers and their clients.<sup>4</sup>

In line with the [Ghana investigation report](#)<sup>5</sup> published by the OIG in 2021, this investigation highlights the enhanced risk of SEA for vulnerable populations. The medical, psychological, socio-economic,

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<sup>1</sup> [UNAIDS Country Factsheet – 2021 \(Accessed on 16 November 2022\)](#).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Detailed Budget – Key Population Budgets for NFM2.

<sup>5</sup> Misconduct affecting Global Fund grants (GF-OIG-21-005 Ghana).

and gender vulnerabilities associated with being a program beneficiary and/or a member of a key population are at risk of abuse and exploitation by others who are in a more powerful position. This is especially true in contexts where program beneficiaries also act as implementers (as is the case with peer educators), given that the overlapping structure allows an inappropriate rapport to grow between vulnerable beneficiaries and staff in senior positions. Added oversight and tailored implementation is required in these circumstances to mitigate the heightened risk of exploitation and abuse.

In 2021, the Global Fund Secretariat published [The Global Fund's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power](#). This Operational Framework communicated the Secretariat's commitment to embedding Protection from Sexual Exploitation and Abuse (PSEAH) practices across the grant lifecycle. It included integrating PSEAH in risk management, implementer capacity building and program design. As of the time of this report, implementation of the framework has commenced, and the Secretariat is increasing its resources to respond to SEAH.

In December 2022, the Global Fund Secretariat piloted a grant-level SEAH risk assessment in South Africa with similar measures to be piloted in other countries in 2023.

The Principal Recipient, while still a Global Fund Principal Recipient, is no longer implementing the sex work program, which – since April 2022 – is implemented by another Principal Recipient in South Africa. The new Principal Recipient did not select the affected sub-recipient to continue with the implementation of its grant under the current grant cycle running from April 2022 to March 2025. The sub-recipient executive found to have abused his position by committing sexual exploitation and abuse and sexual harassment is no longer involved in Global Fund grants. To ensure the critical program activities were continued and to protect vulnerable beneficiaries employed under the previous grant, the new Principal Recipient and sub-recipient implementing the sex work program absorbed most of the former sub-recipient staff in the new implementation arrangement.

Furthermore, the Principal Recipient is updating its sexual exploitation, abuse and harassment policy and whistleblowing policy to strengthen the protection of implementers and beneficiaries. Under the current grant, the Principal Recipient has disseminated Global Fund's PSEAH Framework to its sub-recipients to protect implementers and beneficiaries from exploitation and to strengthen the capacity of its implementing partners.

In response to this investigation, the Secretariat has designed a comprehensive action plan to address the findings detailed in this report and will ensure that recipients take appropriate action against the implicated individual. See **Section 3** of the report.

## 2. Findings

### **2.1 A sub-recipient executive abused his position by engaging in coercion and committing sexual exploitation, abuse and harassment of sex work program beneficiaries and sub-recipient staff**

The OIG collected credible evidence that a sub-recipient executive engaged in coercive practices and sexually exploited, abused and harassed beneficiaries and sub-recipient staff from 2016 until 2021. Victim and witness testimonies, as well as documentary and audio evidence, show that he committed sexual exploitation and abuse against four beneficiaries and program staff, and sexually harassed four others.

Nine additional beneficiaries were identified by third-party witnesses as victims of sexual exploitation and abuse by the executive. However, when the OIG interviewed two of the nine potential victims, they did not report experiencing any form of sexual misconduct and the OIG could not locate the others to obtain direct testimony. Several witnesses told the OIG that most victims were unlikely to share their experiences out of fear of loss of jobs, which the OIG found to be plausible given the strong testimonies across witnesses and reports of threats by the executive. Six witnesses told the OIG that it was well known within the sub-recipient that the executive was sexually involved with beneficiaries.

The executive used his position of authority at the sub-recipient to sexually exploit, abuse, harass and coerce victims, threatening physical harm to intimidate and force the victims to engage in sexual acts. He also promised payments, employment by the sub-recipient or conditioned access to Global Fund-funded program benefits to induce vulnerable peer educators and beneficiaries into sexual relationships.

The executive also harmed beneficiaries of the sex work program when he publicly revealed that they were sex workers, against their wishes. His actions stigmatized beneficiaries, putting their reputation and safety at risk.

### **2.2 Principal Recipient and the sub-recipient failed to effectively respond to SEA and raise staff awareness of sexual misconduct in contravention of the Global Fund Code of Conduct, and failed to provide support to the victims**

Principal Recipient and the sub-recipient did not promptly report or effectively respond to allegations of coercion and SEA

The OIG investigation found evidence that the Principal Recipient and the sub-recipient first received complaints from victims and witnesses of sexual misconduct at the sub-recipient in May 2020.

The sub-recipient and the Principal Recipient did not take timely and effective measures to end the alleged coercion and SEA, nor did they promptly report the allegations to the Global Fund, contrary to the requirements of the Global Fund Code of Conduct for Recipients.<sup>6</sup> the Principal Recipient passed on responsibility of investigating the allegations to the sub-recipient without appropriately overseeing its work or ensuring adequate support for victims.

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<sup>6</sup> The Global Fund Code of Conduct for Recipients, dated 16 July 2012 and [11 February 2021](#) respectively, Section 3.3.2.

The attempt to investigate by the sub-recipient was led by the organization's director. The fact that she did not have experience in SEA investigations hindered the creation of a conducive environment for victims and witnesses to come forward. Only one victim came forward and the accused executive denied the allegation. As a result, no further action was taken by the sub-recipient and the Principal Recipient. The deficient attempt by the sub-recipient to investigate these allegations failed to identify or address the systemic issues uncovered by the third-party and OIG investigations, respectively.

While the sub-recipient never reported the allegations to the Global Fund, the Principal Recipient did inform the Global Fund, but not until 10 December 2021, one and a half years after concerns were raised to at least one Principal Recipient staff member. This delay allowed the coercion, sexual exploitation and abuse to continue for much longer, perpetuating harm against the beneficiaries, eroding their confidence in the program and potentially undermining program objectives.

When these allegations emerged again in October 2021, the Principal Recipient's response and reporting was timely and appropriate. It engaged a third party to investigate the allegations and provide counselling support to victims. It also facilitated the suspension of the suspect and reported the allegations to the Global Fund. The sub-recipient leadership, however, resisted the Principal Recipient's recommendations to take disciplinary actions against the subject and others for failing to act, as well as to build the sub-recipient's capacity to manage concerns of sexual misconduct.

#### Principal Recipient and the sub-recipient did not have adequate reporting channels and did not raise awareness regarding SEA risks

Principal Recipient and the sub-recipient did not adequately educate their staff about SEA and sexual harassment, resulting in insufficient awareness among program staff and beneficiaries. Neither Principal Recipient nor the sub-recipient could demonstrate evidence of training and raising staff and beneficiary awareness about SEA and sexual harassment.

The implementers also did not create effective wrongdoing reporting channels or inform staff and beneficiaries of the reporting channels available at the Global Fund. At the sub-recipient, the only available reporting channel for program staff and beneficiaries was communicating directly to program staff or line managers. This method was insufficient because it did not afford privacy and confidentiality to potential whistleblowers. The system was further weakened by the sub-recipient leadership's failure to act when allegations were reported to them. This broke the trust of program staff and beneficiaries, which may have, in turn, prevented other victims from speaking up and reporting allegations.

Principal Recipient has reporting channels available through email and its website. These provide privacy and confidentiality, increasing the likelihood of reporters coming forward. However, there was no evidence that they publicized these channels to program staff and beneficiaries. Similarly, none of the Principal Recipient and the sub-recipient non-management staff that OIG spoke with were aware of the Principal Recipient's or OIG reporting channels.

In April 2019, the Principal Recipient incorporated and communicated the Global Fund's ethics and integrity requirements, respectively from the Codes of Conduct for Recipients and Suppliers and the Grant Regulations, in its grant contract with the sub-recipient. It cascaded the PSEAH Framework and the updated Code of Conduct for Recipients to the sub-recipient in October 2021. However, there was no evidence of either organization publicizing these new requirements to their staff and beneficiaries.

While raising awareness of SEAH and reporting channels alone does not prevent exploitation and abuse, it is a critical component in prevention and response to SEAH. In this case, with adequate training and awareness, it is more likely that the victims and witnesses would have known how to report instances of abuse, with confidence that their privacy and support needs would be met.

### 3. Global Fund Response

Action to be taken	Due date	Owner
<p>1. The Global Fund Secretariat will advance the implementation of the organization’s <a href="#">Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power</a> (the “PSEAH Operational Framework”) from development and trial commencement (Phase I – 2022-2023) to implementation and scaling (Phase II – 2024-2025) by:</p> <ul style="list-style-type: none"> <li>i. Agreeing metrics to annually measure the implementation of the PSEAH Operational Framework (to be completed by <b>30 June 2023</b>);</li> <li>ii. Ensuring a risk-based and impact-driven approach determines Phase II selection of countries and Principal Recipients (to be completed by <b>30 June 2023</b>);</li> <li>iii. Using lessons learned from the 2023 grant-level SEAH risk mitigation pilots to refine the grant-level risk mitigation approach (to be completed by <b>31 December 2023</b>);</li> <li>iv. Defining an approach and developing an action plan to strengthen local SEAH reporting channels consistent with internationally recognized standards and leveraging community-level engagement (to be completed by <b>31 July 2024</b>); and</li> <li>v. Communicating, by <b>30 June 2023</b>, to all CCMs and PRs to reiterate: <ul style="list-style-type: none"> <li>a) the need for implementers to have strong reporting channels and quickly and effectively respond to allegations of wrongdoing; and</li> <li>b) their obligation to promptly report such allegations to the Global Fund Secretariat or OIG.</li> </ul> </li> </ul>	31 July 2024	Chief Ethics Officer, Ethics Office
<p>2. The Global Fund Secretariat will advance the implementation of the PSEAH Operational Framework from Phase I to Phase II by:</p> <ul style="list-style-type: none"> <li>i. Continuous prioritization of high-risk, high-SEAH impact grants for PSEAH capacity building and SEAH risk mitigation (to be completed by <b>31 December 2023</b>); and</li> <li>ii. Monitoring of prioritized capacity-building and risk mitigation activities throughout GC7, during grant implementation (to be completed by <b>31 July 2024</b>).</li> </ul>	31 July 2024	Head, Grant Management Division
<p>3. Based on the finding of this report, the Global Fund Secretariat will ensure that:</p> <ul style="list-style-type: none"> <li>i. the Principal Recipients in South Africa take appropriate measures regarding the individual responsible for the prohibited practices described in this report, notably to ensure the individual is not involved with the implementation of Global Fund grants in South Africa (to be completed by <b>30 September 2023</b>); and</li> <li>ii. the Principal Recipient has effective policies and processes in place to ensure employees’ awareness of, and compliance with, the requirement and means to report prohibited practices to the Global Fund (to be completed by <b>31 December 2023</b>).</li> </ul>	31 December 2023	Head, Grant Management Division

## **Annex A: Summary of subject responses**

In his interview with the OIG, the sub-recipient executive denied being involved in SEA or sexual harassment of the program beneficiaries and staff.

On 25 October 2022, the OIG provided the Principal Recipient with a copy of the Letter of Findings, which represented the full record of relevant facts and findings in relation to both organizations. Principal Recipient and named organizations and individuals were afforded an opportunity to provide comments and supporting documents on the findings and conclusions. the Principal Recipient provided its response on 9 November 2022, which is summarized below. All points made in the responses were duly considered by the OIG and appropriate revisions were made, where appropriate, to the findings as part of this final report.

### **Response from the Principal Recipient**

The Principal Recipient denied that it had not acted on these allegations after they were reported in 2020. It stated that while the allegations may have been reported to one of its staff in 2020, the reports were not escalated internally to the Principal Recipient's management. When the allegations were formally made known to the Principal Recipient management in October 2021, they immediately investigated the allegations, provided support to victims, suspended the subject, and reported the allegations to the Global Fund.

The OIG acknowledges that for the reports received by the Principal Recipient in October 2021, the organization acted appropriately to address the allegations. However, the OIG has credible information that these allegations had been reported to at least one the Principal Recipient staff member between May and July 2020. The lack of escalation, if any, by this staff member supports the finding that the Principal Recipient's staff did not know how to address sexual misconduct.

## Annex B: Methodology

### Why we investigate:

Wrongdoing, in all its forms, is a threat to the Global Fund's mission to end the AIDS, tuberculosis and malaria epidemics. It corrodes public health systems and facilitates human rights abuses, ultimately stunting the quality and quantity of interventions needed to save lives. It diverts funds, medicines and other resources away from countries and communities in need. It limits the Global Fund's impact and reduces the trust that is essential to the Global Fund's multi-stakeholder partnership model.<sup>7</sup>

The OIG is mandated<sup>8</sup> to investigate any use of Global Fund funds, whether by the Global Fund Secretariat or grant recipients, or by their suppliers, and report its findings in a transparent and accountable manner.<sup>9</sup> The Global Fund Secretariat ensures this oversight is included in related agreements.

### What we investigate:

The scope of OIG investigations covers operations and activities within the Global Fund and the programs it funds (including those of its program recipients, suppliers, and service providers).

Investigations aim to identify instances of wrongdoing, such as fraudulent and corrupt practices, but also failure to uphold the applicable human rights standards and instances of sexual exploitation and abuse. Investigations are predicated by whistle-blower allegations<sup>10</sup>, routine escalation of business information, risk analysis or referrals from other entities.

The OIG bases its investigations on the contractual commitments undertaken by grant recipients and suppliers. Requirements with respect to the management of funds and performance of activities are notably defined in the Global Fund's Code of Conduct for Suppliers and Code of Conduct for Recipients.<sup>11</sup>

OIG investigations aim to:

- identify the nature and extent of wrongdoing affecting Global Fund grants and the entities accountable and, if applicable, determine the amount of grant funds that may have been compromised by wrongdoing; and
- place the Global Fund in a position to understand the root causes for the wrongdoing, to recover funds, and to take remedial action and preventative measures by identifying where and how the misused funds have been spent.

### Who we investigate:

The OIG investigates wrongdoing by the entities accountable for performance and execution of activities funded by the Global Fund. These are Principal Recipients and their sub-recipients, Country Coordinating Mechanisms or Board Constituencies receiving financial support from the Global Fund, Local Fund Agents, recipients of Catalytic Funding, and other suppliers and service

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<sup>7</sup> Introductory paragraph of the [Global Fund Policy to Combat Fraud and Corruption](#).

<sup>8</sup> [Charter of the Office of the Inspector General](#), as amended from time to time.

<sup>9</sup> [Policy for the Disclosure of Reports Issued by the Office of the Inspector General](#), as amended from time to time.

<sup>10</sup> [Whistle-blowing Policy and Procedures for the Global Fund to Fight AIDS, Tuberculosis and Malaria](#), as amended from time to time.

<sup>11</sup> [Global Fund Code of Conduct for Suppliers](#), and the [Code of Conduct for Recipients of Global Fund Resources](#), as amended from time to time. Grants are typically subject to the [Grant Regulations \(2014\)](#), which incorporate the Code of Conduct for Recipients and mandate communication of the Code of Conduct for Suppliers. Terms may vary however in certain agreements.

providers to the Global Fund or to recipients. Secretariat activities linked to the use of funds are also within the scope of the OIG's work.

Principal Recipients are accountable to the Global Fund for their compliance in the use of all grant funds, including those disbursed to sub-recipients and paid to suppliers.<sup>12</sup> They ensure the appropriate requirements are made applicable to those entities.

## **How we investigate:**

The OIG conducts administrative, not criminal, investigations. It is not a law enforcement or judicial authority. It is the recipients' and suppliers' responsibility to demonstrate that their actions and that of their agents and employees comply with applicable agreements. OIG findings are based on facts and related analysis, which may include drawing reasonable inferences. Findings are established by a preponderance of evidence. All available information, inculpatory or exculpatory, is considered by the OIG.<sup>13</sup>

Investigations into allegations of human rights violations and sexual exploitation and abuse are conducted with a victim-centred, trauma-informed methodology, following a case-specific risk assessment. This work is guided by the Global Fund's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power.<sup>14</sup>

The investigation will attempt to quantify the extent of any non-compliant expenditures, including an amount proposed to the Secretariat as recoverable.

The OIG may also discharge its mandate by overseeing the activities of recipients or other parties having the appropriate capacity and mandate to perform investigative tasks. It may also share allegations and evidence with third parties where it is relevant to their work, in particular where a matter would be outside of its mission.

## **What happens after an investigation?**

The OIG ensures the relevant entities have the opportunity to review and provide evidence or comments on the findings and on the draft report.<sup>15</sup>

The OIG has a fact-finding role and does not determine what remedial and preventative measures the Global Fund may take as a result of its findings.

Following an investigation, the OIG and the Secretariat agree on management actions that will mitigate the risks that wrongdoing poses to the Global Fund and its recipients' or suppliers' activities. These may include specific managerial decisions, financial recoveries, instructions applicable to implementers and suppliers, internal process changes, or other contractually available remedies. With respect to suppliers, this can include seeking advice from the Sanction Panel.<sup>16</sup>

OIG may make referrals to other organization which have an interest in the investigation outcome, or to national authorities for criminal prosecutions or other regulatory and administrative actions, and support such processes as appropriate.

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<sup>12</sup> Compliant expenditures are defined in the [Global Fund Guidelines for Grant Budgeting](#), as amended from time to time.

<sup>13</sup> These principles comply with [the Uniform Guidelines for Investigations, 2nd edition, Conference of International Investigators](#).

<sup>14</sup> See [The Global Fund's Operational Framework on the Protection from Sexual Exploitation and Abuse, Sexual Harassment, and Related Abuse of Power](#), in particular sections IV. 2. *Investigations* and IV. 3. *Support to survivors & victims*, as amended from time to time.

<sup>15</sup> See the [OIG Investigations Stakeholder Engagement Model](#), as amended from time to time.

<sup>16</sup> See the [Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers](#), as amended from time to time