



defence

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA



## ***The South African Biography of Heberon® Alfa R (Human Recombinant Alpha 2B Interferon)***

MINISTERIAL TASK TEAM ON ALLEGATIONS OF FRAUD,  
CORRUPTION AND MISUSE OF STATE FUNDS MADE  
AGAINST THE DEPARTMENT OF DEFENCE

**25 October 2021**



## TABLE OF CONTENTS

<b>ABBREVIATIONS</b> .....	<b>5</b>
<b>A SPECTRE OF A GLOBAL PANDEMIC EMERGES</b> .....	<b>7</b>
<b>THE PROBLEM STATEMENT: ACCUSATIONS OF WRONG-DOING IN SOME OF THE SANDF'S RESPONSE TO COVID-19</b> .....	<b>8</b>
<b>THE MINISTERIAL TASK TEAM</b> .....	<b>8</b>
<b>MINISTERIAL TASK TEAM TERMS OF REFERENCE</b> .....	<b>9</b>
<b>METHODOLOGY</b> .....	<b>9</b>
<b>FINDINGS</b> .....	<b>10</b>
<b>RECOUNTING THE SANDF RESPONSE TO COVID-19</b> .....	<b>10</b>
<b>HOW DID INTERFERON APPEAR ON THE SCENE?</b> .....	<b>13</b>
<b>PROCUREMENT OF THE INTERFERON</b> .....	<b>17</b>
<b>DELIVERY, RECEIPT AND STORAGE OF INTERFERON</b> .....	<b>21</b>
<b>PAYMENT FOR THE INTERFERON</b> .....	<b>24</b>
<b>WHAT STARES THE DOD IN THE FACE? – THE SCENARIOS</b> .....	<b>26</b>
<b>RECOMMENDATIONS</b> .....	<b>28</b>
<b>Option 1</b> .....	<b>28</b>
<b>Option 2</b> .....	<b>29</b>
<b>Remedial Action in Relation to Officials Implicated in Suspected Wrong-Doing</b> .....	<b>30</b>
<b>ANNEXURES</b> .....	<b>31</b>
<b>Annexure A</b> .....	<b>32</b>
<b>Annexure B</b> .....	<b>35</b>
<b>Annexure C</b> .....	<b>37</b>
<b>Annexure D</b> .....	<b>39</b>
<b>Annexure E</b> .....	<b>41</b>
<b>Annexure F</b> .....	<b>43</b>
<b>Annexure G</b> .....	<b>45</b>

**Annexure H** ..... **47**

**ABBREVIATIONS**

AFBW	Air Force Base Waterkloof
AGSA	Auditor-General South Africa
Brig-Gen	Brigadier-General
CFO	Chief Financial Officer
CIGB	Centre for Genetic Engineering and Biotechnology ( <i>Centro de Ingeniería Genética Y Biotecnología</i> )
C Log	Chief of Logistics
COE	Compensation of Employees
Col	Colonel
COVID-19	Coronavirus Disease 2019
C SANDF	Chief of the South African National Defence Force
DoD	Department of Defence
DoH	Department of Health
FAR	Revolutionary Armed Forces (Cuba)
GOC	General Officer Commanding
HPCSA	Health Professions Council of South Africa
HR	Human Resources
J Op Div	Joint Operations Division
Log Div	Logistics Division
Lt-Gen	Lieutenant-General
Maj-Gen	Major-General
MCC	Military Command Council
MTT	Ministerial Task Team
ORTIA	OR Tambo International Airport

SECRET

PFMA	Public Finance Management Act
PLA	People's Liberation Army (China)
PRC	People's Republic of China
RSA	Republic of South Africa
SAAF	South African Air Force
SA Army	South African Army
SAHPRA	South African Health Products Regulatory Authority
SAMHS	South African Military Health Service
SANDF	South African National Defence Force
SARS-Cov-2	Severe Acute Respiratory Syndrome Coronavirus 2
SCM	Supply Chain Management
SecDef	Secretary for Defence
SG	Surgeon-General
TECNOIMPORT	Cuban State-Owned Entity, the Import and Export Company for Technical Products
WHO	World Health Organisation

## A SPECTRE OF A GLOBAL PANDEMIC EMERGES

1. On 26 December 2019, an elderly couple went to a Wuhan Hospital in the Hubei Province of China to consult Dr Zhang Jixian on their cough and fever. Upon close examination of CT scan images of the elderly couple, Dr Zhang found pneumonia that was far different from that caused by known viruses. The same was found upon the examination of the couple's son, which Dr Zhang insisted had to be examined.
2. After Dr Zhang examined another patient at the same Wuhan Hospital on 27 December 2019, she found a similar trend as was found in the elderly couple and their son.
3. There seemed to be a common feature between the couple, and the other patient, namely a visit to the wet meat market in Wuhan, which could suggest a zoonotic (animal to human) viral infection.
4. Dr Zhang took extraordinary measures to cordon the area in which the affected patients were being treated and immediately informed higher authorities in the hospital, the Jianghan District of Wuhan, the Hebei Province and the People's Republic of China (PRC).
5. This set the scene for the beginning of a once-in-century global pandemic, which no one had an understanding of.
6. What was known was that a new killer virus, SARS-Cov-2, which caused a new disease later to be known as Coronavirus Disease 2019 (COVID-19), had made landfall and was marauding the streets of Wuhan City, Hebei Province and the PRC.
7. It is now history and common cause that this menace subsequently developed into an unprecedented global crisis, reaching every corner of the globe, and bringing with it untold suffering, pain, death, and a social and economic calamity – a human tragedy never experienced in over a century since the Flu Pandemic of 1918-1919.
8. Even the World Health Organisation (WHO) was uncertain, initially characterising the crisis as a “public health emergency of international concern” on 30 January 2020, and only later on 11 March 2020 characterising this as a global pandemic.
9. In his statement on 11 March 2020, WHO Director-General, Dr Tedros Ghebreyesus, issued the following directive to the world: *“I have said from the beginning that countries must take a whole-of-government, whole-of-society approach, built around a comprehensive strategy to prevent infections, save lives and minimize impact. Let me summarize it in the four key area. First, prepare and be ready. Second, detect, protect and treat. Third, reduce transmission. Fourth, innovate and learn. I remind all countries that we are calling on you to activate and scale up your emergency response mechanisms .... Ready your hospitals; Protect and train your health workers; And let's all look out for each other, because we need each other.”*
10. With this, the clarion call was sounded for every nation to move to heightened alertness against SARS-Cov-2 and COVID-19.

11. Nations were asked to innovate and to scale up emergency responses against an unknown globally marauding pandemic.
12. It is in this context that the response of the South African National Defence Force (SANDF) against COVID-19 should be considered.
13. It is often easy to use peace time criteria to evaluate war time actions. This necessarily leads to ahistorical analysis which denudes thoughts and actions of their historical context.

## **THE PROBLEM STATEMENT: ACCUSATIONS OF WRONG-DOING IN SOME OF THE SANDF'S RESPONSE TO COVID-19**

14. In a classified internal memorandum<sup>1</sup> that was subsequently leaked to the commercial media by unknown persons, Maj-Gen LC Ford accused the SANDF of irregular processes during the procurement of Heberon® Alpha R 2B (Human Recombinant Alpha 2B Interferon), a drug procured from the Republic of Cuba by the SANDF in its readiness preparation to fight against COVID-19, as the last line of defence in South Africa's marshalled forces against the pandemic.
15. Maj-Gen Ford questioned whether there was any need identified to procure the Interferon, the period in which this was decided, the period in which the Interferon was actually procured, the approval of the use of Interferon, the processes followed during the procurement of Interferon, the delivery and storage of the interferon, the payment for the Interferon, and whether or not the procurement of Interferon was conducted within the relevant prescripts.

## **THE MINISTERIAL TASK TEAM**

16. The then Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula, took a decision to appoint a Ministerial Task Team (MTT) to investigate a set of broader allegations of fraud, corruption and the misuse of state funds against the Department of Defence (DOD), including the allegations made by Maj-Gen Ford, as indicated above.
17. The MTT is charged with a responsibility to prepare a report with findings and submit recommendations to the Minister of Defence and Military Veterans.
18. The task team is made of three members, Mr Zolile Ngcakani (Chairperson), Mr Billy Masetlha, and Dr Cassius Lubisi. To support the MTT members, a secretariat made up of Maj Wanda Zondi (DoD), Mr Lesego Mdawo (NICOC) and Mr Tebogo Teke (DIRCO) was established. Later a legal advisor from the DoD, Adv B. Rakale, was

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<sup>1</sup> The MTT has taken a decision not attach any annexure that is classified or serves as diplomatic communication between South Africa and any other country. Hence internal memorandum referred to here and several other classified documents and diplomatic communication are not attached to the report even though we mention them.



made available to the MTT.

## **MINISTERIAL TASK TEAM TERMS OF REFERENCE**

19. The Ministerial Task Team is expected to establish the veracity of fraud and corruption allegations in the procurement and maintenance programmes at the South African Army (SA Army), the South African Air Force (SAAF), the Logistics Division (Log Div), the South African Military Health Service (SAMHS), the Human Resources Division (HR), and the Joint Operations Division (J. Ops Div); the veracity of allegations of assassinations and death threats against members of the DoD; and any other related allegations which may be brought to the MTT's attention during the inquiry.

20. This report should be seen as a sub-report of the MTT's broad report to be submitted at a future date. The current report focuses on findings made in regard to allegations of irregular processes during the procurement of Interferon Alpha 2B from the Republic of Cuba.

## **METHODOLOGY**

21. Given the nature of its Terms of Reference (ToRs), the MTT adopted an inquisitorial approach in its investigation, as opposed to an adversarial approach. Our role was to establish the facts around events and processes, as opposed to having suspects and accused who had to defend themselves from those accusing them.

22. The MTT read many relevant documents, including legislation, regulations, internal policies, internal reports by individuals and business and military units, contracts, supplements to contracts, invoices, delivery notes, memoranda, letters, email trails, external reports such as AGSA reports, diplomatic communication, and submissions by individuals and organisations.

23. Further, the MTT conducted two site visits to the South African Military Health Base Depot, where various consignments of Interferon are safely kept, as well as a site visit to the Logistics Division Formation where transportation trucks are kept.

24. The MTT also interviewed several individuals and organisations as it tried to piece together a South African biographical narrative of Interferon Alpha 2B. The following were interviewed during the course of the investigation:

- a. General Solly Z. Shoke, now retired Chief of the SANDF (10 May 2021 and 13 October 2021))
- b. Lt-Gen Jabulani S Mbuli, Chief of Logistics (15 June 2021)
- c. Lt-Gen Dr Zola Dabula, Surgeon-General of the SANDF (02 September 2021)
- d. Maj-Gen Lesley C. Ford, Chief-Director: Military Health Force Support (27 August 2021);

- e. Maj-Gen Mzikayise Tyhalisi, General Officer Commanding: SA Army Support Formation – formerly Director: Operation Thusano at the Log Div (03 September 2021)
- f. Maj-Gen Ntshavheni P. Maphaha, Chief Director: Military Health Force Preparation, and incoming Surgeon-General w.e.f. 01 November 2021 (21 September 2021)
- g. Col Zilumkele Menjejalo (Officer Commanding), Maj. Masakale, and Lt-Col EF Osborne on site at the Military Health Base Depot (26 August 2021)
- h. Col Dr Thabo Mnisi, Head: Family Medicine at 1 Military Hospital (14 September 2021)
- i. Col. Lorraine May, former Officer Commanding: Military Health Base Depot (29 September 2021)
- j. Mr Sphiwe Sokhela, Chief Financial Officer: DoD (08 September 2021)
- k. Ms Nangamso Tyibilika, Chief Director: Budget Management, Department of Defence (08 September 2021)
- l. Auditor General South Africa (AGSA) represented by Mr Lourens van Vuuren, Mrs Mbali Tsoetsi and Mrs Chrisna J van Rensburg (03 September 2021);
- m. South African Health Products Regulatory Authority (SAHPRA), represented by Ms Mokgadi Fafudi, Mr Masilo Mompai, Mr Mlungisi Wondo, Ms Kedibone Malatji, Ditshego Molefe, Mukona Mphidi, and Mr Letjubana Chokoe (21 September 2021).
- n. Brig-Gen (ret) NT Majola, until recently, long serving (11 years) South African Defence Attaché to Cuba (12 October 2021)

25. Dr Nomandla Magnificent Vela (Protechnik Laboratories, Armscor) made a statement and deposed a sworn affidavit on 23 September 2021 (*Annexure "A"*).

## FINDINGS

### RECOUNTING THE SANDF RESPONSE TO COVID-19

26. The outbreak of COVID-19 caused widespread uncertainty throughout the world, with no one knowing how to effectively counter the pandemic. No country knew how to protect its citizens from what was clearly becoming a global health crisis not seen in a hundred years.

27. It is in this context that the South African National Defence Force (SANDF) began exploring ways in which to protect its members, especially given the prospects of members being employed to combat the viral army of SARS-Cov-2 in residential and commercial areas throughout the length and breadth of the country.

28. In his first interview with the MTT, then C SANDF, Gen Solly Shoke, was at pains to point out that the Military Command Council (MCC) of the SANDF was deeply worried about a possible impending loss of large numbers of members of the SANDF,

with the huge risk of significantly crippling the country's defence capabilities, thus breaching the country's last line of defence.<sup>2</sup>

29. The MCC took it as its sole responsibility to take extraordinary measures to heighten force protection against an unknown killer virus.

30. In or around February or March 2020, the MCC began discussing the then impending pandemic and how to protect its own members from the novel coronavirus.

31. In this regard, the MCC made contact with, among others, the Cuban Revolutionary Armed Forces (*Fuerzas Armadas Revolucionarias* - FAR) and the People's Liberation Army (PLA) of the People's Republic of China (PRC), through virtual platforms, to explore ways of preparing the respective militaries in their fight against COVID-19. The contact with the PLA was crucial, given the experience that the PRC had already undergone as the first country to encounter SARS-Cov-2 and COVID-19.

32. In or around February 2020<sup>3</sup>, the Surgeon-General of the SANDF, Lt-Gen Zola Dabula visited Cuba, on a mission to discuss matters related to the South African military health cadettes that are studying medicine in Cuba. Brig-Gen Majola, then South Africa's Defence Attaché to Cuba, informed the MTT that Lt-Gen Dabula was accompanied by, amongst others, Dr Kgosi Letlape, who was then President of the Health Professions Council of South Africa (HPCSA). The mission at the time was to resolve a crisis caused by the fear that the SANDF military health cadettes studying in Cuba had about the successful completion of their medical qualifications and their registration with the HPCSA.

33. According to Lt-Gen Dabula he was fortuitously alerted by his counterpart in the Cuban FAR of the use of Interferon Alpha 2B as an immune booster against SARS-Cov-2 on members of the FAR and was shown preliminary studies on the efficacy of Interferon as well as being given anecdotal evidence of how the drug kept hospitalisation and death among members of the FAR and the general Cuban population at a bare minimum. This was confirmed by Brig-Gen Majola, who further indicated that he (Brig-Gen Majola) accompanied Lt-Gen Dabula and his delegation, including Dr Letlape, to the Centre for Genetic Engineering and Biotechnology (*Centro de Ingeniería Genética Y Biotecnología* – CIGB), the laboratory centre that produces various drugs, including Interferon Alpha 2B, in Cuba.

34. Upon his return to South Africa, Surgeon-General Dabula gave a report to the MCC on his interactions with the Cubans on Interferon Alpha 2B.

35. Lt-Gen Dabula, based on the exposure he got from his counterpart in the Cuban FAR including the preliminary studies and the anecdotal evidence, strongly advised the MCC to consider adopting the use of Interferon Alpha 2B for members of the SANDF who were preparing for deployment into residential and commercial areas in

<sup>2</sup> The Military Command Council is chaired by the Chief of the SANDF, and includes all Chiefs of Services (Army, Navy, Air Force, Military Health), the Chief of Joint Operations, Chief of Corporate Staff, Chief of Defence Intelligence and the Chief of Logistics.

<sup>3</sup> The MTT could not establish the exact date of Lt-Gen Dabula's visit.

support of the South African Police Service (SAPS), which had been anticipated by the MCC for some time after continued discussion with their counterparts throughout the world.

36. Following on Lt-General Dabula's briefing to the MCC, several virtual meetings were held between the SANDF and the Cuban FAR, wherein the FAR and the CIGB gave detailed briefings on the use of the Interferon. The meetings were led by the respective Surgeons-General of Cuba and South Africa. The first meeting was attended on the South Africa side by, amongst others, then C SANDF, Gen Solly Shoke, Lt-Gen Zola Dabula, Col Dr Thabo Mnisi, and independent doctors, among others, Dr Kgosi Letlape, who had earlier accompanied Lt-Gen Dabula to Cuba, cardiologist Dr Martin Tudu Mpe, and physician Dr Mpho Komati. Brig-Gen Majola attended from the same room with the Cuban delegation in Havana. The then C SANDF was not present in subsequent meetings held on virtual platforms, with both the Cuban FAR and the PLA.

37. Gen Shoke informed the MTT that he had asked Lt-Gen Dabula to invite representatives of the Department of Health (DoH) to attend the first and subsequent virtual meetings with the Cuban FAR and CIGB. Gen Shoke informed the MTT that he personally asked then Minister of Health, Dr Zweli Mkhize, to impress on the DoH to send a delegation to attend the virtual meetings, but no representatives of the Department of Health attended.

38. On 23<sup>th</sup> March 2020, His Excellency President Cyril Ramaphosa announced a national lockdown from 26 March 2020 following the declaration of a national State of Disaster by the Minister of Cooperative Governance and Traditional Affairs on 15 March 2020. This was accompanied by the deployment of 2 820 members of the SANDF to support SAPS in the fight against COVID-19 (with an addition of 73 180 more members of the SANDF by 22 April 2020).

39. The SANDF deployment against COVID-19 was named *Operation Notlela*, and consisted of various aspects, including, *inter alia*, security, law enforcement, water provision, engineering support, and medical and health support.

40. It is these members (rising to 76 000 by 22<sup>nd</sup> April 2020) that were to be deployed in support of SAPS with the view to flattening the curve of SARS-Cov-2 infections that the Military Command Council of the SANDF was concerned with.

41. Further, the leadership of the SANDF informed the MTT that it was understood that the principle of rotation was to be adopted as Operation Notlela unfolded. In practice, this meant that the actual number of deployed members could grow significantly, depending on the number of future rotations.

## HOW DID INTERFERON APPEAR ON THE SCENE?

### 42. Who identified the need?

- a. In his internal memorandum of 28 September 2020, Maj-Gen LC Ford states that “it is not clear who created the demand for the Interferon and [that] it is understood that said requirement was not initiated by the SAMHS (JDP 0003/2004).<sup>4</sup>”
- b. Chapter 3 of JDP0003/2004 stipulates a number of requirements for the “submission of needs.” The document stipulates that “it is the responsibility of clients to establish and state their actual requirements, that is, what goods and/or services must be procured .... It is accepted that clients have established that the requirements are really required ....” The document further stipulates information that should be supplied for the need, including a detailed description, specifications, quantities, delivery requirements, specific suppliers, and availability of funds.
- c. The allegation by Maj-Gen Ford that SAMHS, as a service of the SANDF and hence “the client”, did not submit such a need in terms of JDP0003/2004 is substantiated.
- d. It was Lt-Gen Dabula who, after being briefed by the Cuban FAR and the CIGB, who identified the need in his capacity as Surgeon-General. However, Lt-Gen Dabula did not cause the submission of the need in terms of JPD0003/2004.
- e. Instead, Lt-Gen Dabula briefed the MCC, the highest decision-making body in the SANDF, and recommended the procurement of Interferon from Cuba.
- f. In its statement on 28 January 2021, the MCC firmly stated that “[a]s the Military Command, ***we want to put on record that the Surgeon-General is the only authority for medical force protection in the SANDF during war and [during] peace time*** (our emphasis).”
- g. The MCC approved Lt-Gen Dabula’s recommendation to procure Interferon Alpha 2B from Cuba.
- h. The MCC cited reported anecdotal evidence on the successful use of the Human Recombinant Interferon Alpha 2B in Cuba, China, Italy, Pakistan, Iran, Ukraine, and other countries.
- i. The SG submitted that the Cubans made it clear that Interferon was not a vaccine, but was an immune booster or modulator.<sup>5</sup> However, the Interferon was presented to be a working drug that, while not replacing the need for a vaccine, was effective in preventing and fighting COVID-19 symptoms in the early stages of the disease by boosting the human body’s natural interferons, thus preventing the virus from progressing further into the respiratory system, especially into the lungs.

### 43. Period when the need was identified.

From interviews with some members of the Military Command Council (Gen Shoke, Lt-Gen Dabula, Lt-Gen Mbuli), the period when the need for Interferon was identified

<sup>4</sup> Joint Defence Publication Acq No.:0003/2004 is a document that stipulates ‘Process and Procedures for the Procurement and Sales in Respect of Commercial Goods and Services’.

<sup>5</sup> This assertion is also made in the MCC statement of 28 January 2021.

by the MCC, at the recommendation of Lt-Gen Dabula, was between February and March 2020.

44. Approval for the use of Interferon.

- a. As indicated above, the MCC approved the procurement and use of Interferon at the recommendation of the Surgeon-General, Lt-Gen Dr Zola Dabula.
- b. The use of Interferon for the treatment of COVID-19 has however not been approved by the South African Health Products Regulatory Authority (SAHPRA), which is the regulatory body for health products, including pharmaceuticals, in South Africa.
- c. SAHPRA was also not involved initially before the consignments of Interferon were brought into the country.
- d. To date, there is no pharmaceutical approval for the use of Interferon for the treatment of COVID-19 from SAHPRA.
- e. Therefore the allegation made by Maj-Gen Ford that “the drug is not SAHPRA-approved for use within the RSA” is substantiated.
- f. From the various interviews we conducted and what evidence we could lay our hands on, we are able to map the following sequence of events:
  - i. SAHPRA was not aware of the arrival of Interferon Alpha 2B into the country when the first consignment arrived on 27<sup>th</sup> April 2020.
  - ii. Nor was SAHPRA aware of the arrival of the second and third consignments on 7<sup>th</sup> July 2020 and 17<sup>th</sup> August 2020.
  - iii. SAHPRA received an application from SAMHS for the use of the bulk stock of the Interferon on 27<sup>th</sup> August 2020. The application, which did not show any quantities and contained no information on the clinical benefit of Interferon, was rejected by SAHPRA.
  - iv. On 5<sup>th</sup> October 2020, SAHPRA approved an application from SAMHS to use ten (10) vials of the Interferon for the treatment of a single patient in terms of section 21 of the Medicines and Related Substances Act, No. 101 of 1965 as amended.
  - v. Again on 21<sup>st</sup> October 2020, SAHPRA received another application for the authorisation of the use of the bulk stock of the Interferon from SAMHS, again with no mention of quantities and other relevant information. This application was also rejected.
  - vi. Section 28 of the Medicines and Related Substances Act gives specific powers to SAHPRA inspectors in regard to inspections related to the control of medicines.
  - vii. SAHPRA informed the MTT that their inspectors approached SAMHS through Lt.-Col Oma Mohammed on 11<sup>th</sup> November 2020. At the meeting with Lt-Col Mohammed, SAHPRA inspectors were informed that the officer authorised to engage SAHPRA on the inspection to be conducted on the Interferon was Col Lorraine May, then Officer Commanding: South African Military Health Base Depot (SAMHBD).
  - viii. After several attempts to get hold of Col May, SAHPRA eventually visited the SA Military Health Base Depot in Pretoria on 29<sup>th</sup> January 2021, with the view to discussing the arrival of the Interferon from Cuba without SAHPRA’s approval.
  - ix. SAHPRA informed the MTT that on that occasion, their inspectors were



- accompanied by two officers from the Directorate for Priority Crime Investigation (DPCI, known as the Hawks).
- x. SAHPRA justified their involvement of the Hawks at this stage as necessary for their role as a regulator to destroy any medication that did not comply with the Medicines and Related Substances Act, No. 101 of 1965, as updated in subsequent Regulations.
  - xi. Contrary to some reports in the popular media, the MTT has established that there was no stand-off or confrontation between SAHPRA and the Hawks on one hand and the SANDF on the other hand.
  - xii. The SAHPRA/DPCI delegation left after meeting officials of the SAMHBD and inspecting the Interferon stored in the storage refrigerator without incident.
  - xiii. After Col May called the Surgeon-General to report on the visit from SAHPRA and the Hawks, a delegation from the senior leadership of the SANDF, including the Chief: SANDF and the Surgeon-General, arrived at the SAMHBD to receive a report on the earlier sequence of events at the SAMHBD.
  - xiv. SAHPRA, in its engagement with the MTT, claimed that they had written several letters and e-mail messages to SAMHS to discuss a way forward in relation to Interferon Alpha 2B, to no avail.
  - xv. SAHPRA and SAMHS again met on 9<sup>th</sup> February 2021 to take the discussion on Interferon Alpha 2B forward.
  - xvi. A follow-up meeting was again held between the two organisations on 12 February 2021. At this meeting an agreement was reached that SAMHS would submit a clinical trial application for the use of Interferon on 8 000 members of the SANDF. Upon receipt of the clinical trial application, SAHPRA would fast track the review in the same manner it did with the COVID-19 vaccine clinical trials. SAMHS committed to submit the clinical trial application on 11<sup>th</sup> March 2021, which deadline was not met.
  - xvii. SAHPRA then wrote to SAMHS demanding an action plan in regard to the Interferon, failing which SAHPRA would move in to seize and destroy the Interferon as provided for in the Medicines and Related Substances Act.
  - xviii. SAMHS responded to SAHPRA's letter on 31<sup>st</sup> March 2021, giving an undertaking to provide the required action plan by 9<sup>th</sup> April 2021, and a clinical trial protocol by 1<sup>st</sup> May 2021.
  - xix. Upon SAMHS's submission of the clinical trial application, it was found by SAHPRA to have several significant information gaps. Thereafter the two teams met with the view to clarifying the regulatory requirements for the clinical trial application.
  - xx. SAMHS ultimately submitted a revised clinical trial application on 9<sup>th</sup> July 2021. When SAHPRA reviewed the application, it again found gaps, which the regulator communicated to SAMHS in writing, with a deadline set for re-submission set for 29 July 2021, which deadline was not met.
  - xxi. During the MTT's discussion with SAHPRA on 21<sup>st</sup> September 2021, the regulator informed the MTT that SAMHS had been given a new deadline of 1<sup>st</sup> October 2021 to respond to the queries that are contained in their letter of 19<sup>th</sup> July 2021.
  - xxii. SAHMS did not meet the deadline of 1<sup>st</sup> October 2021, as some of the

requirements of SAHPRA require lengthy supply chain management (SCM) processes. Col. Dr Thabo Mnisi, who is leading the SAMHS team on Interferon Alpha 2B informed the MTT that the primary requirement SAMHS has to meet is the appointment of a Clinical Research Organisation (CRO) which will help answer some of the queries from SAHPRA. In this regard, the Secretary for Defence had written to the Office of the Chief Procurement Officer (OCPO) at National Treasury requesting permission to deviate from normal SCM processes in the appointment of the CRO. A response from the OCPO is still outstanding in this regard.

- xxiii. Based on the MTT's interaction with the SAMHS team interacting with SAHPRA, led by Col Dr Mnisi, we are convinced that SAMHS simply does not have the capacity to lead a successful interaction, let alone a clinical trial, with SAHPRA.
- xxiv. This poses a major risk as the expiry dates of the Interferon approach ever so faster.
- xxv. Another matter that SAHPRA has raised with the SANDF, in a letter purportedly written on 22 July 2021<sup>6</sup>, is the port of entry of the Interferon Alpha 2B into the country. In terms Regulation 12(1) of the Regulations for the Medicines and Related Substances Act, no one can import medicines into South Africa unless those medicines come through the following ports of entry: OR Tambo International Airport; Cape Town International Airport; Cape Town Harbour; Durban International Airport (King Shaka); Durban Harbour; Gqeberha International Airport (Chief Dawid Stuurman); and Gqeberha Harbour.
- xxvi. The evidence points to the first two consignments having come through Air Force Base Waterkloof and the third consignment having come through OR Tambo International Airport.
- xxvii. As can be seen above, Air Force Base Waterkloof (AFBW) is NOT one of the ports of entry through which imported medicines can enter the country. As a result, the importation of the first two consignments through AFBW was in violation of Regulation 12(1) of the Regulations for the Medicines and Related Substances Act.
- xxviii. The MTT has regrettably found that, at many times, the relationship between SAHPRA and the SANDF (through SAMHS) depended on the vicissitudes and attitudes of individuals in the two organisations.
- xxix. Further, several senior members of the SANDF that engaged the MTT alleged that SAHPRA seemed to be doing the bidding of the dominant pharmaceutical monopolies or oligarchies that consistently seek to stifle any competition, especially one that unconventionally comes from the likes of the Republic of Cuba and any other source outside of the dominant Western axis led by US pharmaceuticals.
- xxx. This has been categorised as part of an ideological slant that has consistently dominated the pharma industry since the dawn of freedom in South Africa in 1994. Given the lack of evidence in support of or in contradiction of this assertion in relation to SAHPRA, the MTT believes that this claim can neither be discounted nor affirmed.
- xxxi. What can be affirmed however is what is common cause in relation to

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<sup>6</sup> The MTT has not seen a copy of this letter.



the political economy of the pharmaceutical industry in South Africa, namely, the oligarchic nature of the industry dominated by near monopolies largely headquartered in major Western capitals.

- xxxii. This has been a long-term discussion that has been raging in the country since the controversial discussion on the procurement of HIV and AIDS anti-retrovirals in the 1990s and early 2000s.

## PROCUREMENT OF THE INTERFERON

### 45. Who procured the Interferon?

- a) The MTT established that the responsibility to procure Interferon Alpha 2B was placed on the Logistics Division of the SANDF (Log Div) by the Military Command Council (MCC).
- b) However, the identity of the person(s) who provided the Log Div with the specifications, including the quantities to be procured was intensely disputed among senior officers of the SANDF. Maj-General Mzikayise Tyhalisi informed the MTT that there was no way in which Log Div would know how much medicines to order without being advised by SAMHS, as Log Div does not have the medical know-how to make such decisions.
- c) Lt-Gen Dabula, the Surgeon-General (SG), informed the MTT that although he did not take direct part in discussions around the procurement of Interferon (and could therefore not be the one who advised on quantities to be procured), he had deployed Brig-Gen Bruiners to work with the Log Div in this regard.
- d) Brig-Gen Bruiners confirmed that, in his capacity as Head of Logistics within SAMHS, he was directed by the SG to coordinate SAMHS inputs around COVID-19, including such matters as Personal Protective Equipment (PPEs) and other medical resources. He however vehemently denied ever discussing Interferon and its procurement. He informed the MTT that he heard about Interferon “in the corridors” on 28 April 2020, a day after the arrival of the first consignment on 27 April 2020. He also informed the MTT that he was also not in any way involved with the second and third consignments either. In view of this evidence, the MTT finds that Brig-Gen Bruiners could not have been the SAMHS officer who advised Log Div on the quantity of the Interferon to procure as he played no role whatsoever in the Interferon matter.
- e) The exact officers of SAMHS who advised the Log Div and the C SANDF, in drafting the letter to the Cuban FAR requesting certain categories of medical officers and specific quantities of the Interferon had initially remained somewhat of a mystery to the MTT. Attempts by the MTT to get to the bottom of this matter was stonewalled by the Office of the SG after several attempts.
- f) A classified 14 February 2021 information memorandum on Interferon by Lt-Gen JS Mbuli, C Log, to the then C SANDF, Gen Shoke, suggests that the SANDF placed a total order of 1.3 million vials of Interferon Alpha 2B with

TECNOIMPORT Enterprise.

- g) However the MTT saw a copy of a letter written on 8<sup>th</sup> April 2020 by the then C SANDF, Gen Shoke, to the Chief of General Staff of the Cuban FAR, Army Corps General Álvaro López Miera, requesting assistance with the deployment of thirty-one (31) medical practitioners (categorised into different professions) from Cuba as well as Interferon that would treat 100 000 people.
- h) We were informed by Gen Shoke that the original letter had come from the Office of the SG. The detail of the medical professional information contained in the letter provides sufficient evidence that the information could not have originated from the then C SANDF, who has no medical background.
- i) The MTT has since confirmed Gen Shoke's version as we have traced the original classified letter, on a SAMHS letterhead with Lt-Gen Dabula as the person to make enquiries to and with a reference number of the Office of the SG (SG/R/104/7/2). The letter signed by Gen Shoke on 8<sup>th</sup> April 2020 to Gen Álvaro López is a verbatim "cut-and-paste" of the SAMHS draft letter from the Office of the SG. The MTT has also seen the message from the private email address of the SG to the then C SANDF, Gen Shoke, which points without any doubt that the SG, Lt-Gen Dr Zola Dabula, himself identified the need for Interferon to treat "100 000 people". The identity of the officers who assisted the SG to identify the need in this regard is unknown to the MTT.

46. How was the Interferon procured?

- a) The procurement of the Interferon was supposedly conducted under an existing bilateral agreement between Cuba and South Africa.
- b) The said agreement was signed in Pretoria by the then Minister of Defence and Military Veterans, Ms Lindiwe Sisulu, on behalf of the Republic of South Africa, and the Cuban Vice-President of the Council of Ministers, Mr Ulises Rosales del Toro, on 10<sup>th</sup> January 2012.
- c) Based on the Government-to-Government Agreement that was signed by Minister Sisulu, the Chief SANDF, Gen Solly Shoke, subsequently signed two Military-to-Military agreements on 18<sup>th</sup> August 2014. These agreements, under the rubric of Operation Thusano, were Contract TI 17-001 SUDAFRICA, meant to provide for collaboration on professional and technical services, and Contract TI 17-002 SUDAFRICA to provide for collaboration on vocational training services. It is common cause that various supplements to these two contracts have since been signed between the SANDF and the Cuban FAR for specific services.
- d) It is in this regard that Supplement No. 10 to Contract TI 17-001 SUDAFRICA was specifically signed on 28 April 2020 to formalise an agreement on the supply of Heberon® Alpha R (Human Recombinant Alpha 2B Interferon). Supplement No. 10 was signed by the then Chief SANDF, Gen Solly Shoke, on behalf of the SANDF, and by the Director-General of the Cuban State-Owned

Entity, the Import and Export Cuban Company for Technical Products (TECNOIMPORT Enterprise), Mr Heriberto Sánchez Alleyne.

- e) Maj-Gen Mzikayise Tyhalisi, who headed Operation Thusano, under which the Interferon was ordered (as per Supplement No. 10), when asked why the Supplement was signed on 28 April 2020, a day after the arrival of the first consignment of the Interferon, explained that the original agreement signed by the Director-General of TECNOIMPORT landed with the first consignment of the Interferon on 27<sup>th</sup> April 2020, and was signed by Gen Shoke when the first opportunity presented itself on 28 April 2020. The MTT finds no reason to disbelieve Maj-Gen Tyhalisi and therefore accepts this explanation as a genuine recollection of the events around the signing of Supplement No. 10 of Contract TI 17-001 SUDAFRICA.
- f) The leadership of the SANDF is of the view that the Bilateral Agreement signed by Minister Sisulu in 2012 and the subsequent military agreement, Contract TI 17-001, provided the SANDF the authority to procure the Interferon without following normal supply chain management (SCM) processes, as stipulated in section 217 of the Constitution, sections 38 and 45 of the Public Finance Management Act (PFMA), the Treasury Regulations, as well the DoD procedures set out in JDP0003/2004: *Processes and Procedures for the Procurement and Sales in Respect of Commercial Goods and Services*.<sup>7</sup>
- g) Further, the emergency COVID-19 situation which faced the SANDF, the country and indeed the entire world, the SANDF leadership argues, provided even more justification for the use of emergency methods in procuring the Interferon from Cuba.
- h) There is further argument that at the time the SANDF procured the Interferon, Cuba was the sole supplier of Heberon® Alpha R (Human Recombinant Alpha 2B Interferon) the world over. The People's Republic of China, which initially ordered vast amounts of Interferon from Cuba as part of its arsenal against COVID-19, subsequently developed a capability to manufacture Interferon.
- i) The Auditor-General (AGSA) gave the Department of Defence a qualified audit opinion for the 2020/2021 financial year for, among other reasons, the irregular expenditure of R2.1 billion, including R33 million for the procurement of the Interferon from Cuba without approval from SAHPRA. The AG further issued a notice of material irregularity on the failure to comply with the Medicines and Related Substances Act to the Accounting Officer of the DoD, the SecDef Amb Sonto Kudjoe, on 13<sup>th</sup> August 2021.
- j) In this regard, it is worth noting that the AG flagged only the irregularity of procuring the Interferon without SAHPRA's approval, and not an irregularity related to supply chain management (SCM) lapses.<sup>8</sup>

<sup>7</sup> In terms of JDP0003/2004, any procurement above R5 million should be adjudicated by the Departmental Commercial Procurement Board (DCPB), which was not the case with the procurement of the Interferon.

<sup>8</sup> The AGSA is the only statutory body empowered to make declarations on irregular expenditure or material irregularities, and the MTT defers to the AGSA on this aspect of its work.

47. When was the Interferon procured and at what cost?

- a. As indicate above the initial “order”/request for Interferon Alpha 2B was made in a letter signed by the C SANDF, Gen Shoke, on 8<sup>th</sup> April 2020, which also ordered the deployment of various Cuban medical practitioners to fight COVID-19.
- b. The letter of 8<sup>th</sup> April 2020 made a request for Interferon to treat 100 000 people, and did not specify an order of 1.3 million doses as indicated in several internal documents and in an interview with Maj-Gen Tyhalisi. The correct figure was 1.2 million.
- c. The figure of 1.2 million doses was stipulated by the Head of Medical Services of the Cuban FAR, Brig-Gen Francisco Martinez Quintela, in response to Gen Shoke’s letter of 8 April 2020 requesting doses for 100 000 people. Brig-Gen Martinez then indicated in a meeting that took place in Havana on 16 April 2020 that to treat 100 000 people would require 1.2 million doses of the Interferon.
- d. At that same meeting, which was attended on the South African side by Brig-Gen NT Majola, then RSA Defence Attaché in Cuba, the Cuban side wished to establish when the aircraft that was going to transport the Cuban Medical Brigade and medication, including the Interferon, was going to arrive in Cuba. This information was, as Brig-Gen Martinez explained, crucial to give the CIGB at least 48 hours to pack the first consignment of the Interferon, which was initially said to consist of 87 000 vials (this subsequently grew to 130 000 as indicated below). This was communicated via email by Brig-Gen Majola to Gen Shoke, Lt-Gen Dabula, Lt-Gen Mbuli, Maj-Gen Tyahlisi and Brig-Gen Siphon Gina.<sup>9</sup>
- e. The South African Embassy in Cuba informed the Cuban Ministry of Foreign Affairs through Note Verbale No. 046/2020 that the aircraft collecting the Cuban Medical Brigade and medication, including the Interferon, would leave South Africa on Thursday 23<sup>rd</sup> April 2020. This was accordingly acknowledged by the Cuban Embassy in South Africa to the Department of International Relations and Cooperation (DIRCO) in Note Verbale No. 174/2020 on 21 April 2020.
- f. The first consignment of 130 000 vials arrived in the country on 27 April 2020. The invoice for this consignment, number S-0080, dated 30 April 2020 indicates a cost of USD 2 015 000.00.
- g. The second consignment of 709 594 vials arrived in the country on 7<sup>th</sup> July 2020. The invoice for this consignment, number S-0082, dated 02 July 2020 indicates a cost of USD 10 998 707.00.

<sup>9</sup> In the case of Lt-Gen Dabula, both his SANDF and his personal email addresses were used as he was on compassionate leave at this time.

- h. According to a classified memorandum written by Lt-Gen Mbuli (Enquiries Maj-Gen MJ Tyhalisi) on 14 February 2021, the third consignment of 131 101 vials left Cuba on 12<sup>th</sup> August 2020. However evidence from both the air waybill and the packing list for the 131 101 vials clearly shows that the flight was on 17<sup>th</sup> August 2020, and not 12<sup>th</sup> August 2020. The invoice for this consignment, number S-0086, also dated 17 August 2020, indicates a cost of USD 2 032 065.50.
- i. A total number of 970 695 vials were delivered to SAMHS depot at a total amount of USD 15 045 772.50.
- j. There is an outstanding number of 229 305 vials that have not yet been received from Cuba from the total amount of 1.2 million vials ordered, meaning that there could be a contingent liability of USD3 554 227.50 (229 305 x USD15.50) for the DoD.
- k. There are two contradictory figures of the cost of each vial of Interferon Alpha 2B. In some documents, the cost per vial is cited as USD15.50, yet in a classified unsigned letter of (no specific date) August 2021 meant for signature by the new Chief SANDF, Gen R. Maphwanya, (enquiries Lt-Gen L. Yam), and in a classified submission signed by C Log, Lt-Gen JS Mbuli (enquiries Maj-Gen MJ Tyhalisi), on 14 February 2021, the figure quoted per vial is USD16.00.
- l. Incidentally, if one were to, as an example, look at Invoice S-0080 (dated 30/04/2020), the front page cites the price per unit as USD15.50, leading to a SANDF liability of USD2 015 000.00 (See *Annexure "B"*), yet Commercial Invoice No. TEC 002/2020 of the same invoice package, dated 23/04/2020, cites the price per unit as USD16.00, See *Annexure "C"*) leading to a SANDF liability of USD2 080 000.00, even though there is a disclaimer that the latter figure was only for "customs purposes."
- m. Fortunately, the Budget Management Office at the Log Div is consistently using the unit price of USD15.50 to calculate the SANDF's liability.

## DELIVERY, RECEIPT AND STORAGE OF INTERFERON

- 48. Maj-Gen Tyhalisi advised the MTT that the recently retired Brig-Gen NT Majola, the then South African Defence attaché in Cuba, liaised with TECNOIMPORT to ensure the availability of the necessary documentation for the shipment of the first consignment of the Interferon from José Martí International Airport in Havana, Cuba on 26 April 2020, the second consignment on 6 July 2020 and the third consignment on 12 August 2012. This was confirmed by Brig-Gen Majola in his interview with the MTT. In fact, Brig-Gen Majola, as part of his functions as Defence Attaché, was the main liaison between the SANDF and TECNOIMPORT on all matters related to cooperation between the SANDF and the Cuban FAR.



49. Incidentally, Surgeon-General Lt-Gen Zola Dabula informed the MTT that he only learnt about the shipment of the first consignment of the Interferon when the consignment arrived with the Cuban Medical Brigade on 27 April 2020. Lt-Gen Dabula had been asked by Gen Shoke to represent the SANDF in welcoming the Cuban Medical Brigade at Air Force Base Waterkloof. However, the evidence provided above from various other sources suggest that this is improbable.
50. The customs clearance of the first consignment of the Interferon from Cuba to Air Force Base Waterkloof was facilitated by the Armscor subsidiary company, AB Logistics, as can be seen in the attached Customs EDI Notification dated 15 May 2020 (*Annexure "D"*)
51. According to several documents the MTT saw as well the evidence of Maj-Gen Tyhalisi, the second and the third consignments of the Interferon were not cleared by customs on the same day due to hard lockdown constraints and internal staffing problems within SAA (in fact OR Tambo International Airport was functionally closed at the time). However Maj-Gen Tyhalisi informed the MTT that air waybills are available for both the second and the third consignments. The MTT has had sight of only the air waybill for the third consignment (*Annexure "E"*).
52. At around 12:00 noon on 27 April 2020, Col Lorraine May, then Officer Commanding of the SA Military Health Base Depot, received a telephone call from a Col Ngomane<sup>10</sup> who informed her to be ready to receive the Interferon for cold storage at the Base Depot.
53. Col May immediately called Lt-Col EF Osborne to mobilise Base Depot staff to go to the depot to receive the Interferon. According to Col May, Lt-Col EF Osborne managed to find Major Murray to help with the storage of the Interferon at the depot. Other Depot staff were not available as it was a public holiday.
54. The Interferon was successfully off-loaded from UD trucks that had brought the medication from AFBW, and immediately stored the vial boxes in a large refrigerator at the Base Depot. The refrigerator was closed after all the Interferon was stored.
55. We are reliably informed by Maj-Gen Tyhalisi that on the occasion of the transportation of the first consignment from AFBW to the Base Depot, the UD Quon trucks that were used were open trucks, which the MTT saw at Log Support Formation. It was only for the second and third consignments that closed Volvo FH Globetrotter trucks were used, which the MTT also saw at Log Support Formation.
56. The evidence shows that the team that transported the Interferon from AFBW

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<sup>10</sup> The MTT subsequently learnt that Col Ngomane is a member of the Operation Thusano team at Log Div.

and ORTIA were fully aware of the temperature requirements of the drugs. The vial boxes were all placed in polystyrene containers and covered with ice bags. Each container was sealed with a lid.

57. The Interferon was counted by the Base Depot staff, led by Lt-Col Osborne, the next day on 28 April 2020 in order to double-check that the number of boxes and vials that had been delivered the previous day matches the quantities that had been shown in the import documentation. The quantities in the import documentation were confirmed by the counting done by Base Depot officers.
58. The processes of the receipt of the second and the third consignments at AFBW and at ORTIA as well as the Military Health Base Depot were the same as the receipt of the first consignment, except that the counting of the second and the third consignments occurred on the day the consignments arrived.
59. By the time the third consignment was supposed to be shipped from Havana on 17 August 2020, negative publicity had begun to circulate in the South African media on the Interferon. Concerned about this development, South African Defence Attaché to Cuba, Brig-Gen Majola, who was always present at José Martí International Airport when all three consignments were to be shipped to the RSA, called Lt-Gen Dabula to confirm whether the third consignment of the Interferon should be loaded onto the chartered plane or not. We are informed by Brig-Gen Majola that Lt-Gen Dabula told him to indeed advise the Cubans to load the third consignment for shipment to the RSA, which the Cubans and the aircraft team dutifully did.
60. The three consignments were stored in the same refrigerator.
61. There were claims made that the doors of this refrigerator were dysfunctional, thus exposing the Interferon to temperatures outside the required 2-8 degrees Celsius range. The MTT found this claim to be unsubstantiated, and is in fact a figment of a rather fertile imagination.
62. The refrigerator also had in it other items as standard vaccines and other medication. Due to sensitivities around the Interferon, Col May advised the MTT that she took a decision to move the Interferon to another more secure refrigerator which also had less traffic. This refrigerator is also fully functional and is monitored for temperature twice a day (See *Annexure "F"* – copy of the temperature time sheet).
63. The MTT is satisfied that the Interferon is stored within the required temperature range at the Military Health Base Depot.
64. The Auditor-General, using the temperature monitoring gadgets attached to each batch of the Interferon (See *Annexure "G"*), made a finding that up to 39% of the Interferon could have been exposed to temperatures outside the 2-8 degrees

Celsius range for up to 20 hours. When asked about this finding, the AGSA clarified that their finding did not mean that the Interferon's integrity had been compromised as a result.

65. This led SAHPRA to take randomly take 54 vials from different batches of the Interferon for testing. SAHPRA tested a random sample of three (3) vials. The results from the SAHPRA test clearly indicate that the integrity of the Interferon remains intact.
66. In this regard, the MTT regards the public discussion on the integrity of the Interferon stored at the Military Health Base Depot as closed and no longer has any merit.
67. Col Dr Thabo Mnisi from 1 Military Hospital is the only other person who was given vials, a total of ten (10), for the treatment of a military patient after being given permission by SAHPRA in terms of section 21 of the Medicines and Related Substances Act.
68. An assertion by the Surgeon-General that vials were also given to the Armscor subsidiary, Protechnik, for testing has been found by the MTT to be unsubstantiated. A sworn affidavit by Dr Nomandla Vela of Protechnik denying this assertion is relevant in this regard (See *Annexure "A"*).
69. A similar claim by Col May in regard to the Auditor-General taking Interferon vials from the Base Depot was also found to be unsubstantiated (See *Annexure "H"*). This claim was also made in a classified letter by Maj-Gen Maphaha on 22 February 2021 to the AGSA (Enquiries Col L. May) who was under the impression that among the attachments to the letter was an attachment that showed proof that the AGSA were given vials of the Interferon. On reviewing the attachments, the MTT found no such attachment.
70. It is significant to bring to the attention of the Minister of Defence and Military Veterans that the three consignments of the Interferon that are stored at the Military Health Base Depot will expire in March, April and July 2022, respectively. These dates are crucial for the assessment of the dire situation facing the SANDF in regard to Interferon Alpha 2B.

## **PAYMENT FOR THE INTERFERON**

71. The Cuban State-Owned Company, TECNOIMPORT, issued the SANDF with three (3) invoices for the three consignments that arrived on our shores from the Republic of Cuba.
72. The invoices were received by the Operation Thusano office at the Log Div of the SANDF.



73. Invoice number S-0080 was issued on 30<sup>th</sup> April 2020 for the first consignment of 130 000 vials at a total amount of USD 2 015 000 00. This invoice was misclassified as payment for vocational training services under Operation Thusano, and was initially recorded as such in the books of the DoD. This was subsequently corrected on 5<sup>th</sup> October 2020 and correctly classified as drugs under Operation Notlela.
74. Invoice S-0080 was approved for payment by the C Log Lt-Gen JS Mbuli under Financial Authority (FA) 12298052 on 30<sup>th</sup> June 2020 after his personal intervention with the Budget Management Office on the same day.
75. This appeared to have been spurred by a letter from the Director-General of TECNOIMPORT, Mr Heriberto Sánchez Alleyne, to Gen Shoke on 22 June 2020, indicating that CIGB and TECNOIMPORT are not able to comply with the delivery of the second consignment of the Interferon due to the outstanding payment of USD 2 015 000.00 for the first consignment.
76. An amount of R33 496 973.60 was ultimately paid for Invoice S-0080.<sup>11</sup>
77. Invoice number: S-0082 for the second consignment, dated 2<sup>nd</sup> July 2020, at a total amount USD 10 998 707 00 has NOT yet been paid by the SANDF.
78. Invoice number: S-0086 for the third consignment, dated 17<sup>th</sup> August 2020, at a total amount USD 2 032 065 50 has NOT yet been paid by the SANDF.
79. The CFO, Mr Sipiwe Sokhela, disputed invoices for the second and the third consignments, citing irregular procurement processes that were undertaken during the procurement of the Interferon.<sup>12</sup> The CFO further cited his prioritisation of the COE shortfall, given significant budget cuts which could have meant some members of the DoD going without salaries.
80. On 2<sup>nd</sup> June 2020, a meeting was held between the CFO and the C Log in which the C Log requested the CFO to provide R182 million “to procure Interferon Alfa 2 b medicine (2<sup>nd</sup> and 3<sup>rd</sup> shipment) from Cuba.”
81. The CFO was reminded of the meeting of 2<sup>nd</sup> June 2020 through a classified letter signed on behalf of the C Log by the then Deputy C Log, Maj-Gen Harrison, on 28<sup>th</sup> July 2020.
82. On 30<sup>th</sup> July 2020, the Chief Director: Budget Management in the DoD, Ms N. Tyibilika, indicated to the CFO, Mr ES Sokhela, that she did not recommend the provision of the R182 million requested by the C Log for the procurement of the second and the third consignments of the Interferon. This recommendation of

<sup>11</sup> The actual Rand:Dollar exchange rate on the date of payment is used to convert from the dollar denominated invoice to the South African Rand value.

<sup>12</sup> As indicated earlier, it is significant that the AG did not make a finding in this regard.

non-approval by Ms Tyibilika was approved by the CFO on the same day, 30<sup>th</sup> July 2020.

83. The Chief Log and the SG had a meeting with the CFO on 30 September 2020 to persuade the CFO to provide the amount of R182 000 000.00 for the second and the third consignments. The CFO however still rejected the request. The CFO mentioned that the payment of the Interferon was never discussed before its arrival even though there had been a number of meetings that presented an opportunity for this to be discussed. The CFO advised that the Interferon should be returned to Cuba and that this suggestion was furiously rejected by the C Log and the SG.
84. Incidentally, the Cuban Embassy in South Africa, under the cover of Note Verbale No. 357/2021 to DIRCO, wrote a letter to the then Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula, requesting the return of 500 000 vials of the Interferon Alpha 2B for urgent use in Cuba, given the real risk that the Interferon would expire before it can be used in South Africa. The Cuban Government promised to replace the 500 000 vials should the regulatory issues dogging the use of Interferon be resolved at a later date.
85. About two weeks after the meeting of 30<sup>th</sup> September 2020 between the CFO, the SG and the C Log, the CFO was called into a meeting with the new SecDef (Amb Sonto Kudjoe) and the then C SANDF (Gen Shoke) to persuade him (the CFO) to consider paying TECNOIMPORT for the second and the third consignments. The CFO informed the MTT that he still declined the request to pay for the second and the third consignments as doing so would place him in an invidious situation, given the fact that he had since learnt that the Interferon had not been properly procured in line with the relevant public finance and public health prescripts<sup>13</sup> which had led to a huge controversy around the import of the Interferon into the RSA for fighting COVID-19.
86. The refusal of the CFO to pay for the second and the third consignments of the Interferon represents a major crisis for the SANDF and the DoD.

## **WHAT STARES THE DOD IN THE FACE? – THE SCENARIOS**

87. Based on the findings above, it is common cause that two issues remain outstanding in the Interferon saga.
88. The first outstanding matter is the payment for the second and the third consignment of the Interferon which is under dispute within the DoD.
89. The second outstanding matter is approval of the use of the drug by SAHPRA.

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<sup>13</sup> These include the section 217 of the Constitution, the PFMA, the Treasury Regulations and various National Treasury Practice Notes.

90. It is also common cause that three sets of batches of the medication will expire in March, April and July 2022, respectively.
91. The prognosis is that even if SAHPRA were to approve the use of the Interferon in a trial for 8 000 people from 1<sup>st</sup> November 2021 (which frankly is unlikely), given that there are now effectively five (5) months left before the expiry of the first set of batches, the expiry of some of the Interferon is no longer preventable if the SANDF decides not to accede to Cuba's request to take back 500 000 vials. This we will show through crunching the figures, based on the protocol for the administration of the Interferon, below.
92. If the figure of 1.2 million vials for 100 000 people provided by Gen López is anything to go by, the protocol for the administration of the Interferon would require 12 vials for each individual.
93. However, we are informed by Col Dr Mnisi that the South African protocol is 10 vials per patient administered for ten consecutive days, repeated after six (6) months, which would mean 20 vials per patient in six months.
94. If we choose to accept Dr Mnisi's optimistic regime, it would mean that for the 8 000 anticipated patients in the proposed trial, the trial would use 80 000 vials in the first administration of the drug. Since only five months are left before the expiry of the first consignment of 130 000, the second administration could only take place in April 2022, by which time 50 000 vials (130 000 – 80 000) would have expired. The figure could be higher, as the assumption that SAMHS would have administered the drug to all 8 000 SANDF members in the trial falls on the more optimistic side.
95. The above means that the second 80 000 vials to be administered after six months will have to come from the second consignment of 709 594 vials which expire in April 2022. This means that 629 594 of the 709 594 (709 594 – 80 000) will definitely expire at the end of April 2022. Again, this is based on the best-case scenario of administering the medication to all 8 000 trial patients.
96. The best-case scenario is that SAHPRA would have approved the bulk use of the medication after the trial to enable the SANDF to use all 131 101 vials of the third consignment long before the expiry date of July 2022.
97. There is, however, a doomsday scenario in which all remaining 970 682 (970 695 – 10<sup>14</sup> – 3<sup>15</sup>) vials delivered to SAMHS would expire at the end of July 2022 without being used. This scenario will mean a R15 045 772.50 material loss (fruitless and wasteful expenditure) for the DoD.

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<sup>14</sup> Minus 10 vials used for the military patient as approved on 5 August 2020.

<sup>15</sup> Minus the 3 (of 54) vials tested by SAHPRA.

98. The best-case scenario will see the utilisation of only 291 101 (80 000+80 000+131 101) of the delivered 970 695 vials, representing 29.99% of the received vials, by the end of July 2022.
99. It is worth noting that the difference in effect between the best-case and the doomsday scenarios is extremely insignificant. What this effectively means is that whether the DoD faces the best-case or the doomsday scenario means very little. The damage will be of similar proportions.
100. In the best-case scenario, the DoD will see wasteful and fruitless expenditure of USD 10 533 707 (679 594 x USD15.50).
101. In the doomsday scenario, the DoD will see wasteful and fruitless expenditure of USD 15 045 571 (970 682 x USD15.50).

## RECOMMENDATIONS

102. In regard to dealing with the potential irregular, wasteful and fruitless expenditure for the DoD, the Minister could consider the following options for action:

### Option 1

103. Recommendation for Option 1
  - a. As indicated above, the Cuban Embassy in South Africa had, on behalf of the Cuban Government, written a letter to the Ministry of Defence and Military Veterans requesting the return of 500 000 vials that are likely to expire for urgent use in Cuba by March and April 2022.
  - b. This would leave only 470 695 9 (970 695 – 500 000) vials in South Africa.
  - c. The Cuban intention is to take the vials that would expire first, meaning all 130 000 vials of the first consignment and a further 370 000 of the second consignment. This would leave only 339 594 vials of the second consignment that would expire by the end of April 2022.
  - d. Given this reality, South Africa might want to make a request of its own, namely offering to return a further 339 594 vials to Cuba to ensure no vials expire in March and April 2022.
  - e. If the latter is accepted, the SANDF will be left only with the 131 101 vials of the 3<sup>rd</sup> consignment, which the military should use for the envisaged trials of the Interferon on 8 000 of its members.
  - f. The Minister could consider this option and if so decided, direct the leadership of the SANDF to very urgently put in place mechanisms to carry out all necessary actions in this regard, in consultation with the Cuban FAR.

104. Risks associated with Option 1

- a. Returning vials back to Cuba might cause serious damage to the political and military relations that South Africa enjoys with Cuba, even though the letter from the Cuban Embassy, requesting the repatriation of 500 000 vials back to Cuba seems to be a genuine attempt to help South Africa out of its obvious quagmire.
- b. The MTT believes that any future request from South Africa to Cuba would be reasonably and justifiably not be prioritised by Cuba. In effect, Cuba is likely forthwith not take any such request from South Africa seriously unless there are firm legal guarantees, with the concomitant serious repercussions for the RSA.

105. Mitigation factors associated with Option 1

- a. Should this option be adopted, the MTT recommends that a high-level delegation from South Africa, led by the Minister of Defence and Military Veterans or her senior delegate, should urgently depart for Cuba before returning the 500 000 (or extra) vials to clarify the difficult reasons behind the decision to accede to the Cuban request.

## Option 2

106. Recommendation for Option 2

- a. All vials that have not been paid for or approved for use by SAHPRA be sold to other countries to prevent or mitigate against irregular, wasteful, fruitless, and unauthorised expenditure.

107. Risks associated with Option 2

- a. The Cuban government will still need payment for the vials from the procurer, the SANDF and the DoD.
- b. The SANDF will still need the approval of SAHPRA to export the medication in line with the Medicines and Related Substances Act, and its regulations. The countries likely to be targeted for the sale of the Interferon are likely to find it difficult to believe that it will achieve value for money, especially in the wake of difficulties they face with access to and payment for SARS-Cov-2 vaccines.
- c. The countries could themselves face the same regulatory constraints that South Africa faced in the thus-far challenging conditions of vaccine hunting and infection prevention and mitigation.
- d. It might be too late in the day for fruitful discussions to take place between South Africa and the targeted countries given that we are approaching the less active month of December, with the expiry date edging ever closer.

108. Mitigation factors associated with Option 2

- a. Should Option 2 be adopted, the MTT recommends that an urgent and fast tracked regional intelligence and defence roadshow be developed and adopted by the RSA as a primary tool to engage the targeted neighbouring countries in this regard.

**Remedial Action in Relation to Officials Implicated in Suspected Wrong-Doing**

109. The MTT has not established whether or not there was any malice on the part of any official in this whole Interferon saga. It appears that the leadership of the SANDF, notably the Military Command Council, in the wake of an unknown enemy was justifiably concerned with force protection, and had no precedent in living memory on how best to do this.
110. In the process of charting a path never walked before, the Military Command and in particular the Surgeon-General, who was the main advisor on the Interferon, sought advice from medicos outside the SANDF and among its own reserve forces, hence the inclusion of such experts as Dr Letlape, Dr Mpe, and others in the consultations with, in particular, the Cubans and the Chinese.
111. The evidence from various witnesses does suggest that the DoH had been invited to consultations on the Interferon, but showed no interest, and failed to attend any of the consultations they were invited to.
112. The MTT recommends that where officers at various levels of the command structures are, by omission or commission, suspected of having violated the PFMA and the Medicines and Related Substances Act, such officers should be asked to account for their actions. In this regard, an adversarial process through relevant Boards of Inquiry could be a consideration.
113. The Minister of Defence and Military Veterans could consider referring the relevant aspects of this report to the appropriate structures in the SANDF and the DoD for purposes of determining whether or not any steps should be taken against any person or group of persons mentioned in this report.
114. The Ministerial Task Team (MTT) accordingly and humbly submits.

# ANNEXURES

# Annexure A



**AFFIDAVIT OF DR NOMANDLA VELA**

Annexure "A"

**AFFIDAVIT**

I, the undersigned

NOMANDLA MAGNIFICENT VELA

Do hereby make oath and state that:

1.

I am an adult female with ID Number 7707010495086

2.

I am employed by the Armaments Corporation of South Africa SOC Limited (Armcor) as the Acting Senior Manager, Protechnik Laboratories, responsible for managing the Business Unit.

3.

The facts contained herein are within my personal knowledge and are to the best of my belief both true and correct.

4.

Ms Vuyokazi Nongogo is employed by Protechnik as a Biomedical Scientist. On 22 February 2021 Ms Nongogo was requested by Colonel S Ngqukuvana to attend a meeting between the South African Military Health Services (SAMHS) and the South African Health Products Authority (SAHPRA) as an observer. The meeting was scheduled to be held at SAMHS on 23 February 2021.

5.

Col S Ngqukuvana is the Chemical Biological Advisor to the Surgeon General

1  
NMV  
NMV

6.

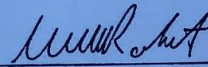
Ms Nongogo attended the meeting with the knowledge and approval of Dr TT Bhengu. Ms Nongogo reported that the meeting was chaired by Colonel May from the SAMHS and that the discussion was regarding the Interferon medicine.

7.

Since that meeting, there was no engagement between Protechnik and the SAMHS on the matter and no laboratory tests were conducted on the Interferon medicine by Protechnik.

  
DEPONENT

Thus sworn and signed to before me at Pretoria on this 23<sup>rd</sup> day of September 2021 the deponent having acknowledged that she knows and understands the contents of this affidavit, that she has no objections to taking the prescribed oath which she considers binding on her conscience.



COMMISSIONER OF OATH

**ARMSCOR**  
2021-09-23  
**LEGAL SERVICES**

Kommissaris van Ede / Commissioner of Oaths	
Name / Full Name <b>WILLEM JACOBUS MARTHINUS ROBERTS</b>	
Address / Address	370 Nossob Street Erasmushof Ext. 4 Pretoria 0004
District / Area Extrajurisdiction	RSA Kryg/ort/Armascor
Datum/Date	

## Annexure B

INVOICE NO. S-0080

**TECNOIMPORT**  
Empresa Cubana Importadora y  
Exportadora de Productos Técnicos

D	M	A
30	4	2020

**FACTURA COMERCIAL / COMMERCIAL INVOICE** No. S-0080

CLIENTE/CLIENT: FUERZA DE DEFENSA NACIONAL SUDAFRICANA  
SOUTH AFRICAN NATIONAL DEFENCE FORCE

Item	Descripción Description	Unidad M/Unit	Cantidad Quantity	Precio Unitario Price per Unit (USD)	Importo Amount (USD)
Pago por los servicios de capacitación según SUPLEMENTO No.10 al Contrato TI 17-001-SUDAFRICA Payment for the vocational training services according to the Supplement No.10 of the contract TI 17-001-SOUTH AFRICA.					
1	Heberon Alfa R 2b Recombinant Interferon Alfa 2b (Bubo de 3 MIU) Partida Arancelaria/Tariff Heading 3002.1500. 1er Embarque/ 1st Shipment	bb	130000	15.50	2,015,000.00
					IMPORTE A PAGAR: 2,015,000.00
					AMOUNT TO PAY
PAGAR A: TECNOTEX					HECHO POR/DONE BY:
CUENTA No. 0304000004239038					
SWIF: BHCCHH					
BANCO FINANCIERO INTERNACIONAL SUCURSAL HABANA VIEJA					
LA HABANA, CUBA					
					<i>he</i> ANA CARBÓ VERDE DIRECTORA ECONOMICA/ ECONOMIC DIRECTOR

Answer "8"

## Annexure C



INVOICE NO. TEC002/2020 CITING \$16.00 PER UNIT PRICE

Annexure "c"



EMPRESA CUBANA IMPORTADORA Y EXPORTADORA DE PRODUCTOS TÉCNICOS

Emp. TECNOIMPORT  
Edif. "La Marina".  
Ave. del Puerto No.102 e/ Obrapía y Justis,  
La Habana Vieja, Ciudad de la Habana.  
Telf. (53)7 801 1841/ (53)7 8011552

FACTURA COMERCIAL/ COMMERCIAL INVOICE No. TEC 002/2020

Contrato/ Contract No.: 17-001-Sudáfrica Cliente/ Client: SANDF  
Moneda/ Currency: USD Origen de la mercancía/ Origin of the goods: Cuba  
Fecha/Date: 23/04/2020 Lugar de Entrega/ Place of Delivery: Havana Airport

No.	DESCRIPCIÓN/DESCRIPTION	UM	CANT/ QTY	PU (USD)	IMPORTE/ AMOUNT (USD)
1	Heberon Alfa R 2b Recombinant Interferon Alfa 2b (Bulbo de 3 MIU) Partida Arancelaria/Tariff Heading 3002.1500.	bb	130,000	16.00	2,080,000.00
Valor Total /Total Value Delivery Conditions: FCA					2,080,000.00
VALOR SOLO A EFECTOS ADUANALES/ VALUE FOR CUSTOMS PURPOSES ONLY					

HERIBERTO SANCHEZ ALLENDE  
DIRECTOR GENERAL/GENERAL DIRECTOR  
EMPRESA TECNOIMPORT  
TECNOIMPORT ENTERPRISE

## Annexure D

CUSTOMS EDI NOTIFICATION FROM AB LOGISTICS

CERTIFICATE

Annexure "D"

**AB LOGISTICS**  
A Division of American Express

**CUSTOMS EDI NOTIFICATION IMPORTS**

Agent Code	:	00771020	AB LOGISTICS
User Code	:	LUCAS	MARDINO
LRN Number	:	00771020	SA20200515066008
MRY Number	:	00771020	SA20200515066008
File Number	:	00771020	SA20200515066008
Serial Number	:	1046506	
Purpose Code	:	06F008	
Place of entry	:	A(UR)	
Transport doc no	:	USA	
Transport doc date	:	000-CHARTER	
House waybill no	:	2020/04/24	
Sub House Number	:		
House waybill date	:		
Container number	:		
Voyage/Flight	:		
Voyage/Flight ETA	:	SA2214	
Sub-Master	:	2020/04/24	
Depot/terminal	:		
Customs status	:	IR - CHARTER FLIGHTS AIR	
Registration no	:	34 - Case Closed	
Bill of entry no	:		
Bill of entry date	:	5036253	Case No: 348509605
Assessment date	:	2020/05/15	
UIC Number	:	2020/05/15	
No. of packages	:	7	
Kilograms	:	953.20	
Part clearance	:	1 of 1	
Customs Value	:	40421334	

Express Release  
Customs Notification Date/Time: 2020/05/15 11:53

Prepared with Compu-Clearing



## Annexure E



## Annexure F



## Annexure G

YELLOW TEMPERATURE MONITORING GADGET





## Annexure H

**EMAIL MESSAGE FROM THE AGSA**

**From:** Tsotetsi, Mbali (DBE) [mailto:MbaliT@agsa.co.za]  
**Sent:** Friday, 08 October 2021 11:20  
**To:** Joseph W. Zondi <Joseph.Zondi@dod.mil.za>  
**Subject:** Confirmation

Dear Major Zondi,

As discussed yesterday, I have confirmed with the audit team that at no stage of the audit process did the AGSA team remove or take any heberon vials from the Department of Defence depot.

I hope that this will be in order, please let me know if you need further clarity.

Regards,

**Mbali Tsotetsi**

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Deputy Business Unit Leader • National C • Auditor-General of South Africa

Tel: +27(0)12 426 8306 • Mobile: +27(0)82 745 2381 • Email: [mbalit@agsa.co.za](mailto:mbalit@agsa.co.za)

*Auditing to build public confidence*

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**Heberon® Alfa R 25**

**3M** Interferón alfa 2b, humano recombinante/  
*Human recombinant interferon alpha 2b*

Solución para inyección im-iv-sc-ip-ii/  
*Solution for injection im-iv-sc-ip-ii*

Cada bulbo contiene/ Each vial contains:

Interferón alfa 2b, humano recombinante/ Human recombinant interferon alpha 2b	3 000 000 UI/30
Polisorbato 80/ Polysorbate 80	0,06 mg
Alcohol benzílico/benzyl alcohol	3,00 mg
Hidrogenosulfato de sodio/ Sodium hydrogen phosphate	3,804 mg
Dihidrogenosulfato de sodio/ Sodium dihydrogen phosphate	1,029 mg
Cloruro de sodio/ Sodium chloride	1,487 mg
Agua para inyección, s. l. y	0,30 mL

**Heber**  
Heber Biotec, S.A.  
La Habana, Cuba



**Heberon® Alfa R 25**

**10M** Interferón alfa 2b, humano recombinante/  
*Human recombinant interferon alpha 2b*

Solución para inyección im-iv-sc-ip-ii/  
*Solution for injection im-iv-sc-ip-ii*

**Heber**  
Heber Biotec, S.A.  
La Habana, Cuba

