



Press Release: 15 May 2013

TOP GOVERNMENT ANTI-POVERTY PROGRAMME UNDER THREAT OVER R30-MILLION MVULA TENDER SCANDAL.

A company subcontracted irregularly by Mvula Trust to implement a flagship anti-poverty and job-creation programme for government is threatening to pull out, a move that could see thousands of people dependent on the project losing their source of livelihood.

The threats are contained in an extremely disturbing email in Corruption Watch's possession. The email is addressed to Mr John Ngobeni, a senior official in the Department of Cooperative Governance and Traditional Affairs (Cogta). The email was written by Mr Phiwa Mathenjwa, the executive and major shareholder of Ubuntu Sima, the company subcontracted irregularly by Mvula Trust in the R30-million deal.

Earlier this year a Corruption Watch investigation revealed that Mvula had won a government tender eligible only for NGOs but had subcontracted the implementation tasks – accounting for about 60% of the tender value of R30-million – to a for-profit company, Ubuntu Sima. In the tender application, Cogta was kept in the dark about the identity of the subcontracting company and the unusual extent of its involvement in the project. Cogta did not ask for this vital information either.

The email in question – which is attached below this media release – advises Cogta that as of the 14th May, Ubuntu Sima will no longer be performing the vital implementation tasks assigned to it by Mvula due to a dispute between the two parties. The tasks included paying wages to some 70 000 participants in the Community Work Programme in Gauteng, Mpumalanga, and Limpopo. Since early this year there have been major protests by Gauteng participants in the programme over alleged non-payment of wages.

“This is highly disturbing considering that Cogta failed to probe the relationship between Mvula and its subcontracting partner, which is highly irregular. The upshot is that an admirable and well-conceived government programme has been trashed. This establishes in the most graphic and tragic terms that the poorest of the poor pay the highest price for corruption,” says Corruption Watch executive director David Lewis.

The Corruption Watch investigation highlighted a number of irregularities, among which revealed:

- That the major owner of the sub-contracted company, Ubuntu Sima, is a Ms Gabsie Mathenjwa, who is also a long-serving member on the board of trustees at Mvula. In short, there was a massive conflict of interest.

- Mvula, in bidding for the contract, effectively acted as a front for Ms Mathenjwa's company.

Corruption Watch has repeatedly over the last five months informed Cogta of these gross irregularities in the tender. However, we received no response. In recent weeks the Minister of Cooperative Governance and Traditional Affairs has established an enquiry to examine these aspects of the Community Work Programme. Corruption Watch has been invited to make submissions to this enquiry, which has until the 15th June to report back its findings.

“While we believe that a detailed investigation is undoubtedly necessary, events on the ground have rendered this a luxury insofar as this vital programme is now threatened with imminent collapse in at least in three provinces. Government needs to act with extreme urgency if this programme is to be saved.”

Corruption Watch believes that if the Community Work Programme is to be rescued, the inter-ministerial committee responsible for overseeing the programme must assume responsibility for it, at least until Cogta's questionable role in the awarding of this tender has been investigated.

“There are rules governing tender processes precisely to avoid this outcome. When the rules are flagrantly ignored, as in this case, we need to ask ‘why’ and ‘in whose interest’ have the rules been bent? Those responsible for this must be brought to book,” said Lewis.

For more information:

David Lewis 082 576 3748

From: Phiwa Mathenjwa [<mailto:pmathenjwa@mvulatrustcwp.co.za>]

Sent: 13 May 2013 03:25 PM

To: 'Exec Manager GLM John Ngobeni'

Cc: 'Florah Nkoana'; 'Tozi Faba'; 'nseme@mvulatrustcwp.'; 'Moses Makhweyane'; 'Bongiwe Mculu'; silas@mvula.co.za; Gabsie Mathenjwa; RamaipadiMA@coghsta.limpopo.gov.za; Gondai Matanga; goodenough@mvula.co.za; sibusiso@seriti.org.za; ericgk@hotmail.co.za; selbym@cogta.gov.za; mthunzim@cogta.gov.za; ntsimbim@vodamail.co.za; massacha@mvula.co.za; sigudla2000@yahoo.com; mbovusam@gmail.com; jmakomati@mpg.gov.za

Subject: Suspension of services: CWP Project Implementation (Gauteng, Limpopo and Mpumalanga)

Dear Mr Ngobeni,

You will recall (from the proposal) that Mvula Trust has an SMME partner (Ubuntu Sima). In terms of the agreement between Mvula Trust and Ubuntu Sima, Mvula Trust retains Programme Management roles and Ubuntu Sima is responsible for the Project Implementation, hence the deployment of 15 resources (and other indirect resources) into the programme. In terms of execution of the CWP task, all has and is according to the stipulations of the programme and as approved by your office.

However, this correspondence seeks to inform the stakeholders that there has been a yet to be resolved financial issue between the two parties. This matter has been affecting Ubuntu Sima for some time, often resulting in working whilst utilising our (other) financial resources, basically a situation of “borrowing from Paul to pay Themba”. Since we are conducting the most crucial systems and processes of the programme, it has been extremely difficult to simply just pull away.

We have had several meetings with our partner, with a view of resolving this matter, to no avail. In our last meeting, on Friday, 10th May at the Mvula Trust offices (after another failed attempt), we declared to our partners that we don't have the financial resources to execute the programme anymore and that all our services are suspended. To this regard, please be informed that Ubuntu Sima is not operating on the CWP account with effect from 14th May 2013, pending the resolution of this matter.

Our dearest and valued stakeholders, be assured that Ubuntu Sima is a progressive organisation and is fully aware of the mandate of government, (especially when there is so much expected in terms of job creation, eradication of poverty and skills development) in terms of ensuring a better life for all. As issues stand at the moment, all our key creditors, in terms of the CWP systems and the actual overheads are unpaid and as such we are unable to cope.

Accordingly there will be dire consequences as a result of this decision, most notably;

- We are unable to communicate out to the service providers (phone or email); and all queries are therefore referred to;

-Silas Mbedzi @ 071 852 5199

-Moses Makhweyane @ 082 466 8297

In terms of the agreement between Mvula Trust and Ubuntu Sima, we remain a resource to Mvula Trust and in all matters of liaison, Mvula Trust is the only name to the client, however for such a critical matter, our wisdom dictated that we inform the client of such a crippling state of affairs.

We hope this matter will be clarified in due course.

Kind Regards

Phiwa Mathenjwa

Ubuntu Sima

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