



Annual Report on anti-corruption activities and fraud cases - 2020

The Norwegian Red Cross works to prevent and alleviate human distress and suffering, in Norway as well as internationally as a member of the International Red Cross and Red Crescent Movement. We support the activities of International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (The Federation) and several partner Red Cross and Red Crescent National Societies in various countries around the world.

In 2020, the Norwegian Red Cross spent over NOK 1,000 million on humanitarian work internationally. The value of our involvement revolves around technical expertise, learning and improvement, partnerships, local knowledge, collaborating and providing financial resources.

Given the contexts we operate we are regularly adopting and adapting measures and practices to improve institutional efficiencies. We aim to alleviate and prevent human suffering wherever it is found, by being as local as possible and as international, as necessary. The Movement has a high ethical framework which guides and delineates our activities and operations, and which has put an increased focus on preventing and dealing with corruption, fraud, abuse, waste and unethical behaviour. The Norwegian Red Cross has zero tolerance approach to corruption, fraud and abuse.

This report focuses on our international operations only and provides an overview of reported cases pertaining to fraud and corruption in 2020.

NEW CASES IDENTIFIED IN 2020

- **Nigeria**
In May NorCross informed the MFA that there was suspicion of possible fraud involving one of our partners operating in country. An ongoing investigation was launched and remains open.

CASES CLOSED IN 2020

- **Burundi**
NorCross informed Norad of possible financial irregularities in June 2018, which resulted in a freezing of funds and forensic audit taking place. The forensic audit did not identify fraud and/or corruption but did identify internal control weaknesses. Following discussions between NorCross and Norad in October 2019, NorCross agreed to redo the BRCS annual audits for 2017 and 2018 due to insufficient certification and quality of the previously completed audits. A final report was eventually submitted to NORAD. Upon submission of the finalized audits NORAD requested the repayment of costs and expenses deemed ineligible based on internal control weaknesses for the amount of NOK447.414. The case was closed November 2020 after repayment of the indicated amount.

- **Colombia**

In February 2019, NorCross identified financial irregularities in projects in Tumaco, Colombia, as part of routine accounting procedures. The MFA was duly notified. An internal audit confirmed suspected fraud in one project and as a result NorCross implemented mitigating measures together with the Colombian Red Cross to ensure sound routines for internal controls. A reimbursement by the Colombian Red Cross totalling approximately NOK 51,000 was made to the project closing the case. This was the first time the MFA accepted repayment to project instead of repayment to donor.

- **Kenya**

This case arose from inter-project borrowing and although no financial losses resulted from this situation the practice was contrary to the agreed financial guidelines and as such the case was deemed a breach of agreement. The matter was eventually rectified, and repayment of NOK 331.741 was made to the MFA.

- **South Sudan A**

NorCross informed NORAD of possible financial irregularities in June 2018. This led to freezing of funds on behalf of Norad and the commissioning of a forensic audit in July 2019. This forensic audit was completed identifying that fraud had taken place in three projects as well as a number of internal control weaknesses. By April 2020 NORAD closed the case in view that it was concluded that no breach of the Grant Agreement had occurred given no NORAD funds were affected and as such, no sanctions would be imposed.

- **South Sudan B**

In October 2019, NorCross was informed by the South Sudan Red Cross that they had suffered a theft of cash and equipment. The South Sudan Red Cross conducted an investigation, and the local authorities were alerted and involved. NorCross duly notified Norad of the incident. As per the internal investigation, USD 93 (approximately NOK 1000) of NorCross funding was lost. The lost amount was reimbursed to Norad and the case has been closed.

- **Switzerland**

In November 2019, MFA was informed about a possible fraud case involving ICRC personnel in based at the Geneva Headquarters. The ICRC undertook a broad investigation and concluded that the funds involved in this case affected a number of their field operations and had taken place over a three-year period. Moreover, the ICRC indicated that the specific amounts involved in the fraud was CHF14.071 from the MFA whilst NorCross contributions affected were approximately CHF2.731. The MFA informed NorCross that they have decided to close the case and consider the matter resolved as a “repayment to project” of CHF14.072 on the grounds of the receipt by MFA of the ICRC Management Implication Report (MIR) of the incident, and the fact that the ICRC decided to initiate the referral of the criminal complaint case to national authorities in Switzerland for further follow up.

ONGOING CASES

Madagascar: In August 2018 Norwegian Red Cross raised a formal complaint with the Madagascar authorities pertaining to the misuse of funds by some personnel of the Malagasy Red Cross as determined through a Forensic audit which highlighted a case of Fraud within the Malagasy Red Cross spanning over several years. In 2019 the Malagasy Courts found several of the former personnel of the Malagasy Red Cross guilty of fraud and sentenced these individuals to jail. The verdict has since been challenged in the local court of appeals and to-date the appeal process remains underway –

there has been several delays in the appeal process which have been partially influenced by global pandemic amongst other things.

Additionally, as of the end of 2020 there is another case of potential fraud which remains under investigation pertaining to activities -

Nepal: In June 2019, NorCross notified the MFA and Norad that the Nepalese Red Cross was the subject of an investigation. NorCross phased out its partnership with the NRCS in 2018, and it no longer supports any programmes in Nepal. There is no indication that historical funding was affected, however NorCross continues to monitor the situation and awaits the outcome of the investigation.