

Annual report on anti-Corruption and Fraud 2019

Introduction

The Norwegian Red Cross is a member of the International Red Cross and Red Crescent Movement (The Movement) and works to prevent and alleviate human distress and suffering, in Norway as well as internationally. Our work entails a combination of support for International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent Societies (The Federation) and direct bilateral support to our partner Red Cross and Red Crescent National Societies in various countries around the world. To ensure we reach the most vulnerable, we consistently review the way we work and adopt measures and adapt practices to improve organisational efficiencies. We strive to gain and maintain access to the people most in need in the most challenging of situations. Our aim is to alleviate and prevent human suffering wherever it is found, by being as local as possible and as international as necessary.

The value of our involvement revolves around technical expertise, learning and improvement, partnerships, local knowledge, collaborating and networking within the RCRC Movement, and providing financial resources. Providing humanitarian aid has become more complex in a world of changing dynamics, where conflicts and crises last longer than before.

In 2019, the Norwegian Red Cross spent over NOK 1,100 million on humanitarian work internationally. In addition to self-financing and fundraising from business and private sector, its international activities are supported with funds from the Ministry of Foreign Affairs, NORAD and the EU among others. 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 2019.

NEW CASES IDENTIFIED IN 2019

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.

South Sudan:

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 900) of NorCross funding was lost.

Other cases

As of the end of 2019 there are another three cases of potential fraud which remain under investigation pertaining to activities in Burundi (Financial Irregularities), Kenya (Financial Irregularity), and South Sudan (Fraud).

CASES CLOSED IN 2019

Afghanistan:

In 2018, NorCross identified suspected fraud in a project in Afghanistan, as part of routine accounting procedures. The MFA was duly notified, and all payments frozen as per NorCross' procedural framework. A joint investigation with external auditors confirmed shortcomings but did not identify malintent. Mitigating measures were implemented by NorCross and the Afghanistan Red Crescent. Due to the financial modality employed by NorCross in Afghanistan, no payments were made for ineligible invoices. And the case was closed without additional financial implications.

Central African Republic:

In 2018, the ICRC notified NorCross of instances of fraud in connection with purchasing processes in the Central African Republic (CAR). Following an investigation, a supplier of jet fuel in CAR was asked to reimburse the misappropriated funds. The supplier accepted responsibility and accepted to return the funding through a discount-arrangement in future purchases of jet fuel. The MFA was duly notified. The MFA requested the repayment of the MFA share of the defaulted funds. NorCross accepted to pay back 28,045 CHF (approximately 260,000 NOK).

Colombia:

In February 2019, NorCross identified financial irregularities in projects in Tumaco, Colombia, as part of routine accounting procedures. The MFA was duly notified, and all projects were put on standby and all funding was stopped as per NorCross' zero tolerance approach. 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. Furthermore, the Colombian Red Cross agreed to reimburse the affected funds to the Project as agreed with the MFA, totalling approximately NOK 51,000.

Pakistan:

In August 2019, NorCross identified suspected fraud in a project in Khyber Pakhtunkhwa, Pakistan, as part of routine accounting procedures. The MFA was duly notified, and all payments frozen as per NorCross' zero tolerance approach. A joint internal investigation with the Pakistan Red Crescent confirmed the submission of ineligible invoices. Mitigating measures were implemented by NorCross and disciplinary action taken by the Pakistan Red Crescent. Due to the financial modality employed by NorCross in Pakistan, no payments were made for ineligible invoices. The case was subsequently closed by the MFA.

Update on Madagascar case:

In August 2018 Norwegian Red Cross informed the authorities in Madagascar of about the results of a Forensic audit which highlighted a case of Fraud within the Malagasy Red Cross. The local authorities opened a legal case against those involved. In 2019 The Malagasy Courts found the accused guilty and sentenced several people to imprisonment. The verdict has been challenged and an appeal process is underway.