

## NORWEGIAN CHURCH AID REPORT ON ANTI-CORRUPTION 2020

Norwegian Church Aid has throughout 2020 continued to experience a high number of corruption complaint cases on a global basis. The complaints have been received from our cooperating partners, auditors, from whistleblowers, anonymously and via international donors. The fundamental principle of zero-tolerance for corruption is making global impacts throughout all of work, and we have received an increasing number of corruption complaints related to our international donors.

### 1. New corruption complaint cases 2020

NCA received 19 new corruption cases in 2020. The cases are listed below. They are distributed per country and sorted by the corruption score of Transparency International.

(Corruption Perceptions Index 2020).

TI Rank <sub>1</sub>	Country	Complaints
179	South Sudan	1
178	Syria	1
174	Sudan	2
170	DRC	2
165	Burundi	1
160	Iraq	1
142	Angola	2
129	Malawi	1
129	Mali	2
124	Pakistan	1
117	Zambia	2
94	Ethiopia	2
94	Tanzania	1
		19 new cases

<sup>1</sup> “T. I. Rank” refers to Transparency International Corruption Perception Index where rank 180 is the most corrupt score a country can have.

Norwegian Church Aid worked in 29 countries, through 225 partners and with over 700 projects. Most of the 29 countries in which NCA works are rated as high risk of corruption as per the the T.I.Rank. The challenges of working in such contexts are numerous and complex.

NCA meets these challenges with strict controls, financial procedures, close follow-up and regular monitoring. Because of the Covid-19 travel restrictions, as a risk mitigation in 2020 NCA undertook two anti-corruption reviews, in Burundi and Zambia. These were done using local consultants.

Learning and transparency are important parts of the fight against corruption. We do not wish to repeat mistakes and strive to ensure that once a weakness is identified it becomes a basis for improved practise.

Each closed corruption case is published on the NCA web site, with a description of learning of each case. It is important to note that only closed alert cases are published. Our pre-alert cases are not published but listed in this report.

We have a constructive dialogue and follow-up with our back-donors on the cases and investigations.

## 2. Closed corruption complaint cases in 2020 (cases from 2017-2020)

We closed a total of 13 cases in 2020 with a repayment to back-donors of NOK 1 834 369 mill in 4 cases. The amount in 2019 was NOK 3,1 mill in 6 cases.

### 2.1 SUDAN

**What happened:** A local partner was responsible for distributions to households in a refugee camp.

There was unexpected local tension in the camp and a theft of 140 goats occurred.

**What we did:** The local partner reported the incidence to the police. NCA reported the incidence to the head office and to the back-donor. No repayment was claimed by Norad as the incident did not represent a breach of agreement.

**What did we learn:** All local staff of the partner and NCA were informed of the incident in order to be proactive with regards to similar activities. Alternative distributions sites are considered.

### 2.2 PAKISTAN

**What happened:** During a NCA monitoring visit at a local partner, suspicions of fraudulent activities arose. A forensic audit was undertaken to investigate the suspicions and fraud was confirmed.

**What we did:** NCA engaged a forensic audit through an external audit company for investigation of the suspicions. The findings of the investigation confirmed fraudulent activities and NOK 400 710 has been repaid to the back-donor. A claim has also been raised against the local partner.

**What did we learn:** Regular financial monitoring is valuable for detecting fraud as early as possible and this was re-confirmed in this case. Furthermore, dialogue and information sharing with other funders is an important measure against financial irregularities.

### 2.3 MALAWI

**What happened:** The consolidated audit for one of NCA's partners in Malawi had reservations.

**What we did:** NCA investigated the auditor's reservations and discrepancies were found. We requested a forensic audit to be done by an external audit company. Based on the findings this forensic audit it was expanded to also include the two previous years. The result of the investigation showed fraud and weak internal control systems. The Norad-supported projects lacked sufficient documentation for the amount of NOK 375 217. The amount has been repaid to Norad.

**What did we learn:** This incident underlines the importance of consolidated audited financial statement from our partner organisations. This requirement enabled the fraud to be identified.

### 2.4 DRC

**What happened:** In June 2020, Norwegian Church Aid received an audit report with reservations from one of our partners in the DRC. The Ministry of Foreign Affairs was notified.

**What we did:** Norwegian Church Aid initiated an investigation / forensic audit of the reserved amount. The conclusion of the investigation revealed insufficient documentation/embezzlement of USD 66 095.- The amount has been repaid to the Ministry of Foreign Affairs and the partnership has been terminated.

**What did we learn:** Again, the importance of the annual audit is re-emphasized. Furthermore, a quick examination of the indications provided rapid clarification so that the partnership could be terminated before further damage occurred.

### 2.5 TANZANIA

**What happened:** Financial monitoring visits to a local partner in Tanzania were carried out. During the visits transactions covering the period Jan-Dec 2013 and 2015 were reviewed. Several irregularities were observed and documented.

**What did we do:** A proper investigation was conducted on the matter. Responses were collected from the partner and transactions amounting to NOK 337 340 remained undocumented.

The undocumented/disallowed costs have been repaid to Norad. The partnership has been terminated.

**What did we learn:** Close follow up and supportive supervision to partners is required to ensure proper documentation and compliance with donor requirements.

## 2.6 AFGHANISTAN

**What happened:** The alert which was received regarding one partner in June 2019 was concerning with regards to weak budget control, lack of documentation for project activities, and incorrect reporting.

**What did we do:** The NCA Afghanistan office visited the partner. They cross-checked and clarified the documentation in close cooperation with the head office financial controller. Furthermore, in October 2019, the logistics section at the NCA head office did an assessment of the partner where procurement procedures were assessed. These were found to be in order. The midterm audit was also found to be in order. The pre-alert was closed.

**What did we learn:** All alerts must be taken seriously and investigated.

## 2.7 AFGHANISTAN

**What happened:** The alert which was received in September 2019 concerned possible conflict of interest/nepotism in connection with one of NCA's partners in Afghanistan.

**What did we do:** The issue of possible conflict of interest between partner and the NCA office was raised with the country director. During the logistics capacity assessment at the partner which was carried out in October 2019, it was enquired if any of the staff had any relations to NCA staff. The managing director of the partner informed that her sister was the peacebuilding co-ordinator with NCA and that this was openly known. The partnership had been established several years before the Peacebuilding coordinator was recruited by NCA and the relationship had been declared at the time of the recruitment.

The Peace Building Co-ordinator has no control responsibilities over the partner's project.

The case was closed.

**What did we learn:** Nepotism and conflict of interest are important areas where we need stay vigilant. Investigation upon suspicion is required in order to clarify.

## 2.8 PAKISTAN

**What happened:** In August 2019 there circulated some rumours in Pakistani media about a consultant who NCA had previously cooperated with. NCA decided to alert both MFA and Norad about this.

**What did we do:** The authorities came to NCA's country office in Islamabad asking for various documentation regarding our cooperation with the consultant. NCA's staff gave them the required documentation. After this situation, which happened the 29th of August 2019, NCA has not heard back from the authorities.

Both Norad and MFA have closed the case.

**What did we learn:** We learnt that it was correct to inform the back-donors of the situation even if there were only rumours. A media case can easily spin out of control and one must be prepared and transparent.

## 2.9 PAKISTAN

**What happened:** The alert was received in November 2019 and concerned a complaint regarding a tender process which had taken place at the local partner's regional office. The complaint was from a supplier who claimed that the tender process for a purchase of sanitary workers kits had not been done according to correct procurement procedure.

**What did we do:** The NCA country office assigned a two-person team from finance and programme to evaluate the allegations in the alert. It is NCA's assessment that a thorough process has been done in examining this complaint and that although some weaknesses were identified in the process no evidence of procedural breach or favouritism has been found.

**What did we learn:** The case reinforced the importance of checking procurement documentation to ensure the standards of partners are in line with NCA's standards.

## 2.10 ZAMBIA

**What happened:** One partner in Zambia delivered the Audited Annual Financial Statement months after the deadline.

**What did we do:** NCA alerted this partner to our back-donor as we did not have this partner's expenses audited. It turned out that shortly after the alert was sent to Norad the Audit arrived. The audit was found to be in order. The partner was given a warning. Norad closed the case.

**What did we learn:** We must have a close follow-up with each partner in the audit process.

## 2.11 SOUTH SUDAN

**What happened:** Each country office must vet suppliers against international sanctions lists. The country office in South Sudan found a match of a supplier name.

**What did we do:** NCA Head office undertook a very thorough check on the supplier and background. It turned out that a mistake had been done with regards to the name. The name of the supplier which NCA South Sudan uses is very similar to the name of the supplier on the sanction list. It was simply a mistake and the case was closed.

**What did we learn:** We have learnt to be very careful when vetting against sanctions lists. Many names can be similar and mistakes can occur.

## 2.12 IRAQ

**What happened:** During a cash distribution in July irregularities took place in a project funded by GIZ. The beneficiaries had not received their full amounts. The total funds missing were USD 23 089.

**What did we do:** After the irregularities were discovered the damage to the beneficiaries was mitigated by additional cash distributions. With this action the commitment to the back-donor GIZ was fulfilled. The amount of USD 12 000 of the lost funds has been retrieved. Because of the high security risks involved in attempting to retrieve the rest of the funds, the remaining balance of USD 11 089 is considered lost funds.

**What did we learn:** The Covid-situation was in fact used as an excuse to not follow standard NCA procedure for the cash distributions.

## 2.13 ETHIOPIA

**What happened:** An allegation was received to NCA Ethiopia that a two day workshop had been reduced to one day, and the costs were paid for the full two days. Allegedly, the unused payments were shared with a local hotel employee and a staff member.

**What did we do:** The workshop attendance lists shows all participants have signed as attending for the two days. NCA Ethiopia has contacted several of the participants who confirm they attended two days. There was no evidence found to back up the allegations and the case was closed.

**What did we learn:** The incident has re-emphasized for us the importance of detailed and proper attendance lists for participants in trainings, seminars etc.

## 3. Ongoing corruption complaint cases 2020 (per 31.12.2020)

Malawi	Fraud/forgery	Norad	22.07.2019	Questions to be answered by NCA
Mali 1/4	Audit reservations	Norad	28.06.2019	Report sent to Norad
Mali 2/4	Audit reservations	Norad	28.06.2019	Report sent to Norad
Mali 3/4	Audit reservations	Norad	28.06.2019	Report sent to Norad
Mali-4/4	Audit reservations	Norad	28.06.2019	Report sent to Norad
Pakistan	Fraud/forgery	Norad	22.08.2019	Report sent to Norad
Ethiopia	Fraud	Norad	23.09.2019	Investigation planning ongoing
Somalia	Conflict of interest, fraud	Norad	28.12.2019	Report ready to be sent to Norad
Syria	Procurement	MFA	14.02.2020	Report sent to MFA
Pakistan	Discrimination/nepotism	Norad	04.03.2020	Report ready to be sent to Norad
Angola	Discrimination/nepotism	Norad	04.03.2020	Report sent to Norad

Burundi	Fraud/conflict of interest	Norad	03.03.2020	Investigation pending
Tanzania	Forgery/fraud	Norad	14.10.2020	Investigation almost completed.
Sudan	Theft of solar panels	MFA	27.10.2020	Alert sent MFA
Angola	Office theft	Norad	29.09.2020	Alert sent Norad
Malawi	Contract disagreement	DCA/Bilka	12.12.2019	In the court system in Malawi
DRC	Irregularities by consultant	Unicef	12.10.2020	NCA has not heard back from Unicef
Mali	Insufficient documentation	Dutch Embassy	01.02.2020	Country office
Ethiopia	Fraud	Echo	11.07.2020	Country office
Malawi	Fraud	Action Aid Malawi	01.04.2020	Under investigation
Zambia	Various allegations	Unicef	12.10.2020	Awaiting Unicef's report
Angola	Ineligible costs	Europaid	01.08.2020	Awaiting for documents
Mali	Audit reservation	Dutch Embassy	14.10.2020	In investigation process
Sudan	Theft of fuel	Echo	20.10.2020	In dialogue with Echo

#### 4. 2020 corruption complaint channels

In 2020 NCA received corruption complains through the following channels:

- A. External whistleblowing channel- 37%
- B. Auditors- 5%
- C. Financial staff at the head office and at the country offices- 58%

#### 5. Types of corruption

The corruption complaints received by NCA in 2020 are divided into the following categories:

- A. Fraud and forgery -45%
- B. Theft - 15%
- C. Insufficient documentation - 36%
- D. Procurement and conflict of interest - 4%

#### 6. Proactive plan for 2021

- A. Continued focus on anti-corruption trainings in 2020; The anti-corruption course "Preventing Corruption in Humanitarian Aid" will be mandatory for all employees.
- B. Continued focus on transparency and visibility. Closed corruption cases including learning points will be published regularly on our website and our intranet.
- C. Continued work and focus on the causes and risks of corruption.
- D. Anti-corruption reviews in 5 selected countries. (According to pre-established criterias).
- E. Quarterly newsletters to all Country Offices on learning issues from closed corruption cases.











