

Effective from April 2025



# **IDI POLICY AND GUIDANCE FOR FINANCIAL PARTNERSHIPS**

## 1. Introduction

Strong accountability ecosystems are integral to independent, credible and sustainable Supreme Audit Institutions (SAIs). Actors supporting accountability ecosystems operate at the global, regional and country level. These include SAIs, IDI and other INTOSAI bodies, as well as international organisations, regional bodies, international and national civil society organisations (CSOs), professional finance bodies, independent media and other accountability actors. These actors share broad developmental goals and support interconnected parts of accountability ecosystems at all levels. IDI has a long history of engaging and partnering with these accountability actors.

Development partners are placing increased emphasis on an integrated approach to strengthening accountability ecosystems. This involves strengthening the components of accountability systems and the interaction between them. Donors have long encouraged IDI and SAIs to work with other accountability actors. This has evolved from donors supporting SAIs to engage with stakeholders, to donor programmes supporting a range of accountability actors, and lately to providing joint financial support for accountability actors.

IDI has significant experience of different financial partnerships. In the Accelerated Peer-Partnership (PAP-APP) initiative, IDI partnered with AFROSAI-E and CREFIAF to deliver support to nine SAIs. This was a joint programme, with joint governance arrangements, with financial administration by IDI based on reimbursement of costs of delivering agreed activities. In the current Global Project on SAI Independence, IDI acts as the lead financial partner, passing on donor funds to another partner (OECD) to support their contribution. In the CADRE Project<sup>1</sup>, IDI is again the lead financial partner, responsible for passing on donor funds to Transparency International through an accountable grant.

IDI has observed significant interest from donors in funding broad partnerships that bring different accountability actors together around a common purpose. Such partnerships utilise synergies between the organisations, engage a broader set of stakeholders, have greater convening powers and can better disseminate results. They may also reduce donor administration costs compared to several smaller programmes. Approaching donors in partnership with other actors to seek financial support for enhanced accountability ecosystems can produce broader interest within the donor than for supporting SAIs alone.

Financial partnerships have varying origins. Some evolve from a long history of working closely together. Some emerge from focusing on a particular area of SAI need and a desire to bring relevant stakeholders together. Some may be formed strategically as a vehicle to seek financial support for accountability reforms. And some may be suggested by development partners to meet their developmental goals. Regardless of the origins, financial partnerships must be based on an alignment of purpose, shared beliefs on how to get there, mutual organisational understanding, and sound management of risks.

This policy deals with establishing financial partnerships for the ultimate benefit of SAIs. IDI expects that any such partners will be large, well-known international or regional organisations. They will have a strong track-record in development, robust policies and systems, and long experience of managing

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<sup>1</sup> Collaboration, Action, and Dialogue to Strengthen the Engagement of Supreme Audit Institutions (SAIs) and Civil Society Organisations (CSOs), in Malawi and Zambia

grants.<sup>2</sup> Many will be significantly larger, and with a higher profile and visibility, than IDI. IDI may have little or no ability to influence the policies, systems and actions of these organisations.

There are many different types of financial partnerships. For this policy, financial partnerships can either involve financial contributions towards delivery of a programme, or reimbursement of agreed expenditures.<sup>3</sup> Generally, there

will be a lead financial partner responsible for receiving and being accountable for the use of funds.<sup>4</sup> This may or may not be IDI. Cases where IDI is the lead financial partner, and financial contributions are to be made towards delivery of a

**Table 1. Financial Partnerships & Resulting Agreements**

	<b>IDI is Lead Financial Partner</b>	<b>IDI is not Lead Financial Partner</b>
<b>Payments are contributions towards delivery of a programme</b>	IDI issues an accountable grant	IDI receives an accountable grant
<b>Payments are for reimbursement of agreed expenditure</b>	IDI issues an agreement for cost reimbursement	IDI receives an agreement for cost reimbursement

programme, generally require IDI to issue an accountable grant. Other situations do not, as illustrated in table 1. All financial partnerships face risks which must be managed. Responsibility for managing accountable grants brings an additional set of risks.

## 2. Principles

In establishing financial partnerships and potentially issuing accountable grants, IDI is guided by the following principles.

Financial Partnerships:

- IDI looks for potential financial partnerships where they may help IDI to strengthen SAIs and the accountability ecosystem in which SAIs operate, including by securing additional resources.
- IDI's financial partners have a purpose which supports IDI's purpose and share IDI's beliefs/ways of working.
- IDI's financial partnerships are based on a mutual organisational understanding between IDI and the partner.
- IDI understands and seeks to manage risks, especially reputational risks, from engaging in financial partnerships, and expects its partners to do the same.
- IDI seeks to place reliance on recent<sup>5</sup> due diligence assessments done by others, where available.
- IDI seeks to fund financial partners' clearly defined activities and results where appropriate, to minimise the risk of funds not being used for the intended purposes.

<sup>2</sup> A separate 'Policy and Guidance for Small Accountable Grants' has been developed for cases where donor funding to IDI includes a requirement to provide funding to national CSOs. In contrary to this policy, these may sometimes be very small organisations with limited capacity, whose development the donor wishes to support.

<sup>3</sup> IDI has a long-established practice of utilising partners in the SAI community, especially INTOSAI regional bodies, to use their local knowledge and systems to undertake procurement (venues, flights) connected to delivery of IDI and joint activities in their regions. IDI reimburses these costs against supporting evidence. These are not considered new financial partnerships for the purpose of this policy.

<sup>4</sup> The alternative to having a lead financial partner is to establish a joint venture, being a separate legal entity formed by the partners for execution of the programme. IDI does not envisage establishing any such joint ventures.

<sup>5</sup> Dated within three years of the expected signing date of the grant agreement.



## Accountable Grants:

- Accountable grants are only issued to financial partners where IDI has secured specific funding for these financial partnerships.<sup>6</sup>
- IDI does not provide accountable grants to members of the SAI community<sup>7</sup> (INTOSAI bodies, committees, regions, sub-regions, SAs), as many of these are (or could become) related parties to IDI. This avoids creating conflicts of interest for IDI Board members, who frequently have significant control or influence over such bodies.<sup>8</sup>
- IDI will not disburse accountable grants prior to receipt of the relevant donor funds.
- IDI accountable grants are not to be sub-granted by financial partners to other organizations.
- IDI accountable grants are not to be used for funding inventory or assets.<sup>9</sup>

## 3. Applicability

This policy and guidance should be applied by IDI managers whenever IDI considers establishing a new financial partnership. The sections related to accountable grants should only be applied where needed.

IDI expects any financial partnership to be with organisations that have a strong record for successful delivery and robust policies and systems. Nevertheless, all financial partnerships will have an associated reputational risk, regardless of the size of any financial transfers. All new financial partnerships will be approved by the Director General (DG). The DG will keep the Board informed about plans for potential new financial partnerships. In cases where the DG considers a new financial partnership to present an unacceptable risk to IDI (after any agreed mitigating actions<sup>10</sup>), this will be discussed with the IDI Chair, and the Board will be informed. Exceptionally, the Chair may raise the issue up to a Board decision.<sup>11</sup>

## 4. Process for Managing Financial Partnerships

This policy and guidance is built around six-steps for managing financial partnerships. Responsible staff should determine which steps are necessary, in which order, and document the results of applicable steps. In some cases, it will be appropriate to carry out steps 1-3 together.

1. **Partner Identification:** Determine potential partner(s) in relation to specific IDI goals
2. **Partnership Purpose:** Define the purpose of the partnership and/or the specific programme under consideration
3. **Initial Risk Assessment:** Build mutual organisational understanding and seek assurance on the management of risks

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<sup>6</sup> Several core IDI grants explicitly forbid their funds being used to issue grants to partners. Others have requirements for managing funds and reporting on such grants. Generally, core funds will not be used to fund grants to others.

<sup>7</sup> This is not intended to prevent IDI partnering with members of the SAI community in other ways, including paying for services and reimbursing costs incurred on IDI's behalf.

<sup>8</sup> See the [IDI Register of Related Parties](#).

<sup>9</sup> As this creates additional requirements to ensure they are used and maintained effectively, and any disposal proceeds are spent appropriately.

<sup>10</sup> Including because the partner will not engage in a risk assessment by IDI or will not put in place mitigating actions in response to an identified risk

<sup>11</sup> This should be on an exceptional basis. Such financial partnerships are also reliant on processes within the donor organisation, and in the financial partner, and it is often necessary to move at speed to secure such grants.

4. **Nature of Financial Partnership:** Agree arrangements for the partnership including the lead financial partner
5. **Accountable Grant Agreement:** Where necessary, conduct a detailed risk assessment, leading to documenting grant agreement conditions
6. **Implementation:** Ensure implementation of grant agreement conditions

### Step 1: Partner Identification

**Policy Statement:** IDI must identify partners with a strong track-record of contributing to strengthening SAIs and/or the accountability ecosystem in which SAIs operate

IDI should consider the strategic rationale for establishing any new financial partnership and identify possible partners. Potential partnerships should contribute to delivery of the IDI Strategic Plan. Partners should have a strong-track record in supporting SAIs and accountability ecosystems, and/or willingness and ability to finance these areas. Where necessary, IDI should invite bodies that already work with potential partners to share their experiences. The advantages of a financial partnership over other options (e.g. an MoU agreeing to collaborate) should be clear.

The idea behind a new financial partnership can be initiated by IDI, potential partners, and/or a development partner prepared to fund the partnership. New proposed financial partnerships should be raised with and discussed by the IDI leadership team early in the process.

### Step 2: Partnership Purpose

**Policy Statement:** IDI must define the purpose of proposed financial partnerships

IDI should ensure the purpose of any financial partnership is clearly set out. The purpose may be defined by IDI, the partner and/or a funding donor, and should be agreed by all. A concept note or programme document may be developed as the basis for the partnership. This should outline how the partnership will enhance SAIs and accountability ecosystems, particularly the environment in which the SAI operates, support the functioning of the SAI and avoid unintended harm to the SAI.

### Step 3: Initial Risk Assessment

**Policy Statement:** IDI must conduct and document an initial risk assessment of the partner

The purpose of this step is to ensure that IDI has a good understanding of the potential partner, before determining the broad nature of any financial partnership. This step also focuses on potential reputational risks (around corruption, safeguarding, environmental stewardship and human rights) to IDI and seeks to develop assurance the partner has appropriate policies and controls to manage these. In most cases, IDI would have identified potential partners with a strong track-record for delivering development outcomes and sound governance systems and policies. It is likely these partners will already have been through various due diligence processes and be subject to external scrutiny. IDI will seek to place reliance on such assessments and fill in any gaps through reviewing publicly available documents, discussion with the partner and others that know the partner well. A checklist to support this assessment is available at Annex 1.

At this stage, IDI should expect that potential partners will wish to obtain a similar understanding of IDI and should facilitate mutual assessments. Completion of this step will provide a sound basis for agreeing the nature of any financial partnership.

#### Step 4: Nature of Financial Partnership

**Policy Statement:** IDI and the partner(s) must together determine the nature of the financial partnership, the relationship between the entities, the proposed flow of funds, and the agreements that need to be put in place

Based on steps 1-3, the partners (potentially with any funding donor) should determine the nature of the financial partnership. One organisation will need to be selected as the financial lead. The partners should also determine whether to establish a joint governance mechanism, delegate governance to a lead partner, or establish a delegated governance framework. The nature of the financial partnership, relation between entities and proposed flow of funds should follow from these decisions.

The financial lead should have appropriate systems, capacity and experience to monitor and report on the use of funds and achievement of results. They should also be willing and able to hold the other partners accountable for their use of funds and achievement of results. This policy provides a framework that enables IDI to take on this role where necessary. Where IDI is the lead partner, and payments are to be made as contributions towards delivery of a programme (rather than as reimbursement of expenditure for agreed activities), IDI should prepare an accountable grant agreement. This is explained in step 5 below.

If others are willing and able to take on the role of financial lead, then IDI may agree to be a financial partner. In these cases, IDI may be the recipient of an accountable grant or other arrangement.

#### Step 5: Accountable Grant Agreement

**Policy Statement:** Before issuing any accountable grants, IDI must ensure there is a risk assessment, covering:

- The partner's ability to ensure funds are used for the intended purposes, properly accounted for and reported on
- Additional reputational risks from providing an accountable grant to the partner

IDI should manage the risks inherent in accountable grant arrangements. The risk assessment in Annex 1b may be used as a starting point and may be added to as needed. The checklist also indicates whether an assessment in each area is required, suggested or not required.

To minimise the burden on IDI and partners, IDI should first identify whether any due diligence assessments of the partner have been conducted within the past 3 years and seek to obtain, and place reliance on, these. Where such assessments are not in place, or do not cover key IDI requirements, IDI should conduct and document its own assessment, while seeking to minimise the burden on the potential partner(s). No assessment is required for organisations that have been through a rigorous due diligence assessment and/or accreditation process managed by a major international organisation (e.g. European Commission, UN, World Bank).

The risk assessment may be completed by reviewing existing assessments, discussions with the partner's management and staff, discussions with other trusted stakeholders that already know the partner, and where necessary, review of publicly available organisational policies, procedures and reports. The assessment should be documented and reviewed. Any key concerns raised by the assessment should be appropriately explored. In the event of a key risk materialising, the adequacy of the documented risk assessment will be a key factor in determining whether IDI had put in place appropriate measures to identify and manage these risks.

The responsible IDI manager should discuss any key risks identified with the financial partner, giving them the opportunity to correct any misunderstandings. The assessment results should not be shared with others without the partner's explicit consent<sup>12</sup>.

**Policy Statement:** IDI must document any key risks arising from the assessment, and agree any mitigating actions with the financial partner or accept these risks

Based on the risk assessment, the responsible IDI manager should summarise the key risks to:

- The successful delivery of the programme
- IDI's ability to report on the use of funds and achievement of results
- IDI's reputation.

Any key risks identified should be raised with the partner, and if possible mitigating actions should be agreed and recorded. These risks and mitigating actions should be integrated into the relevant programme and/or IDI work stream risk. In dealing with large international organisations, IDI's key counterparts may have little or no ability to influence organisational policies and reforms. IDI should ensure that any risks are, at least partially, transferred to the organisation by including appropriate conditions in the grant agreement (below).

In cases where IDI considers risks are high, and appropriate actions cannot be agreed, IDI will either need to accept the risks or terminate the proposed partnership. To ensure timely action on potential grants and financial partnerships, decisions will normally be taken by the DG but may be raised with the IDI Chair and Board as noted above.

**Policy Statement:** For accountable grants, IDI must establish the grant conditions in an agreement signed between IDI and the financial partner, before any funding is disbursed

Where applicable, the responsible IDI manager should develop an accountable agreement. This should record:

- The purpose, amount and timing of the grant
- All conditions for the use of grant funding, reporting and dialogue arrangements
- Any branding and visibility requirements
- Processes for resolving disputes and terminating grants.

When drafting the agreement, the manager should review the conditions of any parent grant<sup>13</sup> to check if there are specific conditions imposed on IDI which must be reflected in the corresponding grant to the financial partner. The funding agreement should include as an attachment the concept note or programme document, if any. It should also refer to implementation of any agreed mitigating actions, or include appropriate conditions relating to key risks that have not been resolved. Draft funding agreements should be reviewed by Corporate Support. Based on the risk assessment, corporate support should consider review of the draft agreement by IDI's legal support. After addressing any review findings, the draft grant should be reviewed by the relevant line manager and passed to the DG

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<sup>12</sup> Unless required by law.

<sup>13</sup> The donor grant to IDI, which provides the funds for the accountable grant

for approval. The funding agreement should be signed by both parties. Funding should only be provided in accordance with the funding agreement after it has been signed by all parties.

A template IDI Grant Agreement is available from Corporate Support. This includes clauses to cover all matters in the above risk assessment. Relevant clauses must also be included in relation to agreed mitigating actions and specific conditions imposed on IDI in the parent grant.

#### Step 6: Implementation

**Policy Statement:** IDI must ensure accountable grant conditions are followed throughout the duration of the agreement

The responsible IDI manager should ensure grant conditions are implemented throughout, and after the conclusion of, the grant agreement. The following checklist can be used to ensure key requirements are met. The checklist should be adapted in accordance with the accountable grant agreement.

#### Checklist for each year or part year

<b>Period Covered:</b>		
<b>Required Actions</b> <i>(Adjust as necessary)</i>	<b>Date Completed</b>	<b>Checked by (IDI Manager)</b>
Receipt of partner's annual / programme plan		
Receipt of partner's annual / programme budget		
Receipt of partner's annual / programme report on use of funds and results achieved		
Publication of partner's audited financial statements including proper disclosure of the source of funds, amount received, utilised, brought forward and carried forward as relevant		
IDI-partner dialogue scheduled, held and minuted; minutes circulated		
Other key grant requirements, e.g. completion of agreed mitigating actions		



# Annex 1. Risk Assessment Templates

## A. Initial Risk Assessment for all Financial Partnerships

No.	Topic	Requirement?	Key Risks Identified
<b>1</b>	<b>Mutual Partner Understanding</b>		
1.1	Outline the partner's mandate and experience in delivering development results relevant to the proposed partnership and/or programme.	Required	
1.2	What evidence do we have that the partner has put in place robust governance arrangements, policies and systems for managing funds and delivering results?	Required	
1.3	Which other organisations work with the partner, and what do they say about the partner's delivery capability, approach to partnering and risks?	Required	
1.4	Media coverage: what does it tell us about the partners activities, its delivery and potential risks?	Required	
1.5	Website: how transparent is the organisation regarding its activities, policies and results?	Required	
1.6	Board/other meeting minutes: are they kept and published? What do they tell us about the organisation's governance, decision making, delivery and risks?	Required	
<b>2</b>	<b>Reputational Risks</b>		
2.1	Policy framework for prevention and deterrence of fraud, bribery and corruption	Required	
2.2	Policy framework for safeguarding / prevention of sexual exploitation, abuse, harassment and bullying	Required	
2.3	Adequacy of approach to mitigating climate change and ensuring environmental sustainability	Required	
2.4	Adequacy of approach to protecting human rights amongst staff, partners, beneficiaries and relevant communities affected by its programmes	Required	
2.5	<i>Other risk areas considered relevant by the responsible IDI manager</i>	Not required	
	Complete by:		
	Reviewed by:		

## B. Additional Risk Assessment for Accountable Grants

No.	Topic	Requirement?	Key Risks Identified
<b>1</b>	<b>Reputational Risks</b>		
1.1	Appropriate Code of Ethics	Required	
1.2	Adequacy of approach to promoting gender equality and inclusion	Required	
1.3	Adequacy of systems to ensure funds are not diverted to terrorist groups <sup>14</sup> or spent in breach of relevant <sup>15</sup> international sanction regimes	Required	
1.4	Adequacy of policies and/or systems to ensure political neutrality, and refrain from party politics and the promotion of political parties or candidates	Required	
<b>2</b>	<b>Delivery Risks</b>		
2.1	Appropriate governance arrangements and systems of internal control	Required	
2.2	Appropriate procurement policy and framework	Required if IDI relying on partner's procurement systems	
2.3	Adequacy of systems for planning, accounting, monitoring and reporting on achievement of results	Required	
<b>3</b>	<b>Financial Risks</b>		
3.1	Adequacy of systems for planning, accounting, monitoring and reporting on the use of donor funds	Required	
3.2	Adequacy of external audit arrangements	Required	
3.3	<i>Other risk areas considered relevant by the responsible IDI manager</i>	Not required	
	Complete by:		
	Reviewed by:		

<sup>14</sup> As defined by the Government of Norway, European Union and current IDI donors

<sup>15</sup> Sanctions imposed by Norway, the European Union, and current IDI donors



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