

Effective from April 2025



# **IDI POLICY AND GUIDANCE FOR ISSUING SMALL ACCOUNTABLE GRANTS**

## 1. Introduction

Strong accountability ecosystems are integral to independent, credible and sustainable Supreme Audit Institutions (SAIs). SAIs, civil society organisations (CSOs), professional bodies, independent media and other accountability actors often rely on each other to support and disseminate their work and protect against threats to independence. SAIs, and IDI, want to enable these actors to support and engage with SAIs and enhance country accountability ecosystems.

Recognise this interdependency, development partners sometimes wish to support SAIs and other accountability actors through a single grant. One partner has provided a large grant to IDI, which includes a requirement for IDI to issue several small grants to CSOs supporting accountability and working with SAIs in several countries. The purpose of this policy is to establish a framework for IDI to issue small grants to accountability organisations, hereafter referred to as downstream partners, in a way that facilitates their contribution to accountability whilst managing risks.

Issuing grants is not IDI's core business and IDI does not intend position itself as a grant manager. IDI will only issue grants when it is a contractual requirement between IDI and another partner, and a small proportion of the funding is earmarked for this purpose.<sup>1</sup>

To date, IDI has been asked to undertake the identification and selection of downstream partners. It is also possible that in future, a donor may wish to choose or be actively involved in selecting downstream partners. This policy and guidance covers both situations.

The size, nature and maturity of these downstream partners will vary, as will the value of the funds to be transferred and consequently the risks faced by IDI. Funds can be provided in different ways, from reimbursing the costs of specific activities to making contributions to specific programmes or to the downstream partners. This policy covers all situations and can be applied even when the funding decision is to reimburse specific costs, rather than enter into an accountable grant arrangement.

In all these arrangements, IDI remains accountable to donors for the proper use of, and reporting on, these funds by downstream partners. Grant conditions applicable to IDI also apply to funds spent by downstream partners. Some risks faced by IDI in funding downstream partners could include:

- Fraud, corruption and fund mismanagement, including through procurement
- Failure to deliver programmes and achieve results
- Terrorist financing
- Breaching international sanction regimes
- Environmental degradation
- Not following IDI's approach to gender and inclusion,
- Human rights violations
- Failure to safeguard against sexual exploitation, abuse, harassment or bullying.

This policy and guidance provides general principles, policy requirements and guidance to IDI staff on the effective management of accountable grants to downstream partners. Responsibility for developing and updating this policy rests with Corporate Support.

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<sup>1</sup> Some IDI core funds specifically state that they cannot be used for issuing grants to downstream partners. Other core funds include requirements to map and report on the flow of funds from IDI to any downstream partners.

## 2. Principles

In establishing accountable grant arrangements, IDI is guided by the following principles

- IDI does not issue accountable grants except as part of a programme agreed with a funding donor, which includes funds specifically earmarked for transfer to other organisations.<sup>2</sup>
- IDI does not provide accountable grants to members of the SAI community<sup>3</sup> (INTOSAI bodies, committees, regions, sub-regions, SAIs), 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>4</sup>.
- IDI only issues accountable grants to support organisations to better engage with SAIs, and/or to strengthen the accountability ecosystem in which SAIs operate.
- IDI follows a risk-based approach to selecting and working with downstream partners.
- IDI seeks to place reliance on recent<sup>5</sup> due diligence assessments done by others, where available.
- IDI seeks to fund downstream partners' clearly defined activities and results where possible, to minimise the risk of funds not being used for the intended purposes.
- IDI will not disburse accountable grants prior to receipt of the relevant donor funds.
- IDI grants are not to be sub-granted by downstream partners to other organizations.
- IDI grants are not to be used for funding inventory or assets<sup>6</sup>.

## 3. Applicability

This policy and guidance should be applied whenever IDI receives funds which are required to be passed on to other organisations, and IDI remains accountable for the proper use of these funds. Relevant parts of this policy and guidance should be applied even if the end result is not an accountable grant.

### Thresholds for a Risk-Based Approach

Potential downstream partners will vary in their organisational maturity and capacity. Accountable grants issued by IDI under this policy are expected to be relatively small and commensurate with the organisational capacity and maturity of downstream partners to manage the funds effectively. Table 1 identifies the minimum level of risk assessment based on these factors. IDI may choose to apply a more comprehensive approach than suggested below. IDI does not intend to take responsibility for issuing accountable grants over 500,000 NOK for such organisations. Any such requests would be referred to the IDI Board for decision.

Table 1.	Organisational Maturity and Capacity	
Grant Value (NOK)	Weak and/or Limited Capacity	Mature and Well-Capacitated

<sup>2</sup> Any such transfers should always be a small proportion of the value of the grant provided to IDI.

<sup>3</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>4</sup> See the [IDI Register of Related Parties](#)

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

<sup>6</sup> As this creates additional requirements to ensure they are used and maintained effectively, and any disposal proceeds are spent appropriately



< 150 000	Standard assessment	Light-touch assessment
150 000 - 500 000	Robust assessment or grant not appropriate	Standard assessment

### Delegated Responsibility

**Policy Statement:** IDI must ensure segregation of duties between managing and approving accountable grants

Processes for managing small accountable grants are delegated to each IDI department, to be led by the responsible IDI manager or senior manager. Accountable grants may be approved and signed in accordance with delegated financial responsibilities, providing there is appropriate segregation of duties: the responsible manager cannot sign the grant. In most cases, approval will be by the respective line manager or higher (Assistant Director General or Deputy Director General).

DDG Corporate Support is responsible for maintaining this policy and guidance, and providing suitable support, such as advice, training and checklists, to enable staff to effectively implement this policy.

## 4. Process for Managing Small Accountable Grants

This policy and guidance is built around six-steps for managing small accountable grants. Responsible staff should determine which steps are necessary, in which order, and document the results of applicable steps. In some cases, it will be necessary to combine steps 1 and 2.

1. **Selection:** Determine grant purpose and downstream partner.
2. **Risk Assessment:** Assess suitability of partner to manage funds.
3. **Mitigating Actions:** Document key risks and determine any required mitigating actions.
4. **Funding Approach:** Determine the funding arrangement to be used.
5. **Accountable Grant Agreement:** Determine and document the grant agreement conditions.
6. **Implementation:** Ensure implementation of grant agreement conditions.

### Step 1: Selection

**Policy Statement:** IDI must define the intended purpose of the grant and ensure an appropriate approach to selecting downstream partners

IDI should ensure the purpose of the grant is clearly set out and select partners best able to contribute to this purpose. The purpose of the grant may be defined and set out by the funding donor and/or by IDI, or by IDI in cooperation with the downstream partner. A concept note or programme document

may be developed as the basis for the grant. This should outline how the programme will enhance public accountability, particularly the environment in which the SAI operates, support the functioning of the SAI and avoid unintended harm to the SAI.

#### Development of a Concept Note / Programme Document:

- Light touch assessment: not required
- Standard assessment: suggested
- Robust assessment: required

Selection of downstream partners should ideally be done in consultation with the funding donor. The process to select downstream partners should be seen to be objective, fair and transparent. IDI should consider consulting with relevant stakeholders that have knowledge of, or experience working with, potential partners. IDI should consult with the country SAI to gather its views on potential partners. However, the final decision should be made by IDI, as IDI will be held accountable for the use of funds by the downstream partner. Where IDI needs to select from between several potential downstream partners, it may be useful to integrate parts of the risk assessment (step 2) into the selection process.

## Step 2: Risk Assessment

**Policy Statement:** IDI must ensure there is risk assessment, covering:

- The suitability of the partner to deliver the programme
- The partner's ability to ensure funds are used for the intended purposes, properly accounted for and reported on
- Potential reputational risks from a relationship between IDI and the downstream partner

The risk assessment should be informed by the size, nature and maturity of the downstream partner(s), the value of funds under consideration, and the nature of the programme or activities.

To minimise the burden on IDI and partners, IDI should first identify whether any due diligence assessments of the downstream 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).

A risk assessment is required even in cases where the potential partner has been selected by a donor. IDI must properly manage the risks inherent in accountable grant arrangements. If the residual risks are considered too high, IDI must raise its concerns with the donor and document this.

The responsible IDI manager should determine the scope of the assessment depending on which assessment process is to be followed, the nature of the programme or activities, and the size, nature and maturity of the organisation(s) to be assessed. The risk assessment in Annex 1 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.

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 organisational policies, procedures and reports. The extent of the assessment, and level of evidence gathered, should be proportionate to the size and nature of the grant and downstream partner. The assessment should be documented and reviewed. In most cases, IDI would expect the assessment to be quick and easy, relying on other assessments, assertions from management and views from other trusted stakeholders. However, any key concerns raised 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 downstream partner, giving them the opportunity to correct any misunderstandings. Both parties should understand that IDI may be required to share the assessment results with the funding donor. Otherwise, the assessment results should not be shared with others without the explicit consent of the downstream partner<sup>7</sup>.

## Step 3: Mitigating Actions

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

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<sup>7</sup> Unless required by law.

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.

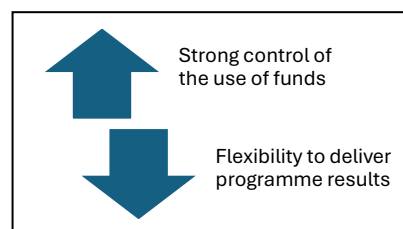
Any mitigating actions to be taken by the downstream partner, either before or during the programme, and any actions by IDI, to effectively manage these risks, should be recorded. These risks and mitigating actions should be integrated into the relevant programme and/or IDI work stream risk register and communicated to the funding donor.

#### Step 4: Funding Approach

**Policy Statement:** IDI must determine the appropriate approach to providing funding to potential partners, including whether or not to establish an accountable grant

Various approaches can be used to provide funding to potential partners:

- Reimbursement of costs for agreed purchases and/or activities by the partner
- Reimbursement of staff costs (salary and related costs)
- Payment for provision of an agreed service or completion of an agreed activity
- Accountable grants linked to a defined programme
- Accountable grants in support of the partner's strategic and/or operational plans



Risks to the proper use of funds and effective reporting on fund use may be reduced by more tightly controlled funding approaches. However, these provide less flexibility to the partner to use its own knowledge and experience to determine how best to achieve the desired results. Regardless of the funding approach used, reputational risks to IDI from association with the partner will remain. The responsible IDI manager should determine the funding approach to be used, based on the value of funds to be disbursed, the intended grant purpose, the maturity of the downstream partner, risk assessment and any agreed mitigating actions. Narrower grant purpose, lower partner capacity and less mature governance systems, policies and processes may point towards a preference for reimbursing agreed costs. As the grant purpose becomes broader, partner capacity increases and partner systems are more mature, an accountable grant may be more appropriate.

The funding approach should be agreed between IDI and the partner, and a suitable agreement made to act as the basis for disbursement and reporting on fund use. This agreement should include any necessary arrangements to mitigate reputational risk to IDI. Agreements to reimburse costs or pay for a specified service or activity are not considered accountable grants. The responsible IDI manager may use a simplified approach to document the agreement between IDI and the partner. Otherwise, step five should be followed to establish an appropriate accountable grant.

#### Step 5: Accountable Grant Agreement

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

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 funding agreement, the manager should review the conditions of the parent grant<sup>8</sup> to check if there are specific conditions imposed on IDI which must be reflected in the corresponding grant to IDI's downstream partner. The funding agreement should include as an attachment the concept note or programme document, if any. It should also refer to implementation of agreed mitigating actions (step 3 above). 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 approving officer (line manager) should approve the draft for signing. 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 risk assessment (step 2) above and identifies clauses that need not be applied for light-touch and standard grant agreement processes. Relevant clauses must be included in relation to agreed mitigating actions (step 3) 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

Period Covered:		
Required Actions <i>(Adjust as necessary)</i>	Date Completed	Checked by (IDI Manager)
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		

<sup>8</sup> The donor grant to IDI, which provides the funds for the accountable grant

## Annex 1. Risk Assessment Template

No.	Topic	Light-Touch Assessment	Standard Assessment	Robust Assessment	Key Risks Identified
<b>1</b>	<b>Understanding the Partner</b>				
1.1	Which other organisations work with the partner, and what do they say about the partner's delivery capability and risks?	Suggested	Suggested	Required	
1.2	Media coverage: what does it tell us about the partners activities, its delivery and potential risks?	Suggested	Suggested	Required	
1.3	Website: how transparent is the organisation regarding its activities, policies and results?	Suggested	Suggested	Required	
1.4	Board/other meeting minutes: are they kept and published? What do they tell us about the organisation's governance, decision making, delivery and risks?	Suggested	Suggested	Required	
<b>2</b>	<b>Delivery Risks</b>				
2.1	Relevance of the partner's mandate, and capability to contribute, to stronger public accountability systems and deliver the intended purpose of the grant and/or expected programme results	Required	Required	Required	
2.2	Appropriate governance arrangements and systems of internal control	Required	Required	Required	
2.3	Appropriate procurement policy and framework	Required if IDI relying on partner's procurement systems	Required if IDI relying on partner's procurement systems	Required if IDI relying on partner's procurement systems	
2.4	Adequacy of systems for planning, accounting, monitoring and reporting on achievement of results	Suggested	Required	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	Required	Required	



No.	Topic	Light-Touch Assessment	Standard Assessment	Robust Assessment	Key Risks Identified
3.2	Adequacy of external audit arrangements	Suggested	Required	Required	
<b>4</b>	<b>Reputational Risks</b>				
4.1	Policy framework for prevention and deterrence of fraud, bribery and corruption	Required	Required	Required	
4.2	Policy framework for safeguarding / prevention of sexual exploitation, abuse, harassment and bullying	Required	Required	Required	
4.3	Appropriate Code of Ethics	Suggested	Required	Required	
4.4	Adequacy of approach to promoting gender equality and inclusion	Not required	Suggested	Suggested	
4.5	Adequacy of approach to mitigating climate change and ensuring environmental sustainability	Not required	Suggested	Suggested	
4.6	Adequacy of approach to protecting human rights amongst staff, partners, beneficiaries and relevant communities affected by its programmes	Not required	Suggested	Suggested	
4.7	Adequacy of systems to ensure funds are not diverted to terrorist groups <sup>9</sup> or spent in breach of relevant <sup>10</sup> international sanction regimes	Not required	Suggested	Suggested	
4.8	Adequacy of policies and/or systems to ensure political neutrality, and refrain from party politics and the promotion of political parties or candidates	Not required	Suggested	Suggested	
4.9	<i>Other risk areas considered relevant by the responsible IDI manager</i>	Not required	Not required	Not required	
	Complete by:		Date:		
	Reviewed by:		Date:		

<sup>9</sup> As defined by the Government of Norway, European Union and current IDI donors

<sup>10</sup> Sanctions imposed by Norway, the European Union, and current IDI donors



**email:** [idi@idi.no](mailto:idi@idi.no) | **web:** [www.idi.no](http://www.idi.no)

**address:** Stenersgata 2, 0184 Oslo, Norway