



WESTMINSTER  
FOUNDATION FOR  
DEMOCRACY

# Annual Report and Accounts for the year ended 31 March 2017





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DEMOCRACY**

# **Annual Report and Accounts for the year ended 31 March 2017**

Company Number: 2693163

An Executive Non-Departmental Public Body of the Foreign and Commonwealth Office

Presented to Parliament pursuant to Article 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies Order 2009)

Ordered by the House of Commons to be printed 19 July 2017



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Print ISBN 9781474145312

Web ISBN 9781474145329

ID P002880409

07/17

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the  
Controller of Her Majesty's Stationery Office

# CONTENTS

FOREWORD FROM THE CHAIR OF THE WFD BOARD OF GOVERNORS	5
STATEMENT OF GOVERNORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES	6
<b>STRATEGIC REPORT</b>	<b>9</b>
1. NATURE, OBJECTIVES AND STRATEGIES OF THE FOUNDATION	10
2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE	14
3. PRINCIPAL RISKS AND UNCERTAINTIES	27
4. RESOURCES	28
5. FINANCIAL POSITION	29
6. RELATIONSHIPS	30
7. DETAILS OF PARTICULAR MATTERS	31
<b>GOVERNORS' REPORT</b>	<b>33</b>
<b>REMUNERATION REPORT</b>	<b>39</b>
<b>GOVERNANCE STATEMENT</b>	<b>43</b>
<b>THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE WESTMINSTER FOUNDATION FOR DEMOCRACY LTD</b>	<b>51</b>
<b>ACCOUNTS</b>	<b>55</b>

# FOREWORD FROM THE CHAIR OF THE WFD BOARD OF GOVERNORS



The last twelve months have been truly momentous for democracy worldwide and for the development of Westminster Foundation for Democracy (WFD). As chair of the WFD Board of Governors and as a British Member of Parliament, I am particularly proud of the work we are carrying out with countries around the world that are working to strengthen their democratic systems and culture.

Parliamentarians and political parties rely on a range of advice and support to be effective in their role. This is true whether they operate in a large city like London or in a remote region of Burma. It is part of our job to ensure we represent citizen issues and concerns. We also need access to a range of technical expertise when considering new policies. Those of us representing very large constituencies also require the means to reach out to citizens, digitally or in person.

By supporting international networks of sister parties and by sharing the best of UK democratic experience, WFD delivers what democracies need to improve governance and promote sustainable development.

Over the last year, we targeted our resources where we could achieve lasting impact: Arab countries committed to building inclusive societies; Burma emerging from decades of military rule; West African countries which want to ensure every citizen benefits from growth; countries in the Western Balkans and Eastern Europe fighting the resurgence of anti-democratic tendencies.

Our greatest strength as an organisation lies in the partnerships we have built over two and half decades of activity. I would like to thank the following organisations for their cooperation: House of Commons, Scottish Parliament, Northern Ireland Assembly, Welsh Assembly, Tynwald, Electoral Commission, British Council, National Audit Office and colleagues in every UK political party. I would also like to thank our funders - the UK Government, the EU and other donors - for their continuing confidence in our organisation.

This year, we celebrate our 25<sup>th</sup> anniversary and, over that time, our mission has remained the universal establishment of legitimate and effective, multi-party, representative democracy. Our ambition now is to become the most effective organisation providing UK parliamentary and political party expertise to partners in developing and transition countries. We look forward to working with our colleagues around the world to make that ambition a reality.

A handwritten signature in black ink, reading 'Henry Bellingham'.

**Sir Henry Bellingham**  
Chair of WFD Board of Governors

# STATEMENT OF GOVERNORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

In accordance with Company Law and with the Memorandum and Articles of Association, the Governors of The Westminster Foundation for Democracy Limited are responsible for the administration and management of the affairs of WFD and are required to present audited financial statements for each financial year.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of WFD and enable them to ensure that the financial statements are prepared in accordance with the Companies Act 2006 and the Accounts Direction given by the Secretary of State for Foreign and Commonwealth Affairs and relevant International Financial Reporting Standards.

In addition, within the terms and conditions of a Management Statement agreed between the Foreign and Commonwealth Office and the Governors of The Westminster Foundation for Democracy Limited, the Governors, through the Chief Executive, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of WFD and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Governors are required to comply with the requirements of the Government Financial Reporting Manual and in particular to ensure that:

- a. appropriate accounting policies are selected and then applied consistently;
- b. judgements and estimates are made that are reasonable and prudent;
- c. applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. the financial statements are prepared on a going concern basis unless it is inappropriate to presume that WFD will continue its activities.

The Governors have taken reasonable steps to:

- a. ensure that funds from the Foreign and Commonwealth Office are used only for the purposes for which they have been given and in accordance with the Management Statement;
- b. ensure that funds from the Department for International Development are used only for the purposes for which they have been given and in accordance with the relevant Accountable Grant;
- c. ensure that all other grants are used only for the purposes for which they have been given;
- d. ensure that there are sound financial systems and management controls in place to safeguard public funds;
- e. safeguard the assets of WFD and prevent and detect fraud;
- f. secure the economical, efficient and effective management of WFD's resources.

Sections 5.1, 5.2, and 5.3 of the Management Statement define the Permanent Under-Secretary for Foreign and Commonwealth Affairs as Principal Accounting Officer. The Chief Executive of WFD is designated by the Principal Accounting Officer as WFD's Accounting Officer with responsibilities for:

- a. ensuring that the requirements of Government Accounting are met as defined in the Treasury guidance publication "Managing Public Money";
- b. compliance with the terms of the Management Statement with the Foreign and Commonwealth Office;
- c. ensuring that all accounts of WFD are properly maintained and presented; and
- d. ensuring that all resources are used economically, efficiently and effectively.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Governors are responsible for the maintenance and integrity of the corporate and financial information on the Westminster Foundation for Democracy website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.





# STRATEGIC REPORT



# 1. NATURE, OBJECTIVES AND STRATEGIES OF THE FOUNDATION

The Westminster Foundation for Democracy Ltd (WFD) is a non-departmental public body sponsored by the Foreign and Commonwealth Office (FCO). It is a private company limited by guarantee with no share capital. Since its establishment in 1992, WFD's primary aim has been to assist, support and encourage the peaceable establishment and development of pluralistic democratic practice and political institutions. WFD implements programmes to (i) strengthen political parties, (ii) support parliaments and (iii) build knowledge about democracy-support. The UK Government provides the vast majority of WFD's funding through a combination of central grants from the Foreign and Commonwealth Office and the Department for International Development plus grants or contracts from country-specific or thematic programmes. WFD also secures funding from other donors.

## STRENGTHENING DEMOCRACY

As Britain's global role changes, the work of the Westminster Foundation for Democracy to support democratic change in countries around the world is an increasingly important part of the UK's international priorities. Over the last 12 months, we have supported ambitious agendas in those countries where demand for effective democracy has never been higher.

In Burma and Sri Lanka, WFD is supporting key constitutional reforms, in Venezuela we are working with the National Assembly amid an increasingly volatile political situation. We also continued to work with long-standing partners where democratic values are under threat: in the Western Balkans and Eastern Europe.



In 2016-2017, we operated over 90 programmes in 83 countries working with UK institutions including the House of Commons, the Scottish Parliament, the Welsh Assembly, the Northern Ireland Assembly, Electoral Commission, British Council and the National Audit Office.

Our programmes help parliaments tackle issues of fundamental importance to their citizens: poverty, corruption and the rights of marginalised groups like women, youth and people with disabilities.

In Ukraine, we supported the establishment of a Financial Economic Analysis Office to help citizens understand where their money was being spent. In Georgia, Parliament accepted recommendations from the Human Rights Committee for the first time since its establishment. In Jordan, we helped ensure changes to the penal code provision protecting perpetrators of sexual violence.

We also provided electoral assistance, supporting the recruitment of over 30 accredited observers to eight EU and two OSCE missions.

The Foundation renewed its support for international projects promoted by the UK political parties, most of which took place within global networks of sister parties and resulted in new partnerships in Latin America and the Middle East. We also implemented a new model to support cross-party reform of the political party system in Kosovo and began two pieces of applied research exploring peace processes internationally and the UK experience of decentralisation, with input from Northern Irish and Scottish political parties.

Our commitment to research and innovation in democracy assistance also saw the publication of studies on the costs associated with becoming a politician and drawing lessons from WFD's support to political parties and civil society organisations.

Over the last year, regional networks continued to yield important results. The Network of Parliamentary Committees in the Western Balkans shared best practice on managing public money, leading to two newly established Parliamentary Budget Offices in the region. In East Africa, the Green Party of England and Wales worked with the East Africa Green Federation to encourage more inclusive policies. The Coalition of Arab Women MPs approved and submitted a draft convention to help end violence against women to Member States of the Arab League. When approved, this will be the first regional mechanism to protect women from violence.

WFD funding has continued to grow with total funds exceeding £10 million (including grant in aid); a 50% increase on 2015-16. Over the last twelve months our front-line staff have been delivering programmes from 27 country offices across Africa, Asia, Europe and Latin America.

As WFD approaches its 25th anniversary in 2017, the past financial year has laid the foundation for the next phase in our development: to become the most effective organisation providing UK parliamentary and political party expertise to partners in developing and transition countries.



### Policy

Public policies are formulated, drafted, and scrutinised by parliaments and political parties based on evidence, through an open, transparent and consultative process.



### Accountability

Parliaments and political parties hold other government institutions to account while enhancing their own accountability to their constituents and stakeholders.



### Representation

Parliaments and political parties represent effectively their specific constituencies and are representative of the interests and needs of their citizens as a whole.



### Citizen participation

Citizens, particularly women, youth and other marginalised groups, have greater access to and a more active role in parliamentary and political processes.

## PROGRESS ON IMPLEMENTATION OF THE STRATEGY

WFD's 2015-2020 strategy is framed around three objectives:

**A - To support developing and transition countries in establishing or strengthening inclusive and effective democratic governance for their citizens by delivering political party, parliamentary and integrated (Parties in parliament) programmes.**

In 2016-17, WFD's country and regional programme work continued to expand and to bring important benefits to our partner countries. The Foundation now has offices in 27 countries and programmes in more than 30 countries. These programmes combine support to political parties, parliaments and civil society organisations in different ways, building on the close relationships that the UK's political parties have with political parties in partner countries, and on the skills that are shared between the UK's parliaments and their counterparts in other countries. An Annual Review of WFD programmes by an external team found that.

*"The Westminster Foundation for Democracy (WFD) has continued to build on last year's positive performance during this second year of its accountable grant, delivering effective interventions whilst improving the quality of key activities such as research, context analysis, M&E and risk management. WFD has achieved these improvements whilst embedding new IT and reporting systems and significantly expanding the number and geographical spread of its individual programmes."*<sup>2</sup>

**B - To contribute to public knowledge about effective democracy strengthening, including democracy assistance for parliaments and political parties, in developing and transition countries.**

WFD's research programme made use of additional short-term funding to increase its activities and outputs during 2016-17. The research partnership with Oxford University moved to Birmingham University and continued to produce papers and journal articles with lessons from past WFD work. These were discussed at a research conference in February 2017. In addition, WFD conducted a series of applied research projects to address specific issues that were relevant to future programmes. These included projects on The Cost of Politics, Political Parties in the Middle East and North Africa, and Decentralisation.

*"WFD's research programme continues to perform extremely well as it attempts to link academic research to policy implementation, both externally and to inform WFD's own programming."*<sup>3</sup>

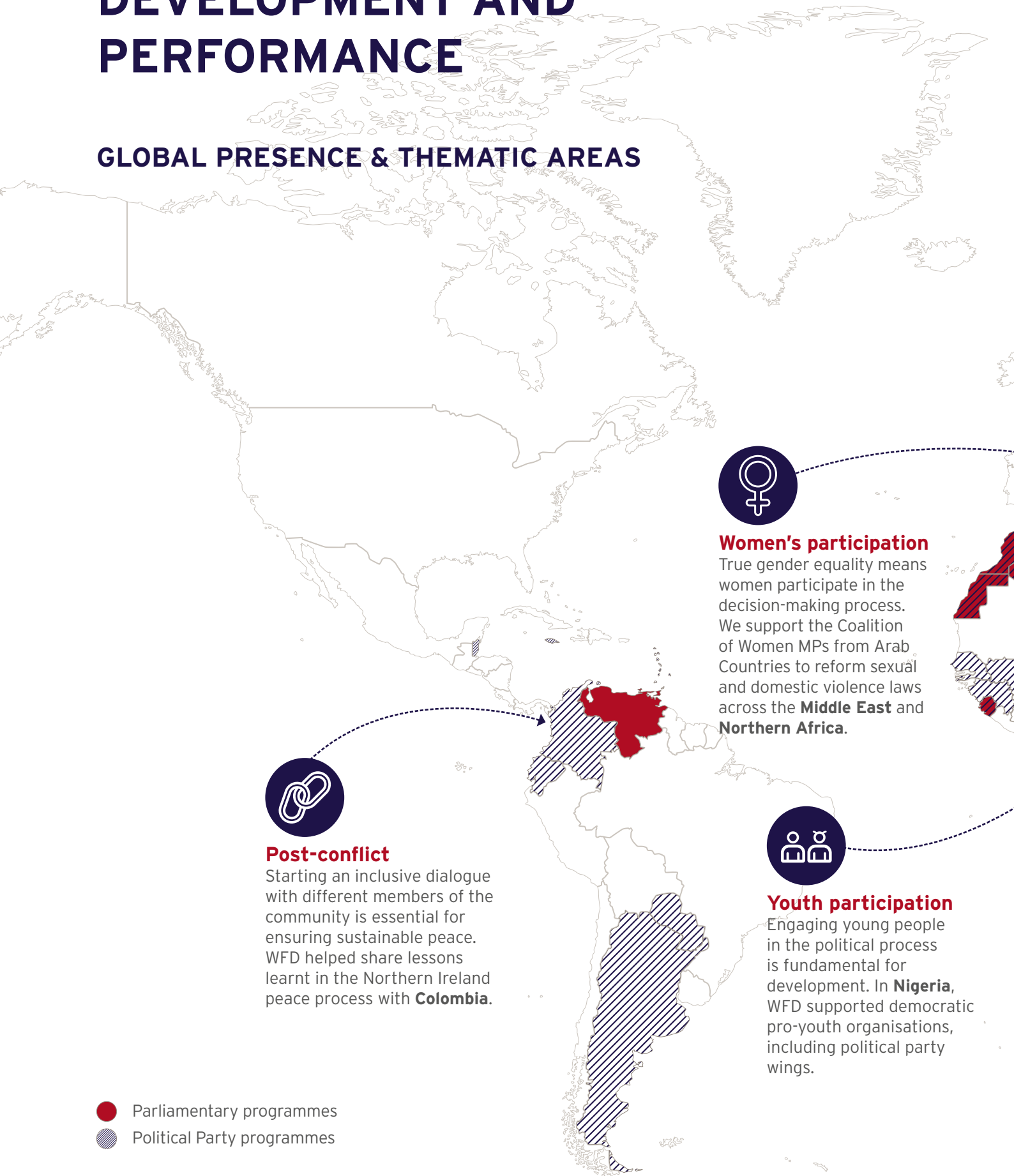
**C - To improve the sustainability, public accountability and value for money of WFD's programmes through strengthening our structures, skills, and systems.**

WFD made progress on this objective in three main ways this year. First, the diversity of funding for WFD programmes increased, with a significant increase in the amount from sources other than the core grant. This included significant funding from the European Union. Second, improvements to WFD's website ensured increased visibility of WFD programmes, as well as the full range of transparency information about the organisation. Third, in order to manage the growth in WFD's programme activity effectively, WFD strengthened its management processes and developed improved programme approval and information systems, as well as new programme guidance. These systems will continue to evolve during 2017-18.

**2&3** The 2016-17 Annual Review of WFD's FCO-DFID grant was completed by Moore Stephens LLP to assess WFD's effectiveness in delivering its agreed outputs, contributing towards its intended outcome of democratic culture and practice in parliaments and political parties that will support inclusive and effective governance.

## 2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### GLOBAL PRESENCE & THEMATIC AREAS







### Civil Society

Strong civil society organisations question policies and advocate for issues that are important to citizens. In **Macedonia**, WFD supported local groups to engage with government on issues ranging from child marriage to the rights of disabled people.



### Financial scrutiny

The parliamentary Financial Economic Analysis Office in **Ukraine** was established to equip legislators with the data they need to scrutinise government and monitor spending.



### Anti-corruption

Taking action against corruption can help improve trust in democracy. WFD supported parliamentary 'Integrity Commissions' in Erbil and Baghdad, **Iraq**, to develop inclusive anti-corruption strategies and encourage greater transparency from public institutions.



### Devolution

Developing the ability of local government to represent citizens' needs at state level is essential. In **Pakistan**, WFD helped the Punjab Assembly reform domestic violence laws.



### Communications and outreach

Engagement with citizens is vital in demonstrating what both parliaments and political parties do on their behalf. **Kenya's** Senate Liaison Office developed indicators to help visualise data from across the 47 counties on health, education, agriculture, water and infrastructure.



### Human rights

Protection of human rights by democratic institutions is fundamental to ensure inclusive policy-making. WFD supported parliamentary committees in **Indonesia** responsible for embedding human rights standards in legislation.



### Research

Access to research is essential for parliamentarians to make evidence-based decisions about policy. In **Ghana**, we supported the establishment of an Inter-Departmental Research and Information Group to coordinate research services in parliament.

## SUB-SAHARAN AFRICA

The vibrant and diverse nature of the African continent is reflected in WFD's range of programming in the region. From ensuring young people are represented, to supporting parliament's core functions, 2016-17 has seen WFD programmes become embedded in the institutions we support.

By 2045, the population of people under the age of 25 across the African continent is expected to rise by over 40%. Working with aspiring young politicians has never been more important.

### Population under the age of 30:

#### Nigeria



#### Uganda



Hon Victor Akinjo (centre) with Chris Heaton Harris MP during visit to UK parliament



***If I am empowering 100 people in my constituency, 60 of them will be young people. ”***

**Hon. Victor Akinjo**, Member, Federal House of Representatives of Nigeria

## West Africa

In **Nigeria**, where over 60% of the population is under the age of 30, WFD focused on uniting local civil society organisations, political parties and government institutions to work together to ensure young people have a say in the future of their country.

In **Ghana**, we supported the establishment of an Inter-Departmental Research and Information Group to coordinate research services in the Parliament. Over 130 research assistants were trained on legislative research and the UK Conservative and Labour Parties explored support to party caucuses. Together this programme will provide members of parliament with enhanced tools for effective legislation on behalf of citizens in Ghana.

Conservative Party support to the New Patriotic Party (NPP) in Ghana ahead of the general elections in December 2016 focused on digital campaigning, including social media and target seat methodology.

In **Sierra Leone**, the Isle of Man's Hansard Department shared experience and technical expertise with their counterparts in the Parliament to bring the official parliamentary record up to date. Improved oversight and accountability from parliamentarians can already be seen through the up to date record being used as a reference to show how they are responding to citizens' needs.

WFD joined a consortium, led by Search for Common Ground, to support marginalised groups such as women, young people and people with disabilities ahead of the general election planned for 2018.



Round table discussion on women's participation in Sierra Leone



↑ **87%**

completion and publication rate of the backlog of Hansard reports in Parliament of Sierra Leone.

### Why Hansard?

An up to date parliamentary record shows constituents how MPs scrutinise government legislation and raise important local, national or topical issues.



***An MP from Bo district showed his constituency members his contributions in parliament on their behalf. ”***

**Lucien Lamin**, Stenographer, Hansard Department in Parliament of Sierra Leone, participated in a two-week secondment to Tynwald.

### East Africa

Devolution is a prominent issue in **Kenya**, where WFD is supporting the Senate to coordinate with the 47 County Assemblies. Exposure to the UK's devolved powers in Scotland, Wales and Northern Ireland inspired a structured approach to outreach with the County Assemblies and exploration of information systems that capture data centrally.

Our 18-month, EU-funded programme in **Uganda** ended in November 2016. The programme supported two local civil society organisations to empower women district councillors on how to use international legislation<sup>4</sup> in a local context to protect women and girls.

Supporting the needs of women in Uganda remains a focus of our programming in the country, but with 82% of the population under the age of 30, our work has expanded to promote youth engagement with a focus on girls and human rights.



District Councillors from Gulu, Uganda

WFD engaged with former 2012-2015 programme beneficiaries in the **Democratic Republic of Congo** (DRC) to share best practice from women involved in the Northern Ireland peace process. The **East Africa Green Federation**<sup>5</sup> developed a Women's Network in December 2016, with the support of the Green Party of England and Wales, to provide a forum for women to develop specific gender-based policy and campaigns.

### Southern Africa

In **Mozambique**, our support to the Technical Cabinet, responsible for providing financial analysis to parliament, began to operate. WFD shared lessons from the Parliamentary Budget Office in Serbia and established a partnership with the Portuguese Parliament to help tailor our support to the system in Mozambique.



***Our intervention will help Members of Parliament make sure that the allocated resources are being properly used. ”***

**Atanasio Chacanane**, Director of the Technical Cabinet in Mozambique

In **Botswana**, we are supporting the review and development of the five-year strategic plan to help embed the parliament's approach to financial and human resource management. The Labour Party support to the Botswana Congress Party (BCP) resulted in the training of over twenty youth and women, as well as a commitment to sustainable change through a "train the trainers" programme that covered the planning and delivery of training programmes.

<sup>4</sup> Convention on the Elimination of Discrimination Against Women (CEDAW)

<sup>5</sup> Uganda, Burundi, Kenya, Rwanda



The Liberal Democrats established a programme of support to the Youth Wing of the Democratic Alliance in **South Africa** and the Democratic Unionist Party (DUP) continued to support the African Christian Democratic Party (ACDP). The Conservative Party began exploring options to develop a Centre-right network for parties in South Africa towards the end of the year.



***Women are stronger by networking, by sharing experiences and learning. It is not only an opportunity to share what is going on in Africa, but to learn from others and what challenges they face. Together we can find better solutions.***

**Daisy Bathusi**, WAFA member and Deputy Secretary General, reflecting on a visit to the UK Houses of Parliament.

Participants from the Women's Academy for Africa, the Arab Women's Network for Parity and Solidarity, Tha'era, and the CEE Gender Network for Eastern Europe and the Western Balkans met with UK Labour Party politicians and women activists ahead of International Women's Day 2017 to share best practice and identify areas of support.



The Women's Academy for Africa is supported by the UK Labour Party

## Political Party Networks

A key area of the Labour Party's WFD work in 2016-17 was supporting social democratic women to play a more active role in party politics and public life. The Women's Academy for Africa (WAFA), a network of eleven Labour, Socialist, and Social Democratic parties from nine countries, successfully delivered 16 National workshops which trained over 521 women across Southern, Western, Eastern and Central Africa.

Political networks for young people have also made a difference in the region in 2016-17. The Africa Liberal Network established the Youth League, following regional elections for a new Committee and the Labour Party continued to work with the Youth Academy for Africa.



Representatives from the Africa Liberal Network participate in the Youth Academy 2017

## ASIA

As a new region in WFD's portfolio<sup>6</sup>, Asia programmes continued to develop in 2016-17 with additional funding for programmes in Burma, Laos and Indonesia. Improving the process of devolution, supporting committees to legislate in line with economic, cultural and social standards and protecting human rights remain key priorities for the region.

In **Burma**, WFD manages a significant Department for International Development (DFID) programme in partnership with the UK House of Commons that was launched in January 2017. WFD began developing a pilot programme simultaneously at the sub-national level to encourage better dialogue between the central and provincial legislatures.



WFD MOU signing with the Assembly of the Union in Burma

In **Indonesia**, we are supporting the House of Representatives (DPR) to adopt an open approach to the formulation of policy and legislation. Internal reforms initiated by the DPR led WFD to support the newly established BKD (Parliamentary Expertise Unit) and the newly established Inspectorate General, responsible for internal audit within the DPR, to develop oversight capacity.

Out of 225 available seats, just 13 are held by women in **Sri Lanka's** parliament. Our programme brings together the experience of UK political parties to support an increase in women's political participation and highlight ways Presiding Officers from different factions can work together on a range of issues.

Running in parallel to our work with political parties, WFD is providing support to the on-going constitutional and parliamentary reforms taking place in Sri Lanka following the election of the new government in 2015, with specific support to oversight committees.



Prospective women candidates attend WFD workshop ahead of local elections in Sri Lanka

With the support of the UK embassy, WFD developed a programme of collaboration with the Law Committee and with the newly established Justice Committees of the National Assembly of **Laos**. Support to the two largest provincial assemblies in **Pakistan** continued in 2016-17. Changes to the rules of procedure in the Punjab Assembly have seen a more inclusive approach to legislation emerge. Both Assemblies are now responding to the legislative needs of their respective provinces by adopting vital legislation on domestic violence, child marriage, mental health and labour laws.



### A new Bill of Rights for Sri Lanka?

WFD worked with the Institute for Constitutional Studies (ICS) to organise a series of workshops that allowed public discussion to take place on Economic, Social and Cultural Rights inclusion in the fundamental rights chapter of the new Constitution.

A report, based on the outcome of the workshops, was published in January 2017 and the ICS was pleased that the Constitutional Reform Sub Committee recommended further protection of Economic, Social and Cultural Rights.

If accepted by the Parliament, better protection means a framework for developing law and policy with the potential to improve the quality of the lives of Sri Lankans.

## EUROPE AND CENTRAL ASIA

From anti-corruption to human rights, integration with European Union legislation forms the basis of many WFD programmes in Europe and Central Asia. Transparency and open governance continues to be a strong theme in our programmes in the region for 2016-17.

In **Georgia**, we helped the Parliament to develop an induction programme for over 90 MPs following elections in November 2016. The Liberal Democrats worked with their sister party to collect strategic data on voters ahead of the elections.

Parliament's grasp on how citizens' money is spent by government is a fundamental area where the UK can share its democratic experience. In **Serbia**, with support from the Scottish Parliament's financial scrutiny unit and the Westminster Scrutiny Unit, WFD has helped establish the first Parliamentary Budget Office in the region.



### Parliamentary Budget Office - Serbia

111

products in 2016-17

48

Analysis of draft budget law  
within 48 hours of publication

50

new MPs know how the PBO  
can help them in their job

This model is now being shared across the **Western Balkans** with similar bodies established in **Montenegro** and **Macedonia**.<sup>7</sup> WFD continues to support the Network of Parliamentary Committees of Finance, Budget and European Integration<sup>8</sup> in sharing best practice throughout the region. In **Armenia**, WFD supported the National Assembly to establish a public accounts committee and helped the parliamentary budget office to develop its skills in a four-month project funded by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit).



Yuri Levchenko, Member of Parliament in Ukraine's Verkhovna Rada with WFD Governor Sir Jeffrey Donaldson MP, in Lagan Valley

“

*It was extremely useful to learn more about how British MPs work in their constituencies.*”

Yuri Levchenko, Member of Parliament in Ukraine's Verkhovna Rada (VRU)

Similarly, in **Ukraine** our GIZ funded programme supported the establishment of a Financial Economic Analysis Office (FEAO) in the Verkhovna Rada that provides MPs with analysis on key financial issues. The work of the FEAO is being enhanced through a supplementary programme that partnered Ukrainian MPs with their UK counterparts through a buddy programme.

WFD's Multi-Party Office<sup>9</sup> established relations with Ukraine's Verkhovna Rada to provide direct technical support to the Committee on Local Government Reform. The Multi-Party Office organised a cross-party discussion on devolution and reform to local self-government based on the different experiences of citizen participation models used in UK local government.

The Labour Party supported democratic forces in **Moldova** and **Ukraine**, and facilitated a regional exchange for young activists through the annual Political Youth Academy (Summer Academy).

Connected to our work on financial oversight in the region, WFD has joined the Action SEE Network to develop a Regional Index of Openness that measures the degree of openness of parliaments based on four principles: transparency, accessibility, integrity and awareness.

<sup>7</sup> FCO funded programme in Montenegro established in April 2016 & in Macedonia in June 2016

<sup>8</sup> The Network of Parliamentary Committees includes representatives from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia

<sup>9</sup> The Multi-Party office brings together the experience of the Liberal Democrats, DUP, UUP, SDLP and Green Party of England and Wales



In **Macedonia**, our EU funded programme, continues to support civil society organisations to develop the skills they need to lobby parliament effectively for changes to legislation that impacts on citizens human rights. All 12 CSOs involved in the programme developed policy papers in the last year that have been presented and submitted to parliament.

In 2016, our programmes in **Bosnia and Herzegovina** and **Kyrgyzstan** brought together the expertise of UK political parties to support gender equality initiatives in the respective countries.



Lamija-Tiro, candidate from Nasa Stranka in BiH

“

***It's important that women's participation is discussed - that someone, somewhere is talking about it. ”***

Lamija Tiro, 21-year-old Nasa Stranka candidate.

Lamija was a successful candidate in the October 2016 local elections. She participated at a WFD organised conference in August 2016, that explored how the media represents women candidates ahead of elections.

In **Bosnia**, the UK Labour Party, Conservative Party and Liberal Democrats worked with women candidates from their sister parties and the media to give women a greater public presence ahead of the elections.

In **Kyrgyzstan**, WFD partnered with the National Democrat Institute (NDI) to support the women's MP forum. In 2016 we also established the Kyrgyzstan Local Accountability Programme that supports local councils in Batken, Naryn and Balykchy through exposure to the Local Government Association of England and Wales.

WFD adopted an innovative approach in **Kosovo** in 2016-17, using a multi-party approach alongside support to individual political parties to reform the political party system.

“

***Now, I've got an understanding about the role and function of the city council, as well as the stages of the city budget. ”***

Councillor Kanygul Joroeva, reflecting on the WFD led induction in Batken City Council.

### Political Party Networks

In the **Western Balkans**, the Labour Party supported the SD9 network to strengthen political cooperation between social democratic youth organisations in the **Western Balkans**, empower and increase the political participation of young women, and develop the SD9's organisational capacity. The Labour Party has also continued to support a programme to establish a network between LGBTI activists and social democratic parties in the region. The Labour Party continued to support the development of centre-left parties through bilateral projects in **Bosnia and Herzegovina, Macedonia, Montenegro and Serbia**.

## MIDDLE EAST AND NORTH AFRICA

Across the MENA region, WFD's programmes focus on parliament's need to monitor legislation and make sure it is fit for purpose. From embedding women's rights in regional and national legislative agenda's to ensuring parliamentarians have the right information available to them to question government spending, our support is tailored to the individual needs of the parliaments we partner with and draws on the unique access and insight into UK democratic systems WFD has.



***Extractive Industries Transparency Initiative is an important step in achieving transparency in the field of oil and gas. ”***

**MP Mohamed Kabbani**, Chair of the Public Works, Energy and Water Committee.

In **Lebanon**, for example, our work with the Public Works, Energy and Water Committee (PWEC) is addressing the lack of technical support the committee receives, whilst improving its approach to monitoring policy. The committee's role in convincing the government in Lebanon to join the global Extractive Industries Transparency Initiative was instrumental.

2016-17 work in **Tunisia**, with the Public Accounts style committee (Committee of Administrative Reform, Good Governance, Anti-Corruption and Oversight of the Management of Public Money) has seen direct benefits to citizens with the saving of 75 million dinars (approximately 23 million GBP) from a review of sugar subsidies (previously subsidised for both households and industry). Collaboration between the committee and the supreme audit institution occurred following a study visit to the UK where the committee saw how the Westminster equivalent worked closely with the National Audit Office on enquiries.

In **Iraq**, six institutions have worked together for over 12 months to produce a draft strategy to tackle corruption. Our programme supported continued cooperation between the two Integrity Commissions (in Erbil and Baghdad) to outline how together they can end corrupt practices.

In **Jordan**, we supported the induction led by the Parliament, which the WFD supported Research Centre coordinated, in partnership with the EU, NDI and Global Partners Governance. The independence of the Research Centre has grown over the last year, with analysis being used to monitor budget spending and argue for improved protection for women.



**MP Wafaa Bani Mustafa**, Chair of the Coalition of Women MPs from Arab Countries



***A very important step that would contribute to The Arab Convention achieving security and peace through guaranteeing the fundamental and humanitarian rights of women. ”***

**MP Wafaa Bani Mustafa**, Chair of the Coalition of Women MPs from Arab Countries



WFD International Women's Day event in Jordan, March 2017

The **Coalition of women MPs from Arab Countries to combat violence against women** has continued to receive WFD support over the last year, achieving particularly transformational outcomes in **Jordan**. Chair of the Group, MP Wafaa Bani Mustafa, requested a report from the Research Centre on violence against women that she used to debate article 308 in a parliamentary session.<sup>10</sup> At a regional level, the Arab League adopted the draft Arab Convention to combat violence against women and girls. This was submitted by the Coalition as the first draft for consultation amongst members' states at the January 2017 meeting of the Arab League.

Programmes in **Bahrain** and **Algeria** have continued to establish themselves this year. In **Morocco**, our programme has expanded over the last year with successful funding from the EU Twinning project and FCO's Arab Partnership Fund. WFD supported parliamentary units to deliver technical analysis.

## Political Party Networks

In the Middle East and North Africa region, the Labour Party developed bilateral programmes to support sister parties from **Jordan** and **Tunisia**. The Labour Party have also supported parties from across the MENA region through regional events and study visits. The Labour Party trained over 40 young people involved in their 'Future Leaders' programme and continues to work with women through the Arab Women's Network (Tha'era).

The Tha'era network is continuing to provide an essential platform through which to organise an international mobilisation campaign after the fatal shooting of one of its members, Shaimaa el-Sabbagh in January 2015. In October 2016, one of the founding members of Tha'era, was a speaker at the African Union Peace and Security Council in Addis Ababa, where she made a plea for the African Union to support Shaimaa's case.

The SNP started exploring ways to support the Ra'edat, the Arab women's parliamentary network, to undertake cross-border work with female politicians, youth groups and current leadership to raise awareness of the problems faced by women and other marginalised groups.



Tha'era network meet with the Vice-Chair of WFD's Board of Governors, Rushanara Ali MP

## LATIN AMERICA AND THE CARIBBEAN

Latin America and the Caribbean is the newest region in WFD's programme portfolio, with one parliamentary programme established and political party connections continuing to grow in the region in 2016-17.

### Latin America

In **Venezuela**, WFD worked closely with the National Assembly to strengthen the work of the Research Department as it supports MPs. Legislation relating to Climate Change, Access to Information and the Rule of Law were discussed whilst efforts were made to engage the public and civil society more in the Assembly's work through the development of a draft Open Parliament Strategy.



Workshop with the Research Department of the National Assembly of Venezuela

Through WFD's Multi-Party Office, lessons from politicians and other key figures involved in the Northern Ireland peace process were shared with their counterparts in **Colombia** in a series of roundtable discussions.

In **Argentina** and **Paraguay**, the UK Conservative Party have supported sister-parties to improve their approach to communications.

“

*In Northern Ireland we had many setbacks on the road to peace, but we learned from each of them - just as you have in Colombia. It's a powerful example for the world to learn from.*”

**Rev. Harold Good**, Minister in the Methodist church and former Director of the Corrymeela Community Centre of Reconciliation shared his experience in Northern Ireland with over 50 representatives from the Colombian Congress.

### The Caribbean

#### Political Party Networks

The UK Conservative Party supported the Caribbean Democratic Union (CDU), that unites centre right parties from 10 Caribbean countries<sup>11</sup> to share best practice on how they can represent marginalised groups like women and young people in the region. As a result of WFD engagement, the CDU Deputy Chairman responsible for Women and Minorities position was created as a formal acknowledgement of CDU's commitment to empowering women and minorities. Hon. Pam Webster was appointed to this position and is now in charge of reaching out to women in the Caribbean and promoting gender diversity within centre-right parties.



UK Conservative Party workshop with representatives from the Caribbean Democratic Union



## WFD ELECTORAL ASSISTANCE: INCREASING PUBLIC CONFIDENCE IN REPRESENTATIVE DEMOCRACY

WFD continued to recruit UK election observers for EU and OSCE missions in 2016-17. We successfully recruited 16 observers to participate in 10 EU Election Observation Missions (EOM) to East Timor, Gabon, Ghana, Jordan, Kosovo, The Gambia, Uganda and Zambia. 17 observers were sent to participate in two missions on behalf of the OSCE in Uzbekistan and Serbia.

WFD were successfully awarded additional funding for programmes that support the electoral process in Sierra Leone and Lebanon. Our work continued to expand in this field in 2016-17 with support to the observation of the Colombia Peace Plebiscite in October 2016.



Elections in Ghana and Uzbekistan took place in December 2016 - WFD recruited UK observers for the EU and OSCE election observation missions

## WFD RESEARCH PROGRAMME: CHALLENGING THE STATUS QUO IN DEMOCRACY ASSISTANCE

2016-17 has been a particularly successful year for the WFD research programme. Building on the strong foundations of 2015-16, WFD has been able to deepen the quality and scope of our research outputs through our research partnership first with the University of Oxford (until January 2016) and now with the University of Birmingham. In the year, WFD has produced 8 published outputs and has several more that have been shared or are awaiting publication in peer-reviewed journals. Most notably, these include two policy briefs on lessons from political party and civil society programming that have generated positive feedback and engagement. WFD has also collaborated with the Multi-Party Office, funded by WFD, to produce two applied research pieces on peace processes internationally and the UK experience of decentralisation.

The target for 2016-17 was for the research team to initiate successful collaboration with WFD programme teams on applied research topics. Most notably, research and the Africa team co-wrote a successful funding proposal on the invitation of DFID Ghana to perform research into the cost of politics in Ghana. We are now jointly implementing this activity with a local organisation. Moreover, WFD Research has successfully initiated collaboration with the Multi-Party Office and the MENA team on issues related to decentralisation and the dynamics of political party systems in the Middle East/North Africa respectively. We also have an ongoing project with the Africa and Europe teams looking into the role of parliaments in halting the closing of democratic space. Publications from all of these efforts are expected in 2017-18, when we also expect to see strong evidence of the teams integrating research findings into their workplans.



## CHALLENGES TO DEMOCRACY AND BRITAIN'S ROLE IN SUPPORTING GLOBAL VALUES

WFD was founded in 1992 in a period of optimism about the prospects for democracy in the post-Soviet world. Twenty-five years later, the challenges to democratic values have evolved and Britain's contribution to democratic development is perhaps more important than ever.

In many countries, democratic practices have become weaker in the face of strongman politics, non-competitive elections, greater restrictions on civil society and on political parties, and executive control of the media.

Over the last three years, WFD has worked to build the network and the expertise necessary to deliver change in complex circumstances. Our commitment to innovation together with our global presence and significant relationships with all constituent organisations of UK democracy mean we are ideally placed to support democratic governance around the world in an effective and sustainable way.

WFD will continue to focus on political parties and parliaments, but we will also engage with other institutions and organisations as we support work to strengthen the political systems in our partner countries, notably electoral bodies and civil society organisations. Both are critical to the establishment of legitimate and effective, multi-party representative democracy.

### **WFD will renew established partnerships and build new ones**

World-class British organisations such as the BBC, the British Council, the National Audit Office and think tanks like Chatham House, Wilton Park, and the Overseas Development Institute can provide critically important lessons on a range of issues that affect the quality of political and civic life in our partner countries. We would like to work as closely with them as we already do with others such as the International Development Department at the University of Birmingham and the Commonwealth Parliamentary Association.

### **WFD will work with new partners and in new countries**

There is strong demand for the support WFD offers in every region and, while we cannot respond to every request, there is scope for further expansion. Interest in regional networks among political parties and parliaments is growing. Respect for and interest in Britain's democracy and our approach – sharing experiences not pushing any specific model – is global.

### **WFD will increase our impact on key policy issues**

At the top of the list is women's political empowerment where we want to ensure that all our programmes consider their impact on women. Tolerance and dialogue are also a top priority – parties and parliaments can help build shared rules of the game and tackle conflict within society. And anti-corruption remains critically important

## 3. PRINCIPAL RISKS AND UNCERTAINTIES

The nature of working on political governance abroad is complex and often delicate, and the Board acknowledges that risk is a characteristic of WFD's work when setting its risk appetite. WFD was set up as a non-departmental public body and at arm's length from Government precisely so that it could undertake projects carrying a higher degree of political risk than would be undertaken by Government.

As part of its risk management the Board has identified its principal risks and uncertainties that could have a material impact on WFD in carrying out its work and has grouped them under four headings: Programmes, Policy, Capability, and cross-cutting these, Governance. WFD has in place a risk management framework to identify and to manage risks and this is reported in more detail on pages 46 and 47.

## 4. RESOURCES

As at 31 March 2017, WFD employed 33 full-time equivalent staff in the UK (2016: 22), of whom 25 (2016: 15) are responsible for the design, management and delivery of country programmes and for managing local and UK partnerships. In countries where WFD is represented, WFD employs local staff that are engaged either on contract of services terms, or contract for services terms, and which are determined by the local circumstances. As at 31st March 2017, there were a total of 58 full-time equivalent appointments overseas (2016: 33).

UK staff are organised into specialist regional teams covering Africa, Europe and Central Asia, Middle East and North Africa (MENA), Asia, and Latin America. These teams are led by two Regional Directors responsible for strategy, policy, business development issues, and high level engagement with strategic partners and stakeholders within their respective regions. Operational programme management responsibilities are delegated to four Senior Programme Managers. Specialist technical support is provided by WFD's newly established Technical Advisory Unit, which provides in-house expertise on parliaments, governance, and gender. WFD adopts a model of designated Senior Responsible Officer to ensure consistency in the way programme management responsibilities and accountability are reconciled, though more work on the implementation of this approach is still required. Overseas arrangements are continually assessed for their effectiveness and purpose but mostly follow the model of a Country Representative leading a country team supported by an appropriate level of resource depending on the scale and complexity of the respective programme. Technical support to overseas teams includes programme management and coordination and finance as well as the specialist topics. In a few instances, parliamentary and integrated programmes can be managed via local hubs as a way of improving efficiency or effectiveness.

The relationships with UK political parties and the access to their expertise and trainers, and the ability to draw on other specialist expertise in Parliament and the devolved UK Assemblies, provides WFD with an extensive network of skills and knowledge as well as a unique selling point.

As well as WFD's sponsor department FCO, DFID has continued to be an important strategic partner and funder for WFD programmes and will continue to fund WFD until 2018 under the terms of its three-year (2015-2018) Accountable Grant of up to £9 million.

In addition to its grant funding by the FCO and DFID, WFD secured other funding through the Arab Partnership Fund of £454,000 for programmes during 2016-17 in Morocco (previous year £307,000, plus Algeria £32,000). During the year 2016-17, WFD also received £136,000 from the EU for parliamentary strengthening programmes in the Balkans, in Uganda, Pakistan (sub-contracted from British Council), Morocco, and for elections observation work in Macedonia.

## 5. FINANCIAL POSITION

WFD receives an annual core grant-in-aid from the FCO out of monies voted by Parliament, to enable it to achieve agreed objectives. This core grant is supplemented by further specific contracts from the FCO and from DFID. WFD has bid for and received European Union funds and it may seek funds from other public sector funds and from the private sector. The conditions of the grant-in-aid require that it should be applied for according to need and be spent in the year to which it relates. Cash balances are to be minimised, commensurate with being sufficient to meet liabilities. WFD applies for grant-in-aid periodically, typically bi-monthly, based upon cash flow forecasts of project and non-project expenditure.

WFD is not capital intensive and therefore grant-in-aid funding is used for project expenditure and WFD non-project costs, low-level capital expenditure and changes in working capital.

During the year 2016-17 the grant-in-aid was £3.5 million (plus an additional allocation of £1 million from FCO's RBIS<sup>12</sup> fund) and WFD fully spent these sums on projects and programmes. There were no events during the year that adversely affected the financial position of WFD. It has been confirmed by the FCO that grant-in-aid for 2017-18 will be £3.5 million. DFID funded WFD with £3.25 million as the second year of its 3-year Accountable Grant 2015-2018 under which DFID has committed to spend up to £9 million with WFD between 2015 and 2018.

### 5.1 CAPITAL STRUCTURE

WFD is a company limited by guarantee and therefore does not have a share capital.

### 5.2 CASH FLOW AND LIQUIDITY

During the year WFD had an increase of £164,687 (2015-16: increase £324,636) in cash and equivalents, resulting in net liquid funds at 31 March 2017 of £1,147,846 (2015-16 £983,159). Key factors contributing to the increase were the increase in trade payables and accruals (combined £464,120), less increase in trade receivables and prepayments (combined £-205,535), the net increase of deferred and accrued income at year end (combined £-12,437), and capital purchases (£-40,954), and decreased provisions (£-35,943). Other sundry debtors and cash advances changes had the net effect of decreasing cash by £-4,564. The Statement of Cash Flows provides further analysis.

12 FCO's Rules Based International System Fund (RBIS) totalled £9.6m in FY 2016-17

## 6. RELATIONSHIPS

WFD has significant relationships with the UK political parties, FCO, DFID, British Council, in-country partners and institutions, and grantees and institutions of the countries in which it operates. WFD has on-going contractual arrangements with and on behalf of the European Union, for work until early 2018.



Foreign &  
Commonwealth  
Office



Department  
for International  
Development



## 7. DETAILS OF PARTICULAR MATTERS

### 7.1 EMPLOYEES

WFD's policy is to be an equal opportunities employer and its aim is that there will be no discrimination of any kind against any person on the grounds of colour, race, nationality, creed, religion or belief, sexual orientation, marital status, gender, disability, age or any other personal characteristics. We observe the Equality Act 2010 and make reasonable adjustments for people with disabilities. If a member of staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

WFD is committed to the policy on equal opportunities set out in the statement above and is required to comply with the Civil Service Commissioners' Recruitment Code. This ensures that there is no unlawful direct or indirect discrimination and enables the development of good employment practices. The application process for advertised vacancies within WFD is designed to ensure confidentiality of candidates at the short-listing stage, so ensuring that applications from disabled candidates are given full and fair consideration.

WFD's management and staff policies are maintained, reviewed, and updated on a regular basis and made available to all staff. They are also subject to internal audit to ensure compliance with legislation. Recruitment and interview procedures are structured to avoid discrimination. The breakdown of each gender as at the end of March 2017 was as follows:

	Female	Male
Governors	3	7
Employees in senior executive positions	-	2
UK staff	17	14
Overseas staff	32	26

WFD has a grievance procedure to be used by staff if they believe they may have been discriminated against. There were no grievances raised by staff during the last financial year.

### 7.2 ESSENTIAL CONTRACTUAL ARRANGEMENTS

Political parties in receipt of an allocation of grant-in-aid entered into contractual agreements with WFD for the financial year 2016-17. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2017-18 have been issued.

On behalf of the Board

**Anthony Smith**

Chief Executive and Accounting Officer  
July 2017



# GOVERNORS' REPORT



The Governors have pleasure in submitting their annual report together with the audited financial statements of the Westminster Foundation for Democracy for the year ended 31 March 2017. The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of HM Treasury.

### **Background Information**

The Westminster Foundation for Democracy Limited (WFD) is domiciled in the United Kingdom and its registered office is 8th Floor Artillery House, 11-19 Artillery Row, London SW1P 1RT.

WFD receives grant-in-aid from the Foreign and Commonwealth Office provided out of monies voted by Parliament to enable it to achieve agreed objectives. WFD also receives additional specific grants from the Foreign and Commonwealth Office, from the Department for International Development, and from the European Union, and may receive private sector funds in addition to these core funds. WFD's priorities and objectives are established by its Board of Governors and are kept under continuous review.

The Secretary of State for Foreign and Commonwealth Affairs and the Treasury Solicitor are the two named subscribers to the Company's Memorandum of Association. The Secretary of State has formal powers of appointment to WFD's Board of Governors but the Board operates independently and at arm's length from Government.

### **Results**

The results for the year are summarised on page 56 and takes into account the requirement under the Government Financial Reporting Manual that grant-in-aid is to be treated as financing and is taken directly to the core funds reserve, as opposed to being recognised as income. Accordingly the deficit for the year, before accounting for grant-in-aid is £3,503,000 (2015-16: £3,481,356).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate, the latter of which reduced by £4,120 during the year) of £163,712 to be carried forward at the end of the year (2015-16: £170,832).

## Board Of Governors

Governors who served on the Board during the year and who were Directors under the Companies Act 2006 were:

	Appointed in the year	Resignation date	Appointment Ends
Tasmina Ahmed-Sheik MP	14-Oct-16		14-Oct-19
Rushanara Ali MP			30-Jan-19
Henry Bellingham MP			03-Sep-17
Ken Caldwell			24-Apr-17
Rt Hon Sir Jeffrey Donaldson MP			6-Jul-18
Rt Hon Dame Margaret Hodge MP			25-Aug-18
Bronwen Manby		20-Feb-17	
John Osmond			25-Apr-17
Andrew Rosindell MP			17-Aug-19
Rt Hon Alex Salmond MP		14-Oct-16	
Simon Walker			7-Dec-18

The following changes of Governors, and who are also Directors under the Companies Act 2006, occurred after year-end.

	Appointed after year-end	Resignation date	Appointment Ends
Ken Caldwell		24-Apr-17	
John Osmond		25-Apr-17	
Thomas Hughes	24-Apr-17		24-Apr-20
Susan English	25-Apr-17		25-Apr-20

No Board member holds company directorships or has other significant interests which may conflict with their responsibilities, or has undertaken any material transactions with related parties. The Register of Interests is available to the public at WFD's registered office upon provision of 24 hours' notice.

### Audit and Risk Assurance Committee

WFD's Audit and Risk Assurance Committee ensures that WFD adheres to the highest standards of propriety in the use and stewardship of public funds and encourages proper accountability for the use of those funds. The Committee also promotes the development of internal control systems. During the year ending 31 March 2017 membership of WFD's Audit and Risk Assurance Committee comprised;

John Osmond	Chair
Bronwen Manby	Until 20 February 2017
Rt Hon Dame Margaret Hodge MP	
Simon Walker	Appointed 14 September 2016

Following the year-end John Osmond resigned from WFD and in his place Thomas Hughes was appointed as Chair member of the Committee

### Employee Information

Each member of staff has their performance appraised annually against agreed objectives. An integral part of this review requires the identification of learning and development needs and the development of a training programme, by their manager, to address these needs. Staff will be helped to pursue studies which will support their career development and benefit the Foundation by improving performance.

Staff meetings held during 2016-17 provided the opportunity for consultation by providing information to employees and encouraging views to be expressed. A whistle-blowing policy is in place and staff are reminded of this and encouraged to use it.

### Awareness of Relevant Audit Information

So far as each Governor and the Accounting Officer is aware, there is no relevant audit information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

## Creditors

WFD adheres to the Government-wide standard on bill-paying which is to settle all valid bills within 30 days. In 2016-17, the average age of invoices paid was 19.03 calendar days (2015-16 10.98 days). All undisputed invoices were paid within the agreed credit terms. The proportion of the aggregate amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year was equivalent to 40.6 days (2016 39.2 days).

## Auditor

The Comptroller & Auditor General is the statutory auditor for the accounts of WFD.  
Approved and authorised for issue and signed on behalf of the Board on 7 July 2017

**Sir Henry Bellingham,**  
Chair

**Anthony Smith,**  
Chief Executive and Accounting Officer



# REMUNERATION REPORT



The Terms and Conditions Sub-Committee of the Board is responsible for reviewing all aspects of remuneration and employment terms and conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by a governor appointed by the Board and during the year ending 31 March 2017 the following Governors were members of the Committee:

**Tasmina Ahmed Sheikh MP**, Chair  
**Andrew Rosindell MP**

As a public funded body, WFD adopts the guidelines followed by its sponsor body, the FCO. The Summer 2015 Budget announced the funding of public sector workforces for an average pay award of 1% for 4 years from 2016-17 onwards.

The remuneration of the Chief Executive and the Finance Director is reviewed annually and is determined by reference to the recommendations of the Senior Salaries Review Body, based on the annual performance appraisal conducted by the Chair of the Board. Performance objectives are set for the succeeding year and these are reviewed on an iterative basis through the year, to assess performance. A performance related bonus can be paid dependent on performance in line with civil service guidelines.

WFD entered into a Service Agreement with Anthony Smith, Chief Executive, on 18 August 2014 and this remained in effect throughout the year to 31 March 2016.

During the year, in line with the pay policy there was an increase in base pay by 1 percent and bonuses of £2,850 and £2,000 agreed by the Chair on behalf of the Board and these were paid to Anthony Smith and Paul Naismith respectively based on performance in the year to 31 March 2016.

The following table has been subject to audit. During the year the single total figure of remuneration made to senior managers was as follows:

#### Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits <sup>13</sup> (to nearest £1,000)		Total (£'000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Anthony Smith	95-100	95-100	0-5	0-5	-	-	21,000	35,000	120-125	130-135
Paul Naismith	70-75	70-75	0-5	0-5	-	-	29,000	29,000	105-110	100-105
All Governors	-	-	-	-	-	-	-	-	-	-

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation at the reporting period end date, and the median remuneration of the organisation's workforce. The mid-point of the banded remuneration of the highest-paid employee in WFD at the financial year end 2016-17 was £102,500 (2015-16, £97,500). This was 2.9 times (2015-16, 2.6) the UK median remuneration of the workforce, which was £35,762 (2015-16, £37,400). Total remuneration includes salary and non-consolidated performance-related pay but excludes severance payments. There were no benefits-in-kind paid in the year (2015-16, nil). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

<sup>13</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Governors are appointed by the Secretary of State for the Foreign and Commonwealth Office for a term of three years. Appointments can be renewed for a maximum of three consecutive terms (nine years). Governors are not remunerated and WFD does not pay allowances and benefits in kind to Governors, or to the Chief Executive, or any other members of staff. Details of the dates of appointments of new Governors and the dates that appointments end are shown in the Governor's Report. During the year no payments were made to third parties for services of a senior manager. The following table is subject to audit.

### Pension benefits at 31 March 2017

	Accrued pension at pension age as at 31 March 2017 and related lump sum	Real change in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real change in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Anthony Smith	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	850	793	21	-
Paul Naismith	15-20 plus lump sum of nil	0-2.5 plus lump sum of nil	275	240	23	-

CETV is the Cash Equivalent Transfer Value and is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. As the Principal Civil Service Pension Scheme (PCSPS) is a multi-employer fund, the CETV values will include accumulated accrued benefits from any previous employers that operate the PCSPS.

Real change in CETV reflects the increase/(decrease) in CETV that is funded by WFD. It does not include the increase in accrued pension due to inflation or the contributions paid by the employee and uses common market valuation factors for the start and end of the period.

Compensation for loss of office: During the year, there was no compensation for loss of office made to staff members that left (2015-16 £74,821).

### Anthony Smith

Chief Executive and Accounting Officer  
July 2017





# GOVERNANCE STATEMENT

## SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of WFD's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I am therefore responsible for ensuring that WFD is administered prudently and economically and that resources are applied efficiently and effectively to deliver our agreed goals. In addition I am accountable to the Principal Accounting Officer of the Foreign and Commonwealth Office (FCO) to enable him to discharge his overall responsibility for ensuring that WFD as an FCO Non-Departmental Public Body has adequate financial systems and procedures in place. WFD's corporate and business plans, objectives and associated risks are discussed regularly with the FCO.

## GOVERNANCE FRAMEWORK

The relationship between WFD and the FCO is specified in the Management Statement and its associated Financial Memorandum. These framework documents also include specific general guidance documents that WFD must comply with, and in addition WFD has drawn on guiding principles published in the UK Corporate Governance Code and The Audit Committee Handbook in establishing its governance framework. WFD last completed a review with the FCO of its Management Statement in November 2013 to ensure that robust governance arrangements are in place and maintained.

In line with Cabinet Office guidelines for a mandatory triennial review of all non-departmental public bodies the FCO are planning a fresh review of WFD during 2017-18. The previous Triennial Review of the WFD was published in March 2015 and the report included a range of recommended organisational, policy and governance measures to increase the relevance and impact of the WFD's work and to allow the Board to take a more strategic role than previously. The Board receives regular reports and updates to satisfy itself about the practical arrangements for programme approval (that are delegated to the CEO) and programme effectiveness.

The Board met four times during the year, and the average attendance by its appointed Governors was 87% across the year. At each meeting the Board received and agreed reports that it was satisfied adequately represented the status of operations, risk, and financial management. Throughout the year, they monitored delivery of the Business Plan 2016-17.

Accountability within WFD during the year has been overseen and exercised through the Board and three sub committees, the Audit and Risk Assurance Committee, the Programme Quality Committee, and the Terms and Conditions Committee. Each of these sub-committees was active under the chairmanship of a different non-executive Board member and supported the Board's and my corporate Governor role.

The Audit and Risk Assurance Committee supports the Board to discharge its fiduciary, risk control and governance responsibilities by monitoring and providing advice to me in the exercise of my duties, and by promoting a climate of financial discipline and control within the organisation. The Committee performs the key role of reviewing and monitoring the systems of internal control and receives regular reports on the work and findings of the internal

and the external auditors. Minutes are prepared immediately following each meeting and provided to the Board, together with an annual report. The Committee agreed an overall audit plan for 2016-17 based on proposals made by WFD's internal audit service provider and was consistent with the existing three-year internal audit strategic plan. All the work was performed as planned.

The Programme Quality sub-committee serves to review the quality of WFD programmes and projects, and to help shape and monitor initiatives to strengthen the impact of WFD's work. During the year the Committee oversaw the move towards better strategic programming across WFD and this had demonstrated many areas of convergence between the programmes in terms of approach and areas of focus. The committee also wanted to ensure that the strategies were adaptive to changing circumstances. Having previously reviewed the annual strategic planning process the Committee also requested a review of forward approval of annual work plans.

The Terms and Conditions Committee assists the Board to discharge its responsibilities relative to the terms and conditions of employment of WFD staff. The Committee works with me in my role as the Chief Executive to set policies relating to terms and conditions of service, health and safety, and security, to monitor the application of these policies, and to ensure transparency and fairness in the application of these arrangements. Unless necessary, the Committee normally meets once per year and otherwise the Committee is kept regularly informed on matters relating to staff including relevant issues identified by the Audit and Risk Assurance Committee such as following-up on internal audit reports.

During the year in review the Board met on four occasions, the Audit and Risk Assurance Committee met on four occasions, the Terms and Conditions committee met once, and the Programme Quality Committee met on three occasions. The committee structures reporting through to the Board have been clearly defined and the terms of reference, membership, and reporting arrangements are reviewed annually.

The Governors' attendance at each of the meetings that they were entitled to attend during the year was as follows:

	<b>Board Meetings</b>	<b>Audit &amp; Risk Committee</b>	<b>Terms and Conditions Committee</b>	<b>Programme Quality Committee</b>
Tasmina Ahmed-Sheikh MP	2/2		1/1	1/1
Rushanara Ali MP	3/4			1/3
Sir Henry Bellingham MP	4/4			
Kenneth Caldwell	3/4			3/3
Rt Hon Sir Jeffrey Donaldson MP	3/4			2/3
Rt Hon Dame Margaret Hodge MP	2/4	2/4		
Bronwen Manby	4/4	4/4		2/3
John Osmond	4/4	4/4		
Andrew Rosindell MP	4/4		1/1	
Rt Hon Alex Salmond MP	2/2			
Simon Walker	4/4	0/2		

## RISK ASSESSMENT

WFD's system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; as such, it can only provide reasonable and not absolute assurance of effectiveness. During the year WFD's income grew significantly and we acknowledge that this can also increase risk. That is why WFD took a number of steps during the year to increase capacity and manage these risks effectively. Taken together, the system of internal control has been in place at WFD throughout the year ended 31 March 2017 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. The overall responsibility for the management of risk lies with me as Accounting Officer.

As referred to on page 27, the Board has identified the principal risks facing WFD in its work and grouped these under four headings: Programmes, Policy, Capability, and Governance.

Programme risks - these includes the risk that WFD suffers from the perception of political interference or of operating outside national laws, and the lack of public confidence if poor management leads to individual safety or security risk to staff, trainers, and delegates during its programmes. During the year WFD has reviewed and updated its security policies and guidance that covers staff, trainers, and other individuals that perform on WFD's activities. As part of this, more safety training of WFD staff visiting high risk countries has been implemented, and has included crisis management simulation exercises. In planning its programmes, WFD strives to demonstrate that it has a strong understanding of the policy context for democracy assistance, particularly assistance related to parliaments and political parties, in order to maintain the confidence of partners and funders.

Policy - this group captures the risks that WFD can lose support for its theory of change or its programme model if WFD fails to maintain impact and/or quality in its programmes and research publications. During the year WFD built on several initiatives launched in the previous year that are intended to strengthen WFD's reputation and understanding of WFD's model among political and professional groups and institutions.

Capability - these relate to maintaining appropriate staff capacity and ensuring effective support systems, particularly IT and financial controls. WFD needs to be able to manage its staff, skill-sets, and funds in a way that ensures value for money in its operations, and provides assurance of sound financial management of public funds.

Governance - these are identified as cross-cutting risks and are not specific to the above. They are concerned with loss of support from key stakeholders, particularly core funders, or with economic conditions that impact on funders' ability to maintain or grow support for WFD programmes. They include the risks of not addressing the recommendations from key external reviews. During the year, new initiatives to better engage externally have helped raise awareness of WFD meanwhile building on internal effectiveness has improved its cohesiveness and quality of programmes.

The WFD Board has the responsibility to ensure that robust systems of internal control and management are in place that are intended to identify and prioritise the risks to the achievement of WFD's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage or mitigate them efficiently, effectively and economically.

A framework for risk control is provided by Risk Management Strategy and Risk Management Framework and one element is a Corporate Risk Register that is maintained by WFD for review by the Board at each of its meetings. The risk strategy covers risk identification and evaluation, the recording of risks and their control and review, and risk assurance, and defines accountability for risk mitigation including the structures for the management and ownership of risk. As part of risk management the Board has set out its risk appetite and communicated internally how it sees the company's approach to risk appetite. The Board has previously agreed its appetite levels for eight key risks and at its May 2017 meeting the Board reviewed each of these, making an alteration to assist application of its policy of zero-tolerance of corruption.

The Boards responsibility is supported through the sub-committees of the Board, each under the chairmanship of a non-executive Director, with appropriate membership or input from members of the Executive team. Risk is considered on the agenda at all meetings of the Audit and Risk Assurance Committee for them to review the action plans presented for each risk and the progress

made towards reducing risk to the tolerance level set on a risk-by-risk basis. During the year, a dedicated risk management group operated whose responsibilities were to ensure that improved risk management processes within programme and corporate teams were being sustained, to monitor WFD's risks and identify the top-level corporate risks, and to promote risk management activities and discussions including feedback systems. Following good progress towards its objectives the work of the group was subsequently transferred to a newly established Executive Management Committee that has continued to ensure a consistent focus on operational risk management. This includes staff training in the identification and management of risk in a way appropriate to their authority and duties, and a requirement that any new project and programme proposal includes a risk assessment and, following their approval, that risk registers are maintained and used for all major programmes.

The significance and impact of identified risks is assessed and graded according to four measures, ranging between green, yellow, amber, and red. A red risk is a real or perceived immediate or sudden inability to deliver strategic objectives or to ensure the safety and security of staff. Amber risk is where there is a reasonable expectation of a material risk to the achievement of objectives or a heightened level of risk beyond what is acceptable to the security and safety of staff. The corporate risk register reports the current strategy for managing each risk, the relative strength of that risk control, and the net risk outcome - whether low, moderate, high, or severe.

During the year there continued to be no severe or high net risks identified. The risks considered to be moderate were: risk of public confidence being reduced because of lower expected impact of programming, or loss of support for WFD's programme model or poor quality programme management affecting WFD's professional credibility, the risk that IT systems do not enable effective management, and a risk of failure to demonstrate value for money. For each of these, action is underway to strengthen risk mitigation.

WFD regularly reports to the FCO and to DFID of its progress against WFD's Business Case for 2015-18 including the first annual report of progress that was approved by both FCO and DFID in June 2016, and a second annual report of progress towards the 2015-18 Business Case that has been submitted in June 2017 and approval is pending. The FCO and DFID have meanwhile each confirmed ongoing funding for 2017-18.

## REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing and reporting the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and senior managers within WFD who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their annual management letter and other reports. I have been advised by the Board and by the Audit and Risk Assurance Committee on the implications of my review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We have established a framework of regular management information and administrative procedures, including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- an Audit and Risk Assurance Committee that normally meets four times a year and reports to the Board of Governors regularly, including an Annual Report of the committee to the Board. The committee includes members with a range of audit and risk management experience. As well as monitoring an internal audit plan, the committee initiates a self-assessment review from time-to-time the most recent being in January 2017, and also follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit and Risk Assurance Committee for 2016-17 included an overall opinion that, on the basis of the work performed, there was reasonable assurance that there is generally a sound system of internal control;
- comprehensive budgeting systems with an annual business plan and budget approved by the Board and reviewed and agreed by the Human Rights, Democracy and Governance Department of the FCO and Governance, Open Societies and Anti-corruption Team of DFID;
- Management Accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, on any resource allocations, and with estimated full year outcome regularly updated. These are reviewed by the Audit and Risk Assurance Committee and approved by the Board. ;
- setting of targets to measure financial and other performance;

- formal programme management disciplines in which all programme staff have been trained;
- a system of risk assessment and management throughout the organisation;
- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards;
- an independent triennial review, in line with Cabinet Office guidelines, by the FCO, as the sponsor department; the most recent being published on 12 March 2015.

Reports are also provided by me to the WFD's Board of Governors, to the Human Rights and Democracy Department of the FCO and to the Head of the Internal Audit Unit of the FCO.

## **INCIDENTS INVOLVING LOSS/ COMPROMISE OF PERSONAL DATA**

During the year 2016-17 there were no incidents involving the loss of inadequately protected equipment, devices, or paper documents, either from WFD premises or from outside locations. There were no incidents of insecure disposal of inadequately protected equipment, devices, or paper documents, nor any unauthorised disclosures. No incidents were reported to the Information Commissioner's office.

## INTERNAL AUDIT ACTIVITIES

WFD has an internal audit function provided by an independent firm of auditors which operates to standards defined in the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risks to which WFD is exposed. An internal audit strategic plan 2017-20 has been approved and forward annual internal audit plans are based on this. I am responsible for approval of the analysis of risk and internal audit plans. The Audit and Risk Assurance Committee reviews these plans and they are endorsed by WFD's Board of Governors. A rolling programme of internal audit agreed by the Audit and Risk Assurance Committee provides me with regular reports on internal audit activity in WFD. The Internal Auditors were able to provide an overall opinion of reasonable assurance that there is a generally sound system of internal control and that these controls are generally applied consistently.

During 2016-17 the committee received eight internal audit reports covering the items in the programme, and an update on previous reports. These concerned: Risk Management, Fraud Management, Tenders and Contracts, Programme Monitoring and Evaluation, Overseas office reports for Serbia and Kenya respectively, and Business Continuity. In each report, level of assurance is provided for the design of internal control framework and for the operational effectiveness of internal controls respectively. Assurance can range from substantial, through moderate, limited, and finally nil assurance. Each report normally contains detailed findings and when reported these are expressed either as having high, medium, or low significance.

Of the overall report opinions obtained eleven were moderate or substantial, one was limited and one provided nil assurance. The limited assurance related to the operational effectiveness of the approval process and corporate monitoring of programmes. Both these issues have been addressed by management during the year and more rigorous processes introduced. Nil assurance was obtained in report on business continuity planning which highlighted the known lack of formal planning and procedure then in place. Since the report a formal business continuity plan has been prepared and related procedures are being implemented.

Overall, there was one finding of high significance, relating to business continuity planning, fourteen of medium significance and six of low significance, and senior management is working through a series of initiatives to ensure the recommendations are implemented as quickly as possible. Following a review by the internal auditors of recommendations made in prior year reports, substantial work had been done for forty-seven of the fifty recommendations that were followed-up, including thirty-seven that have now been fully implemented or have been superseded, and a further ten are in progress.

### **Anthony Smith**

Chief Executive and Accounting Officer  
July 2017





# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE WESTMINSTER FOUNDATION FOR DEMOCRACY LTD



# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE WESTMINSTER FOUNDATION FOR DEMOCRACY LTD

I certify that I have audited the financial statements of the Westminster Foundation for Democracy for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

As explained more fully in the Governor's and Accounting Officer's Responsibilities Statement, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic Report, Governors' Report, Governance Statement and the part of the Remuneration Report that is not audited to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities that govern them.

## OPINION ON REGULARITY

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## OPINION ON FINANCIAL STATEMENTS

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

## OPINION ON OTHER MATTERS

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Strategic and Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and
- In light of the knowledge and understanding of the the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Governors' Report.

## MATTERS ON WHICH I REPORT BY EXCEPTION

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## REPORT

I have no observations to make on these financial statements.

### Sir Amyas C E Morse

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



# ACCOUNTS

# STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Core Funds £	Corporate Funds £	31 March 2017 Total £	31 March 2016 Total £
<b>INCOME</b>					
European Union funding	2	135,810	-	135,810	143,609
Other funding	2	6,710,383	-	6,710,383	3,152,251
		<b>6,846,193</b>	<b>-</b>	<b>6,846,193</b>	<b>3,295,860</b>
<b>DIRECT EXPENDITURE</b>					
Projects	3	(8,074,377)	(4,120)	(8,078,497)	(4,893,058)
		<b>(1,228,184)</b>	<b>(4,120)</b>	<b>(1,232,304)</b>	<b>(1,597,198)</b>
<b>OTHER EXPENDITURE</b>					
Staff costs	4	(1,710,665)	-	(1,710,665)	(1,423,939)
Depreciation - owned assets	6	(18,574)	-	(18,574)	(8,323)
Property costs		(165,950)	-	(165,950)	(181,588)
Office consumables		(106,970)	-	(106,970)	(95,648)
IT & Systems expenses		(235,875)	-	(235,875)	(138,180)
Professional fees		(21,876)	-	(21,876)	(24,684)
Audit fee		(15,000)	-	(15,000)	(12,000)
		<b>(2,274,910)</b>	<b>-</b>	<b>(2,274,910)</b>	<b>(1,884,362)</b>
<b>NET OPERATING EXPENDITURE</b>		<b>(3,503,094)</b>	<b>(4,120)</b>	<b>(3,507,214)</b>	<b>(3,481,560)</b>
Interest receivable		94	-	94	204
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>(3,503,000)</b>	<b>(4,120)</b>	<b>(3,507,120)</b>	<b>(3,481,356)</b>

The result for the year arises from WFD's continuing operations.



# STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	£	31 March 2017 £	£	31 March 2016 £
<b>NON-CURRENT ASSETS</b>					
Equipment	6		44,981		22,602
<b>CURRENT ASSETS</b>					
Trade and other receivables	8	751,475		289,571	
Cash and cash equivalents:					
Core		1,137,287		968,480	
Corporate		10,559		14,678	
		<b>1,899,321</b>		<b>1,272,729</b>	
Trade and other payables: amounts falling due within one year	9	<b>(1,780,590)</b>		<b>(1,106,249)</b>	
<b>NET CURRENT ASSETS</b>			<b>118,731</b>		<b>166,480</b>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10		<b>-</b>		<b>(18,250)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>163,712</b>		<b>170,832</b>
<b>FUNDS</b>					
Core	12		153,153		156,154
Corporate	12		10,559		14,678
			<b>163,712</b>		<b>170,832</b>

These accounts are exempt from the requirements of Part 16 of the Companies Act 2006 by virtue of section 482 (non-profit-making companies subject to public sector audit) of that Act.

The Accounts were approved and authorised for issue by the Board on 7 July 2017

**Sir Henry Bellingham,**  
Chair

**Anthony Smith,**  
Chief Executive and Accounting Officer

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	31 March 2017 £	31 March 2016 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net deficit after interest		(3,507,120)	(3,481,356)
Adjustment for depreciation	6	18,574	8,323
Decrease/(Increase) in trade and other receivables	8	(461,904)	(212,305)
Increase/(Decrease) in trade and other payables	9	674,341	514,291
Adjustment for provision	10	(18,250)	18,250
<b>Net cash outflow from operating activities</b>		<b>(3,294,359)</b>	<b>(3,152,797)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment		(40,954)	(22,567)
<b>Net cash outflow from investing activities</b>		<b>(40,954)</b>	<b>(22,567)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant-in-aid from FCO		3,500,000	3,500,000
<b>Net financing</b>		<b>3,500,000</b>	<b>3,500,000</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>		<b>164,687</b>	<b>324,636</b>
Cash and cash equivalents at the beginning of the period		983,159	658,523
Cash and cash equivalents at the end of the period		1,147,846	983,159

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Core Funds £	Core Funds £	Total £
Balances at 31 March 2015	137,509	14,679	152,188
<b>CHANGES IN EQUITY 2015-16</b>			
<b>Net expenditure</b>	<b>(3,481,356)</b>	<b>-</b>	<b>(3,481,356)</b>
Total recognised Income and Expenditure 2015-16	(3,481,356)	-	(3,481,456)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2016	156,153	14,679	170,832
<b>CHANGES IN EQUITY 2016-17</b>			
<b>Net expenditure</b>	<b>(3,503,000)</b>	<b>(4,120)</b>	<b>(3,507,120)</b>
Total recognised Income and Expenditure 2016-17	(3,503,000)	(4,120)	(3,507,120)
Grant from FCO	3,500,000	-	3,500,000
<b>Balances at 31 March 2017</b>	<b>153,153</b>	<b>10,559</b>	<b>163,712</b>

# NOTES TO FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

### 1.1 Basis of Accounting

These financial statements have been prepared in accordance with IFRS as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared under the historical cost convention, and in accordance with those parts of the Government Financial Reporting Manual (FReM) that do not conflict with the Companies Act 2006. The format of the Statement of Comprehensive Net Expenditure (SoCNE) has been adapted from that prescribed by the Companies Act to better reflect the nature of WFD's activities.

### 1.2 Tangible Fixed Assets

All assets above £1,000 are brought onto the Statement of Financial Position (SoFP) at their fair value and all such tangible assets are owned in full. Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Computer equipment: depreciate on straight line basis over 3 years

Furniture and fittings: depreciate on straight line basis over 5 years

### 1.3 Leased Assets and Obligations

All leases are operating leases and the annual rentals are charged to the charged to the SoCNE on a straight line basis over the lease term.

### 1.4 Grants Receivables and Payable

In accordance with the FReM grant-in-aid received in the year is accounted for through the reserves in the year to which it relates.

Grants are recognised in the net expenditure account when the relevant conditions for the grant have been met. Other grants received in advance of expenditure are carried forward as deferred income and released to the net expenditure account in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred.

WFD has no liability for claims for grants that are not received by the end of the financial year. Other expenditure is charged to the net expenditure account on an accruals basis inclusive of irrecoverable VAT.

### 1.5 Funds

Funds represent the unspent balances of income received, for use by WFD in the future at its discretion. Extra-budgetary funds relate to grants received for specific purposes which may be spent only on those purposes.

### 1.6 Taxation

WFD is not liable to Corporation Tax on grants received, but is liable to tax on investment income.

### 1.7 Retirement Benefits

For defined contribution schemes the amount charged to the SoCNE in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the SoFP.

Pension benefits are provided by the Principal Civil Service Pension Scheme (PCSPS). The rate of the employers' contribution is determined by the Government Actuary and advised by the Treasury and contributions are charged to the SoCNE.

## 2. OTHER FUNDING<sup>14</sup>

	2017 £	2016 £
European Union	135,810	143,609
DFID	4,049,366	2,430,129
Joint DFID & FCO (Arab Partnership Fund)	454,362	338,867
Other FCO	1,839,653	101,000
Other UK Government	70,011	
Third party	296,991	282,255
	<b>6,846,193</b>	<b>3,295,860</b>

During the year DFID provided Accountable Grant funding of £3,250,000 (cumulatively £5,750,000) as part of its 3-year grant ending in March 2018, of which £3,220,388 was utilised in 2016-17. The remainder relates to deferred income as it has not yet been earned by WFD.

## 3. DIRECT EXPENDITURE ON WFD PROJECTS

	2017 £	2016 £
Parliamentary and integrated projects	5,387,761	2,801,918
Political parties' sponsored projects:		
Conservative Party	1,075,984	692,232
Labour Party	1,076,074	972,813
Liberal Democrats		307,400
Scottish National Party	199,846	
Multi parties <sup>15</sup>	306,986	103,367
	<b>8,046,651</b>	<b>4,877,730</b>
Travel and subsistence	27,726	15,327
	<b>8,074,377</b>	<b>4,893,057</b>

In the opinion of the Board, owing to the scale of activity there is a single segment of business activity which is strengthening pluralist democratic institutions, particularly political parties. The revenues reported are based on the management accounting information that formed the basis of these financial statements.

<sup>14</sup> The European Union and DFID require their funding to be listed separately in the accounts

<sup>15</sup> During the year Liberal Democrats were funded via Multi parties and the SNP received their funding directly

## 4. STAFF COSTS

	2017 £	2016 £
Wages and salaries	1,166,196	902,661
Temporary staff	162,400	84,312
Social security costs	120,041	83,844
Other pension costs	202,014	168,738
Recruitment and other staff costs	77,707	95,249
Voluntary exit costs		74,821
Change in un-taken holiday entitlement	(17,693)	14,314
	<b>1,710,665</b>	<b>1,423,939</b>

Expenditure on WFD projects costs include overseas locally engaged staff £944,046 (2015-16 £564,830) and is included in Note 3.

The Governors did not receive any remuneration for their services however travel costs of £356 (2015-16: £503) were reimbursed in the year.

<b>Staff Numbers</b>	2017 No.	2016 No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent - UK	29.2	20.4
Temporary - UK	3.0	1.8
Overseas	44.9	27.7

### Pension Commitments

WFD previously made contributions to a defined contribution scheme, the Westminster Foundation for Democracy Pension Plan, the assets of which are held separately from the assets of WFD. The scheme ceased in May 2007 and all the assets have been distributed.

As a publicly-funded body listed in Schedule 1 to the Superannuation Act 1972, WFD is included in Civil Service pension arrangements. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer defined benefit scheme and WFD is unable to identify its share of the underlying assets and liabilities. Details of the scheme can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2016-17, employers' contributions of £158,607 were payable to the PCSPS (2015-16 £139,458) at one of three rates in the range 20.9% to 24.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can alternatively opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £30,300 were payable to two of the panel appointed stakeholder pension providers (2015-16: £15,904). Employer contributions are age-related and range from 8.0% to 14.75% of pensionable pay. Employers can also match employee contributions up to 3% of pensionable pay. During the year contributions of £13,107 were also made to other personal money purchase pension schemes (2015-16: £13,376).

## 5. OTHER OPERATING CHARGES

		2017 £	2016 £
This includes:			
(Gain)/Loss on foreign exchange		(6,586)	(7,611)
Auditor's remuneration	for audit work	15,000	12,000
	non-audit work <sup>16</sup>	2,843	10,968
Operating lease rentals	office equipment	-	-
	property leases	96,175	94,734

## 6. NON-CURRENT ASSETS

	Computer equipment £	Furniture and fittings £	Total £
<b>COST</b>			
At 1 April 2015	47,156	20,773	67,929
Additions	7,122	15,445	22,567
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>54,278</b>	<b>36,218</b>	<b>90,496</b>
At 1 April 2016	54,278	36,218	90,496
Additions	30,159	10,795	40,954
Disposals	-	-	-
<b>At 31 March 2017</b>	<b>84,437</b>	<b>47,013</b>	<b>131,450</b>
<b>DEPRECIATION</b>			
At 1 April 2015	38,798	20,774	59,572
Charge for the year	4,462	3,861	8,323
Disposals	-	-	-
<b>At 31 March 2016</b>	<b>43,260</b>	<b>24,635</b>	<b>67,895</b>
At 1 April 2016	43,260	24,635	67,895
Charge for the year	8,806	9,768	18,574
Disposals	-	-	-
<b>At 31 March 2017</b>	<b>52,066</b>	<b>34,403</b>	<b>86,469</b>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2017</b>	<b>32,371</b>	<b>12,610</b>	<b>44,981</b>
At 31 March 2016	11,018	11,584	22,602

## 7. FINANCIAL EXPOSURE

As the cash requirements of WFD are substantially met through grant-in-aid provided by the Foreign and Commonwealth Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body, and WFD is therefore little exposed to credit, liquidity, or market risk.



## 8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2017 £	2016 £
Deposits and advances	50,427	29,698
Trade receivables	289,990	107,158
Prepayments and Accrued Income	411,058	152,715
	<b>751,475</b>	<b>289,571</b>
Intra-Government funds included above		
Balances due from other central government bodies	500,784	155,690
Balances due from local authority bodies	-	-
Balances due from bodies external to government	250,691	133,881
	<b>751,475</b>	<b>289,571</b>

## 9. TRADE PAYABLES AND OTHER CURRENT LIABILITIES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade payables	854,578	514,027
Accruals and Deferred Income	926,012	592,222
	<b>1,780,590</b>	<b>1,106,249</b>
Intra-Government balances included above:		
Other central government bodies	283,349	167,615
Public corporations and trading funds	-	-
Bodies external to government	1,497,241	938,634
	<b>1,780,590</b>	<b>1,106,249</b>

## 10. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations £
Balance at 1 April 2016	18,250
Adjustments in the year	(18,250)
<b>Balance at 31 March 2017</b>	<b>-</b>

From 1 April 2015, WFD has an operating lease in respect of Artillery Row which provides that either of the two parties can determine the lease at any time by giving not less than six months' notice or otherwise it will determine on 31 March 2018. A decision on relocating to other premises will be taken in 2017-18 and therefore the estimate for dilapidation costs has now been treated as a current liability and the provision released (2016 £18,250)

## 11. LEGAL STATUS

WFD is a company limited by guarantee, not having a share capital. The liability of the two members, being the Secretary of State for Foreign and Commonwealth Affairs and the Treasury Solicitor, is limited to £1 each.

## 12. FUNDS

	2017 Core £	2017 Corporate £	2017 Total £	2016 Total £
Non-current assets	44,981	-	44,981	22,602
Receivables	751,475	-	751,475	289,571
Cash and cash equivalents	1,137,287	10,559	1,147,846	983,158
Payables	(1,780,590)	-	(1,780,590)	(1,124,499)
	<b>153,153</b>	<b>10,559</b>	<b>163,712</b>	<b>170,832</b>

The balance of Corporate Funds at 31 March 2017 represents unspent corporate donation funds allocated for specific projects approved by the board. WFD has disclosed these funds separately in the financial statements to reflect their special characteristics.

## 13. OPERATING LEASES

At 31 March 2017 WFD had annual commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings:		
Expiry date:		
Within one year	47,397	47,397
Between two and five years	0	0

## 14. CAPITAL COMMITMENTS

There were no capital commitments (2015-16: £ Nil).

## 15. LOSSES AND SPECIAL PAYMENTS

There are no losses or special payments reported within the Statement of Comprehensive Net Expenditure (2015-16 £Nil)

## 16. NON-TRADING TRANSACTIONS

In the course of 2016-17 WFD received donated third party funding of £222,944 unconnected to its programmes and acting as an agent disbursed these same funds within the year (2015-16 £29,767). The arrangement was agreed following satisfactory due diligence being performed, is ongoing, and is now scheduled to complete by June 2017.

## 17. GOING CONCERN

At the time of signing these financial statements the FCO has confirmed its ongoing commitment to providing core annual funding to WFD for 2017-18 at the level of £3.5 million and DFID have confirmed they remain committed to spend up to £9 million to support WFD over the three years 2015-2018, including £3.25 million in 2017-18. The Board has reviewed WFD's position based on known information and is satisfied that the grant-in-aid will continue to be adequate for its regular activity and that no adjustments to the financial statements are necessary. Approved and authorised for issue and signed on behalf of the Board in July 2017

## 18. RELATED PARTY TRANSACTIONS

Core funding of £3,500,000 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid plus a further £1,000,000 grant from their RBIS fund. In addition, funding of £583,867 was received from their Magna Carta funding and £255,786 was recognised as received from FCO Embassies during the year. Funding of £3,220,388 was received from the Department for International Development (DFID) in the form of an accountable grant in addition to other grants of £828,978. FCO and DFID also contributed £454,362 from jointly managed funds (Arab Partnership Fund). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

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ISBN 978-1-4741-4531-2



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