

The Westminster Foundation for  
Democracy Limited

**Annual report and accounts**

**2022-2023**

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The Westminster Foundation for Democracy Limited

Annual report and accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

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# The Westminster Foundation for Democracy

## Limited strategic report

### Foreword by WFD's Patron, Sir Lindsay Hoyle

Foreword by Rt Hon. Sir Lindsay Hoyle, Speaker of the House of Commons and WFD's Patron

#### **“A historic and fulfilling mission”**

This year, we mourned the loss of my ground-breaking friend, Baroness Betty Boothroyd, first woman Speaker of the House of Commons and champion of democracy.

In October 2022, when I hosted a reception in Parliament to celebrate WFD's 30<sup>th</sup> anniversary, I recalled her words in WFD's first ever annual report. She said: “Overcoming years of totalitarianism poses real challenges to any society. And yet returning power to the people is a historic and fulfilling mission and one which will be of lasting benefit to humanity.”

Thirty years later, her words have scarcely been more relevant.

This was never clearer to me than when I welcomed Ukrainian President Volodymyr Zelensky to Westminster Hall in February. We recognised his people's struggle to defend their democracy against authoritarianism. Following thunderous applause from Members of Parliament, it was unforgettable to hear him declare “we know freedom will win.”

As I said on that historic day, the UK and Ukraine will always be united in our unwavering belief in the power of democracy. In his speech, President Zelensky praised the UK's leadership in supporting Ukraine, and I must add my recognition for the excellent support WFD continues to deliver to Ukraine's parliament, the Verkhovna Rada, despite difficult conditions.

As I write this foreword, we mark the 25<sup>th</sup> year of the Good Friday Agreement. In 1998, Betty Boothroyd was awarded the Freedom of the City of Belfast for her efforts to promote peace and reconciliation in Northern Ireland. She saw her role as “providing a neutral space for dialogue and encouraging people to listen to each other.”

This is an important reminder of the role of parliaments in securing peace. Parliaments are the cornerstones of democratic governance, and following conflict they are critical in helping peace and prosperity to take root. That is why WFD works to support parliaments around the world.

Democracy is threatened globally. In this context, WFD's mission to mobilise British and international expertise to strengthen democracy is vital. This year, I was fortunate enough to see WFD's work in action in Indonesia, where the team are supporting the parliament to raise the ambition of Indonesia's climate action. I know my fellow members of both Houses of Parliament have shared their time, experiences, and expertise to support WFD programmes around the world and I thank them for their ongoing contributions.

Strengthening democracy needs all of us. Betty Boothroyd understood that. Today, as WFD marks 30 years of strengthening democracy around the world, I am honoured to follow in her footsteps both as Speaker of the House of Commons and as Westminster Foundation for Democracy's Patron.

# Foreword by the Chair, Richard Graham MP

Foreword by Richard Graham MP, Chair of WFD's Board of Governors

## The UK must play its part in helping democracy thrive around the world

We come to the end of WFD's 30<sup>th</sup> anniversary year not just reflecting on good work done but also on the many thorns of challenge ahead. Those who believe in the values of freedom, democracy, and open societies cannot be complacent.

The startling truth is that in recent years, democracy has been on the decline. Autocracies are on the rise. Old-fashioned military coups as in Myanmar are still happening. And we have borne witness to the unfolding, full-blooded invasion of a European democracy by its authoritarian neighbour. The decline of democracy has been painful, but it is reversible.

Recently I saw the front line of the authoritarian threat just north of Tbilisi, where Russia occupies 20% of Georgia's territory, and walked 'sniper alley' in Sarajevo.

In the Philippines, I saw how WFD's programme is helping rebuild democracy from a conflict that has affected the Mindanao region for two generations. For those involved, fair and effective democratic institutions should be the stepping stones to peaceful and prosperous lives. This matters to the UK as well, as we deepen our partnership with the Indo-Pacific region. We are not there just as mercantilists but to help with national resilience – whether against civil or natural disaster, foreign domination, or environmental damage. We can be a force for good, as an Association of Southeast Asian Nations (ASEAN) Dialogue Partner, as a member of the Comprehensive and Progressive Trans-Pacific Partnership, and as a co-worker in more open society building.

After all, evidence shows that a commitment to accountability, inclusion, representation, openness, and tolerance helps to protect rights, reduces the risk of conflict, and increases the likelihood of economic growth. Democracy is good for people and the planet – and that is why we do what we do.

WFD is proud of its cross-party roots. No matter the differences in our parties' approaches and priorities, agreeing to disagree politely as part of a system of government we all agree on is exactly what democracy means. I thank my colleagues on WFD's Board of Governors for their service and their understanding of the cause of working with others on shared challenges.

In September 2022, we were honoured to gather in Mr Speaker's apartments in the House of Commons to celebrate our 30<sup>th</sup> anniversary and launch our new strategy.

At the time, I said that in a perfect world, WFD would no longer be needed. When WFD was established after the fall of the Berlin Wall, the world anticipated a flood of democratic change. In



fact, today, just one in five people around the world live in a country rated as “free”<sup>1</sup>. We need to redouble our efforts to get our old democracies in better shape and work with newer democracies.

From inequality to climate change, the world is facing complex problems that need local, national, and global solutions. But whatever the challenge, it is how we work together that makes the difference.

In another 30 years I suspect there will still be autocracies peddling the same half-truth about cutting through red tape decisively, with no accountability or public say. And I very much hope that WFD will still be supporting democratic institutions across the world. Meanwhile we must prepare to rebuild a robust democracy in Ukraine.

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<sup>1</sup>p.38, *Freedom in the world 2023*, Freedom House, March 2023 ([FIW World 2023 DigitalPDF.pdf](#) ([freedomhouse.org](#)))

## Chief Executive's introduction

This year marked both the 30th anniversary of the establishment of WFD and the first year of a new three-year strategy period. For WFD colleagues past and present around the world, it was a chance to reflect on 30 years of experience, relevance, and impact: celebrating democratic achievements and taking stock of lessons learned to inform our 2022-2025 strategy.

The new strategy outlines our vision: a world where freedom and democracy thrive, and where inclusive and accountable governments serve people fairly and effectively. This year, we have seen more clearly than ever that this vision is at risk: it is under strategic assault from autocrats around the world who wage war with physical weapons but also with information and digital tools.

But those who believe in democracy will not be cowed, as brave Ukrainians have shown us for more than a year.

Against a background of aggressive, advancing authoritarianism, it was powerful to hear my colleagues and friends around the world bring our vision to life. As we launched the strategy, we asked: what would it be like to live in a world where freedom and democracy thrive?

Evidence shows that democracy brings economic growth, increased access to safe water and electricity, and decreased levels of infant mortality. What is more, democracy increases levels of education, improves gender equality, and reduces conflict. And, democracies commit to and deliver more policies to respond to climate change. These tangible benefits are reason alone to strengthen democracy worldwide.

These are the kinds of tangible benefits that those whom we partner with to strengthen democracy are working to realise in their societies. For example, in Uganda this year, inclusion champions who WFD support tabled a motion in the Parliament of Uganda urging the government to address high education fees so that teenage mothers and people with disabilities can afford better education. The motion attracted support from the whole house and passed in December 2022. Meanwhile, in Bosnia and Herzegovina, women leaders who took part in WFD's mentoring programme set up enterprise zones to foster local entrepreneurship so young people do not need to emigrate to find work.

Democracy is a problem-solving system, and strong democracies solve real-world problems – they nurture good ideas, address citizens' demands, and cooperate with global allies. Inclusive and effective democracies are better at delivering services fairly, and investing in a future where everyone benefits.

But it was not just these concrete benefits that were forefront in my colleagues' minds when they pictured a world in which freedom and democracy thrive. They spoke of feeling heard and respected, being valued, living free from fear, and unleashing people's full potential.

Far too many people – in fact, most of the world's population – live under a form of autocratic regime, unable to access the benefits democracy brings, both tangible and intangible.

WFD's staff comprises local and thematic experts around the world, and they do not just run our programmes – they are our programmes. 2022-2023 was the first year since the COVID-19 pandemic began that I have been able to witness in person their unparalleled understanding of political dynamics and ability to see and maximise the bright spots of democratic opportunity that

drive WFD's impact. Our anniversary was an opportunity to pay tribute to their part in 30 years of impact and I thank them again for their dedicated service.

WFD's mission is to mobilise British and international expertise to support people around the world to strengthen democracy in their country. We help them address problems their citizens face while building long-term democratic resilience. Recently, we saw a glimmer of hope in the latest Freedom House report, which reported a slight uptick in levels of freedom around the world compared with the previous 15 years of decline. As we continue to carry out our mission, we do so remembering that strengthening democracy is not just about ensuring more people have access to health, education, and sanitation, or securing prosperity and peace. It is also about dignity, possibility, and hope.

## Performance report

### Performance overview

The purpose of this performance overview is to provide a summary of:

- the Westminster Foundation for Democracy Limited as an organisation
- WFD's purpose, the outcomes it aims to achieve, and its objectives
- WFD's performance during the reporting period (Financial Year 2022-2023)
- the impact of and management of key risks

### About WFD

Westminster Foundation for Democracy Limited (WFD) is the UK's democracy support organisation. For more than 30 years WFD has actively helped democracies to grow stronger, so that freedom and prosperity can flourish.

WFD is an executive non-departmental public body, sponsored by the UK's Foreign, Commonwealth and Development Office. WFD's established purpose is to assist, support, and encourage the peaceable establishment and development of pluralistic democratic practice and political institutions.

WFD's vision is of a world in which freedom and democracy thrive, and where inclusive and accountable governments serve people fairly and effectively. Its mission is to mobilise British and international expertise to support people around the world to strengthen democracy in their communities. WFD aims to help them address problems their citizens face while building long-term democratic resilience.

WFD's work is designed and delivered to contribute to legitimate and resilient democratic governance founded on four outcomes: accountable political systems, inclusive political processes, protection of human rights and freedoms, and pluralist societies.

WFD does this through providing support in a range of ways:

- providing analysis and learning based on our own experience and independent research
- facilitating mentoring and knowledge sharing by counterparts in other countries

- making connections with other relevant national and local leaders

WFD is a company limited by guarantee, incorporated in England, and usually operates through a branch registration or equivalent basis in priority countries and territories.

WFD is overseen by a Board of Governors, with day-to-day management delegated to a Chief Executive. The Chief Executive is assisted by a leadership team consisting of senior officials based in the UK. The UK Centre, which comprises five directorates each led by a director, coordinates a network of WFD offices in countries and territories around the world.<sup>2</sup> Each WFD office is staffed by locally hired experts.

## **WFD's strategy and goals**

Following a process of development and consultation, WFD adopted a new multi-year strategy for 2022-2025 in autumn 2022.

WFD's 2022-2025 strategy recognises that we live in a period of increased risk to democratic freedoms around the world, with levels of democracy on a 15-year downward trend. Today, most of the world's people live in autocracies: either where democracy is entirely absent, or where democratic institutions and processes have been hollowed out, so they do not deliver democratic practices or freedoms. Furthermore, the global context is more competitive, and Russia's invasion of Ukraine shows how significant the risks are. Many of the major challenges to our national security – such as conflict, public health emergencies, and organised crime – are rooted in or exacerbated by autocratic regimes or weak democracies.

WFD's strategy emphasises that reversing the decline in global democracy is a national security priority. WFD analysis of the challenge reflects UK Government policy as set out in the Integrated Review, published in 2021 and refreshed in 2023. The Integrated Review assesses that the pace of geopolitical change threatens to create a world defined by danger, disorder, and division – and an international order more favourable to authoritarianism. The Government has committed the UK to work to shape an open and stable international order around open societies and economies by reasserting shared principles of democratic sovereignty and freedom – as well as to shift the global balance of power against hostile authoritarian states.

WFD's strategy, approved by ministers, positions WFD to play a leading role in UK efforts to support freedom and democracy within a changing international order. The strategy sets out three strategic goals to 2025:

1. Deliver impactful programmes and policy support
2. Convene supportive coalitions for democracy
3. Reinforce our outstanding organisation

WFD has established several cross-organisation internal boards to ensure the delivery of these goals:

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<sup>2</sup> 28 as of 31 March 2023.

- Programme Policy and Quality Board
- Strategic Engagement Board
- Portfolio Renewal and Growth Board
- Outstanding Organisation Board

WFD's delivery plans are guided by its 2022-2025 strategy and sub-strategies. During the reporting period (FY 2022-2023), WFD made strong progress against each of the strategic goals.

## Goal 1: Deliver impactful programmes and policy support

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*We will support those working to strengthen democracy through impactful programmes and policy support.*

*Through our programmes, we will contribute directly to promoting inclusive political processes, enabling accountable political systems, supporting the protection of freedom and rights, and fostering pluralist societies.*

*WFD will invest in policy-relevant research and provide valued policy and advisory support to funders, programme managers, and partners. We will find new ways of working with security, economic, investment, and development organisations to consider their impact on democracy.*

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In FY 2022-2023, WFD continued to deliver effective global, regional, and country programmes to support democracy in existing WFD priority locations, whilst expanding our reach to locations such as the Solomon Islands, Armenia, and Thailand.

WFD also provided policy support through research and expert advice services. To achieve this goal, WFD produced over 150 resources, including landmark research, reports, and recommendations on women's political leadership, engaging with authoritarian states, environmental democracy, and the cost of politics, as well as tools to support effective parliamentary public debt management.

At the Summit for Democracy in March 2023, the Prime Minister announced the creation of an FCDO Democratic Governance Centre of Expertise as part of the UK's commitments to action to strengthen democracy. The centre is a key part of WFD's 2022-2025 strategy and in FY 2022-2023, WFD and its senior leadership team focused on establishing this centre to provide policy support and advice to UK embassies and high commissions.

Almost 5,000 people around the world – many of them MPs, parliamentary staff, and political party members – participated in the 58 programmes that WFD implemented in FY 2022-2023, across 60 countries and territories. Those programmes, as well as WFD's policy support, focused on several key themes:

## **Women's political leadership**

When women can access formal political spaces and exercise leadership in a manner that is authentic to them, the whole of society benefits. However, politics continues to be a hostile environment for women.

In FY 2022-2023, WFD continued to prioritise women's political leadership in its programming. This approach goes beyond simply bringing women into current practices. Instead, WFD worked with local partners to adapt these practices and the institutions that deliver them to women's participation and leadership – from Thailand to Bosnia and Herzegovina, and from The Gambia to Morocco.

WFD also strengthened our information resources – for example with new research on women's leadership in Southeast Asia.

## **Democratic action on climate and the environment**

The grave disruptions to people's lives because of the environmental and climate crises are destabilising democracies.

Environmental democracy is based on the vision that decisions on natural resources must adequately and equitably address citizens' interests, and that they must be part of these decisions through access to information, justice, and decision-making processes.

Rather than setting a standard for outcomes, environmental democracy sets a standard for how decisions should be made.

At the same time, there is a robust nexus between higher standards of democratic practice and more appropriate environmental and climate action.

In FY 2022-2023, WFD expanded our work on environmental democracy to help local actors address the urgency of the climate crisis and strengthen democratic practices and resilience, including through programmes in Armenia, Indonesia, and Georgia.

## **Accountability and transparency**

Accountability and transparency are at the heart of the functioning of democracies.

WFD partnered with parliaments and sub-national institutions, as well as the independent institutions with whom they share the task of accountability.

WFD provided technical expertise, information resources, and peer-to-peer engagements to allow parliaments and MPs to craft practices and systems that are context-appropriate and meet essential democratic standards.

WFD continued to focus on pre- and post-legislative scrutiny, including engagement with independent oversight institutions, civil society, and citizens, addressing issues like financial accountability, anti-corruption, and public debt management.

## **Inclusion and equality of participation**

Evidence suggests that social, political, and cultural inequalities can have a corrosive effect on political trust.

WFD continued to focus on inclusive political processes and equality of participation.

WFD expanded its work on the engagement of young people in politics, for example launching a new programme on youth inclusion in political processes in the Middle East and North Africa.

WFD continued to prioritise disability equality, working with people with disabilities and disabled people's organisations to ensure all aspects of the political ecosystem are designed for their full participation. In FY 2022-2023, we saw improved inclusion of people with disabilities in Kenyan political parties as well as a range of benefits in the Western Balkans.

Many states retain laws and policies that discriminate against women, girls, and LGBT+ persons. WFD continued to work with partners and reform actors to make and implement informed, meaningful legislative change under our Global Equality Project.

### **Electoral integrity**

Credible elections are a baseline requirement for functioning democracies. The growth of electoral autocracies and increased sophistication of efforts to subvert electoral processes threaten the integrity of even this most basic democratic act.

WFD continued to engage via our whole-cycle approach to electoral integrity, supporting electoral environments that enable participation and peaceful dialogue and debate, credible electoral management bodies and effective management of outcomes, results, and recommendations for reform.

WFD continued to train and second UK observers to election observation missions conducted by the Organization for Security and Cooperation in Europe (OSCE).

### **Disinformation and political discourse**

Disinformation and the growth of technologies able to rapidly disseminate false information are directly impacting political trust and increasing polarisation. As disinformation has multiple sources and complicated behaviour drivers, tackling this trend is complex.

WFD has a role to play in challenging disinformation when it comes to the quality of political discourse and the extent to which this contributes to division, mistrust and even the potential for conflict within societies. This year, WFD launched a new programme to tackle hate speech in political discourse in Bosnia and Herzegovina.

### **Political parties and political pluralism**

Political parties play a critical role in democracies, garnering and amplifying the views and voices of citizens. When the internal workings of parties are weak, divisive, or opaque, this has a knock-on effect on their ability to perform in elected office and leads to low levels of public trust.

In FY 2022-2023, WFD continued to deliver support for political party development through our offices with the Labour Party, Conservative Party, Scottish National Party, and the Multi-Party Office, who supported political parties as key democratic actors worldwide.



## Results

As an organisation dedicated to sharing learning and expertise across its network, WFD's effectiveness is in part determined by its geographic reach. During the period, WFD directly delivered programme activity in 37 countries. WFD also measures the impact of individual programmes. A contextualised outcome matrix, together with progress indicators, is adopted for each WFD programme to ensure that management can measure progress against defined outputs and outcomes. During the reporting period, 86% of the programme portfolio that closed during the period met expected progress markers/outcomes, which was in line with expectations.

WFD's fledgling Centre of Expertise delivered 8 products or advisory assignments (target 5) and responded to 100% of requests (target 75%).

Further information about our programmes and their achievements, as well as our policy support, is available in the [performance analysis section](#).



## Goal 2: Convene supportive coalitions for democracy

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*WFD's engagement with international partners and national leaders will strengthen public commitment to, and mobilise resources for, supporting democracy around the world.*

*Through engagement with other organisations, WFD will help accelerate international action to reverse the decline on global democracy.*

*WFD will provide information to UK parliamentarians about global democracy and demonstrate its relevance to citizens and UK national priorities.*

*WFD will secure more third-party funding to deepen our existing work and incrementally increase our geographic presence.*

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In FY 2022-2023, WFD continued to contribute to actions that are helping to set standards for democratic governance around the world. As members of a project team coordinated by the Inter-Parliamentary Union, our staff helped to develop a set of Indicators for Democratic Parliaments based on the Sustainable Development Goals. In addition, WFD staff were part of a group of leading experts convened by the Organisation for Cooperation and Security in Europe and the Venice Commission of the Council of Europe to draft Guidelines on Democratic Law-making and Better Laws.

WFD marked the occasion of its 30<sup>th</sup> anniversary through a campaign which communicated the organisation's experience, relevance, and impact, and raised awareness of its new strategy. Evaluation shows that the digital aspect of the campaign broke WFD records for reach and engagement among key audiences.

The occasion of WFD's 30<sup>th</sup> anniversary also provided an opportunity to engage UK parliamentarians on issues of democracy around the world. Sir Lindsay Hoyle MP, Speaker of the House of Commons and WFD's Patron, hosted a reception to mark WFD's anniversary which was attended by over 75 guests, including more than 30 current and former MPs.

Moreover, MPs from across the political parties represented in the UK Parliament and the devolved administrations met and exchanged skills with MPs from across the world as part of WFD programmes. UK MPs and parliamentary staff met and shared their experiences with counterparts from the Bangsamoro (in the Philippines), Maldives, Georgia, North Macedonia, Bosnia and Herzegovina, Albania, Sri Lanka, Morocco, and many others as part of WFD programmes.

In FY 2022-2023, WFD also actively contributed to the European Partnership for Democracy, the Global Democracy Coalition, the AGORA Portal for Parliamentary Development and Parliamentary Development Community of Practice, the Summit for Democracy cohorts on technology, elections, and gender, the Political Party Peer Network and the Thinking and Working Politically Community.

In the reporting period, WFD also secured additional funding from a range of donors, including non-UK funders, to expand our impact.

## Results

During the period, WFD attended 8 meetings (target 6) with key global policy/advocacy networks and actively participated in 6 forums (target 4) to develop and promote international standards. WFD also sponsored or led 15 events or engagement initiatives with UK Parliamentarians or officials (target 10), including a 30<sup>th</sup> Anniversary event held in Parliament.

WFD raised £6.8 million (target £5 million) in third party income to support the delivery of its programme work.

Further information about our work to convene supportive coalitions for democracy is available in the [performance analysis section](#).

### Goal 3: Reinforce our outstanding organisation

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*WFD's systems, culture and values will support our people to have a direct impact on democratic governance in their countries and globally.*

*Through our commitment to a strong culture built on wellbeing, professional development, and our values, WFD's staff will be enabled to deliver outstanding work that increases our impact and expands our engagement.*

*Through the development and delivery of outstanding systems that are agile and better aligned, WFD's staff will be equipped with the tools to efficiently manage the resources of our donors so they can focus on delivering impact.*

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In this reporting year, WFD and its senior leadership team focused on implementing a new operating model for the organisation and developing a range of sub-strategies to enable delivery of its new strategy.

WFD revamped our internal communications approaches, developed and started delivering a wellbeing action plan, and commissioned its first-ever comprehensive engagement survey as part of the Best Companies scheme. WFD also focused on investing in its cyber security capabilities, making improvements to its core systems – particularly related to management reporting, risk management, and a new expert finder tool – mapping key processes and starting to upgrade its internal controls environment.

## Results

WFD periodically tested wellbeing levels amongst staff throughout the period using a quarterly pulse check. Over the period, the average score increased from 3.29 to 3.83 (out of 5). Management targeted an average wellbeing score of 4 (out of 5) in FY22-23, increasing to 4.5 (out of 5) by end of 2025. In early 2023, WFD commenced participation in the Best Companies accreditation scheme, which evaluates and benchmarks employee engagement. Following the initial assessment, WFD's baseline score was given as 674.1 (out of 1000), against an original target of 600. The scheme regards this score as a One Star "Very Good" company to work for.

Management's target is to achieve a score of 700 (out of 1000) by 2025, which would rate WFD as a Two Star "Outstanding" company to work for.

During the period, WFD commissioned several internal audits to test the maturity of its approaches to the control environment, cyber health, managing developments in challenging contexts, decision-making, and the implementation of its new operating model. Management targeted an average rating of Reasonable Assurance but secured consistent ratings of Substantial Assurance.

Further information about how we have reinforced our outstanding organisation is available in the [performance analysis section](#).

## Risks

Due to the challenging fiscal environment in the UK and difficult political and security contexts in several WFD locations, WFD continued to face many of the same strategic risks and uncertainties in FY 2022-2023 as in prior reporting periods. These risks relate to:

- short and long-term funding
- loss or misuse of funds
- programme quality and impact
- conduct and safeguarding
- reputation
- leadership and oversight
- inadequate or insecure systems and processes
- health, safety, and security

Whilst our assessment of the net risk ratings associated with most of these areas remained static during the period, WFD did reassess and increase the potential risks around loss or misuse of funds and inadequate or insecure systems and processes, and strengthened relevant systems to mitigate against these increased risks. Like many organisations, WFD faces an increasing range of cyber threats from criminal and, due to the nature of its work, state actors. Any compromise of WFD's core systems would lead to significant disruption of WFD's ability to deliver critical business tasks. In addition, during the period, Management added a new strategic risk related to the potential loss or disruption of critical staffing capacity around the world due to local cost of living pressures or other wellbeing issues. This was a significant area of focus for Management throughout the period.

WFD deploys a three lines of defence approach to managing the identified strategic risks. WFD has developed a business development strategy, annual regional plans, and expanded its business development resourcing through additional regional capabilities to help mitigate the risk related to uncertain or insufficient funding. Without mitigation, if this risk materialised it would significantly and directly affect delivery of strategic goal 1 and indirectly our credibility and resourcing to deliver strategic goals 2 and 3, respectively. For any service delivery organisation, the quality of our policy work and programmes is critical to achieving impact and our vision and mission. The majority of WFD's incoming resources are spent on service delivery. WFD delivers its core work in line with a programme management and quality cycle, founded on a methodology based on five principles (problem-driven, locally-led, purposefully adaptive, politically informed, and gender and conflict sensitive), overseen by experienced regional programme teams, and monitored centrally through a portfolio-wide programme performance review process held each quarter. WFD has adopted a range of policies and procedures, underpinned by training, tools, and specialist guidance, and developed an internal controls environment, integrated with its systems and processes, designed to manage the risks relating to loss or misuse of funds, conduct and safeguarding, inadequate and insecure systems and processes, and health, safety, and security. These risks, if they materialised, would directly affect our ability to achieve strategic goal 3 and become an outstanding organisation and indirectly undermine our capacity to deliver strategic goals 1 and 2, our reputation with donors

and stakeholders, and in some cases result in harm to our staff or stakeholders. Management works closely with its Board and FCDO to ensure that the organisation benefits from a clear strategic direction, adheres to good governance practice, and has transparent, documented, and accountable arrangements for decision-making. These structures and arrangements are essential to enable WFD to achieve all three strategic goals.

The Board and Leadership Team took the opportunity during the period to discuss and agree a refreshed risk appetite statement for the organisation, which has provided invaluable guidance to senior responsible officers concerning risk focal points.

During the period, the Board regularly reviewed WFD's financial position based on known information and remains confident that WFD continues to have sufficient access to resources to remain sustainable as a going concern.

# Performance analysis

This section of the annual report and accounts provides a detailed view of WFD's performance during FY 2022-2023. It provides information on WFD's performance in achieving the three goals set out in the 2022-2025 strategy. Then, it outlines key risks and uncertainties, our commitment to sustainability and social responsibility, and our commitment to accountability. The performance analysis section ends with a review of financial performance.

*Reversing the decline in global democracy will require societal level shifts in countries around the world. Overall, WFD's contribution to this global effort has been positive. While the challenges from aggressive autocracies remained significant, our work continued to focus on countries where there was an opportunity to consolidate existing democratic institutions and practices and on strengthening international democratic standards. The details of our contribution and achievements are set out below*

## Achieving our goals

### Goal 1: Deliver impactful programmes and policy support

In FY 2022-2023, WFD supported those working to strengthen democracy through its programmes and policy support.

Our work focused on several key themes:

- women's political leadership
- democratic action on climate and the environment
- accountability and transparency
- inclusion and equality of participation
- electoral integrity
- disinformation and political discourse
- political parties and political pluralism

### Programmes

In FY 2022-2023, WFD implemented 58 programmes across 60 countries and territories to contribute to promoting inclusive political processes, enabling accountable political systems, supporting the protection of freedom and rights, and fostering pluralist societies.

### Advancing women's political leadership

Evidence shows that when women can access formal political spaces and exercise leadership in a manner that is authentic to them, the whole of society benefits. This year, WFD worked to support women's political leadership across the world and change the hostile environment for women in politics.

For example, we produced landmark research on women's leadership in Southeast Asia and supported over 60 women on their leadership journeys in Malaysia, Thailand, and Indonesia. In Indonesia, at a WFD-organised event in the parliament, members of all political parties represented in the parliament signed a declaration to condemn violence against women in politics ahead of the 2024 elections. In The Gambia, WFD supported the parliament's Gender Committee to establish a multi-stakeholder group to develop a financing framework for female political candidates, the drafting of a charter for women's and girls' rights, and a roadmap for legal reforms supporting gender equality.

During FY 2022-2023, WFD Morocco worked to advance women's political leadership in the Moroccan House of Representatives, where women struggle to achieve the influence that comes with seniority because of the one-term limit for those elected through the national list system. With WFD support – delivered through professional development training and experience-sharing – women MPs were able to build recognition for their decision-making roles and effectively influence decision making.

In December 2022, the Arab Declaration on Combating All Forms of Violence Against Women and Girls was officially launched, having been adopted by the League of Arab States in March of the same year. This followed tireless lobbying for a convention on the issue from the Coalition of Women MPs from Arab Countries to Combat Violence against Women (the Coalition), which WFD supports. The Coalition will continue its efforts to advance work to combat violence against women and girls in line with the Declaration.

In March 2023, WFD was named as a key partner in delivering the UK's *International women and girls strategy 2023 to 2030*.

## **Fostering democratic action on climate and the environment**

Increased participation in decision making and strong environmental rule of law are crucial to delivering action on climate change, which is in turn vital to stopping the destabilisation of democracies.

In FY 2022-2023, WFD worked with local partners to address the urgency of the climate crisis in a way that facilitates ambitious action and includes everyone. For example, in Indonesia – one of the world's biggest carbon emitters – WFD's team helped raise the ambition of Indonesia's climate action commitments and delivery of its nationally determined contribution (NDC) through supporting the country's parliament, including on the new and renewable energy bill, which outlines Indonesia's energy transition plan. The bill includes provisions on green economy mainstreaming, investment strategy for new and renewable energy infrastructure development, utilisation of nuclear power, and energy decentralisation to subnational governments.

What is more, in Georgia, WFD supported the parliament and the government in the preparation of its climate law through an unprecedented process of transparent, public consultation. With WFD support, the Parliament of Georgia's Committee on Environmental Protection and Natural Resources has developed and published a green paper setting out policy options in an open and transparent policy process. Following consultation, a further white paper will be issued before drafting of the legislation itself and introduction to the Parliament.



In FY 2022-2023, WFD launched a new programme in Armenia which aims to increase the engagement of the Armenian National Assembly and political parties in climate change and energy policy. Already, the programme has conducted essential research on public attitudes to climate change and environmental governance and convened key stakeholders to begin discussions on enhancing the country's energy security.

### **Supporting accountability and transparency**

Accountability and transparency are at the heart of the functioning of democracies.

WFD's work with Ukraine's Parliament, the Verkhovna Rada of Ukraine (VRU), has continued despite the numerous challenges caused by the Russian invasion of Ukraine. In response to a request from the VRU, WFD delivered additional research on governmental policies during conflict and in post-conflict periods. WFD also supported various committees and individual members of the Ukrainian Parliament to scrutinise government and law during the conflict, through post-legislative scrutiny and other mechanisms.

Elsewhere, WFD supported parliamentary scrutiny of legislation in North Macedonia, Montenegro, Kenya, Indonesia, Laos, and South Africa and registered more than 30 parliamentary staff and members of parliaments from seven countries for its annual in-depth, advanced course on post-legislative scrutiny (PLS).

WFD has supported the introduction of post-legislative scrutiny (PLS) in Nepal's parliament as a means of assessing the effectiveness and impact of laws. Over the past few years, WFD has assisted the Upper House (National Assembly) Legislation Management Committee in conducting PLS. In April 2023, the Lower House (House of Representatives) adopted PLS in its regulations, providing all its committees with an opportunity to improve their oversight work through PLS.

In partnership with the Majlis (Parliament) secretariat, WFD Maldives conducted a series of targeted trainings that equipped parliamentary officials and civil society organisations with the necessary knowledge and skills to oversee parliamentary functions effectively. WFD also helped support oversight of public debt in Sri Lanka, Kenya, and Indonesia and launched a new partnership with the Parliament of the Solomon Islands which shared international expertise on financial accountability and effective public accounts committees.

### **Ensuring inclusion and equality of participation**

Democracies are stronger when everyone participates, and all voices are heard. Inclusive democracies are better at delivering services fairly, and investing in a future where everyone benefits.

WFD continued to focus on fostering inclusive political processes and equality of participation, including the engagement of young people in politics, such as in North Macedonia, where WFD helped elevate the issue of youth affairs to the highest levels of government. Moreover, for the first time in history, deaf patients in North Macedonia will be able to access health services in sign language following advocacy by students that were part of WFD's club for Democratic Participation.

In late 2022, WFD Uganda received an award from the East Africa Youth Assembly for its work to support young people to influence policy and legislative processes. And, WFD began implementing



a new regional programme to boost parliamentarians' engagement with young people in the Middle East and North Africa.

WFD also worked with people with disabilities and disabled people' organisations to ensure all aspects of the political ecosystem are designed for their full participation. In Kenya, for example, 13 partner political parties changed their internal structures and processes to better represent people with disabilities following WFD activities.

WFD also worked with partners and reform actors to help end discrimination against women, girls, and LGBT+ people.

Following WFD research in Montenegro, which found that the threat of violence is deterring women from participating in politics, WFD Montenegro organised a public campaign in cooperation with the Club of Women MPs. The campaign, which reached at least two-thirds of the population in Montenegro, raised awareness about violence against women in public life and showed that women belong in the public arena.

In Sierra Leone, to make the parliament more open, accessible, and visible to the people of Sierra Leone, the Speaker of Parliament officially opened the Parliamentary Civil Society Office. WFD supported the development of the terms of reference for the office, as well as the development of a Steering Committee that comprises civil society organisations, parliament, and development partners.

And in Lebanon, WFD was delighted to hear the recommendations and testaments of the Lebanese Parliament's first-ever public hearing, which concerned the economic security of women in the context of multiple crises in the country. The hearing sessions were led by the Women and Children Committee with WFD's technical support. Members of civil society in Lebanon welcomed the hearing. Carine Elya, of the René Moawad Foundation said: "For me as a member of Lebanese civil society, bringing us into Parliament and engaging with us was a first, and it definitely needs to be replicated and made into common practice. To us, it meant that Parliament was becoming more of an open and trustworthy entity, and I think that to Parliament, it meant validating their work with organisations that understand the situation of Lebanese women on the ground." As result of the recommendations, the Chair of the Women and Children Committee submitted a proposition of law to amend the labour law to regulate part-time and remote working.

## Enhancing electoral integrity

In FY 2022-2023, WFD continued to address electoral stress points by employing an election cycle approach. The approach is used to contextualise emerging trends and challenges and their potential impacts on electoral integrity, and to formulate adequate responses to support electoral environments. Such responses enable participation and peaceful dialogue and debate, enhance the credibility of electoral management bodies, and advocate for electoral reform.

In the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM), an autonomous region of the southern Philippines and the location of a long-running peace process in which the UK Government played an important support role, WFD's expert review of the proposed Electoral Code was pivotal in its passage into law. WFD's review highlighted pressing issues that the Bangsamoro Transitional Authority, which serves as an interim government until the first elections

are held, was then able to resolve. The code provides the concrete framework for the forthcoming electoral process in the BARMM, which will be instrumental in establishing peace.

We produced an Electoral Political Economy Analysis (EPEA) for Zimbabwe and deployed a five-month, independent long-term election expert mission (EEM) to monitor the election process in Kenya. WFD also was a founding member of the newly established Global Network for Securing Electoral Integrity.

WFD manages the selection and secondment of UK international election observers to OSCE-ODIHR (Organization for Security and Co-operation in Europe – Office for Democratic Institutions and Human Rights) Election Observation Missions (EOMs), under a framework agreement with the FCDO. During the financial year, WFD recruited and seconded election observers to EOMs in Montenegro, Kazakhstan, Bosnia and Herzegovina, Serbia, and Hungary.

### **Addressing disinformation and political discourse**

Disinformation and the growth of technologies able to rapidly disseminate false information are directly impacting political trust and increasing polarisation. WFD is working to challenge disinformation by helping to improve the quality of political discourse and the extent to which this contributes to division, mistrust and even the potential for conflict within societies.

In Albania, WFD convened discussions with young people to raise awareness of malign influence and its effect on political systems and elections, and to discuss how political systems and processes can build resilience. Meanwhile, in Bosnia and Herzegovina, WFD launched a new programme on combating hate speech in political discourse. The programme will work with political parties, media, and civil society to help build a more stable and peaceful democracy in the country.

### **Nurturing political parties and political pluralism**

WFD continued to deliver support for political party development through our programmes implemented in partnership with the Labour Party, Conservative Party and Scottish National Party, as well as the Multi-Party Office.

#### *WFD's Multi-Party Office (MPO)*

This year, the MPO implemented the Women Leadership Programme Cohort 2022 in collaboration with African Liberal Network, D66, and the Friedrich Naumann Foundation for Freedom. The programme provided in-depth professional development and support to 15 women from liberal parties across Africa, in their roles in the National Assemblies of their countries and other public spheres. The programme included training on a range of skills relevant to enhanced effectiveness in elected office, such as issue-driving, negotiating, debating, and public speaking. The MPs and senior party members and officials who make up Cohort 2022 deepened their understanding of the essential aspects of leadership. Furthermore, they are equipped with further skills and an enlarged network of women politicians across Africa, which is something WFD research shows is critical for women in facing barriers and challenges in their leadership journeys.

In the Western Balkans, in partnership with the Green Party of England and Wales (GPEW), the MPO worked with newly elected Green representatives to help them better deliver Green policies and legislative changes at the municipal level. The MPO brought Belgrade City Councillors from the Ne Davimo Beograd to the UK to share experiences and understand how to promote policies

around energy, public transport, and housing. WFD provided opportunities for exchange with former GPEW leader Baroness Natalie Bennett, and elected members of the London Assembly, Islington Council, and Bristol City Councillors. Green Party communication, branding strategies for effective local organising, and how to attract and mobilise young people in the party including volunteer management were all key learning points for the delegates.

Recognising that until only recently, green politics in Serbia has mainly developed through activism and the fight for environmental protection, social rights, and democracy, the MPO supported the delivery of a Green Political School in Serbia. The school brought together 40 young green activists and members of local councils to help them understand how to build strong political movements as well as introducing them to green policies. Participants learnt more about green politics' theoretical and practical foundations and practical campaigning skills. The political school is the first step in preparing and educating future local councillors for the next local elections to be held in early 2024.

### *The Labour Party WFD Programme*

Through its work with sister parties and networks in the Middle East, Africa, and the Western Balkans, the Labour Party WFD Programme has enhanced the political skills of women through professional development training on lobbying, campaigning, communications, and fundraising.

In Armenia and Montenegro, the programme worked with young political activists as they developed their skills in campaigning, party organisation, communications, political technologies, political processes, and social democratic ideology.

The Labour WFD Programme provided guidance to partners across the Western Balkans in policy development – including on ending violence against women and girls and climate change and environmental protections – and also raised awareness of LGBT+ rights within party structures. In particular, the Labour Party WFD Programme worked with the ADD, one of the only organisations in the Western Balkans which advocates for change in the legal definition of rape. In their first year of working with the programme, ADD has identified key areas for political parties to focus on when amending and developing policies.

Meanwhile, fact-finding, assessment, and regional visits facilitated an enhanced understanding of political developments in new and emerging democracies among Labour Party members in the UK – as well as the opportunity to develop face-to-face relationships and share experiences with partners across the globe. The programme is also supporting Social Democratic platform activists to prepare and promote a progressive vision of rebuilding post-war Ukraine, especially in transparent distribution of foreign financial assistance and its reach to the most vulnerable segments of the population.

### *The Conservative Party WFD Programme*

The Conservative Party WFD Programme continued to work with sister parties in the Caribbean and Africa.

Following training on communications and disinformation conducted as part of the programme, Ghana's New Patriotic Party (NPP) created a unit to monitor the press and started rebutting disinformation with official statements. NPP women's wing representatives who took part in public speaking training are now more involved in media interviews.

Meanwhile in the Caribbean, the programme focused on increasing women's and young people's participation in politics and strengthening political party structures and processes to make them more inclusive and responsive to constituents. For example, the programme provided leadership training to 28 young women and brought together women MPs trained in its McGill Parliamentary Programme to discuss strategies to combat barriers to women's political participation. The programme's CDU Training Hub Events held throughout the region worked to address deficiencies in political party structures and processes to make them more inclusive, effective, and responsive to the needs of their constituents.

### *Scottish Nationalist Party (SNP) WFD Programme*

The SNP ran three WFD programmes whilst also providing support on a shorter-term basis: two programmes focused on gender equality and a third on environmental protection.

The SNP programme supports the Parliamentary Women's Caucus (PWC) in Malawi, a cross-party caucus of all the female parliamentarians in the Malawi Parliament. In FY 2022-2023, the PWC conducted a gender-responsive budgeting analysis of the 2022-2023 and 2023-2024 Malawian Government budgets. The research served as the basis for women parliamentarians holding the government to account on the gender inequalities hidden within the national budget, with specific interventions focused on sexual health reproduction rights, gender-based violence, and children's education. Moreover, the programme and its achievements were listed in the Minister of Gender's ministerial statement delivered in parliament to report on the Parliamentary Committee on Women Caucus on 12 April 2023.

The SNP WFD Programme also works to promote women's political leadership and inclusion through the Arab Women Parliamentarians' Network for Equality, Ra'edat. This year, after offering support to prospective candidates for the first round of the recent Tunisian elections, WFD supported Ra'edat to train new female parliamentarians on adopting parliamentary by-laws.

In partnership with the Zambian Parliamentary Caucus on Environment and Climate Change, the SNP WFD Programme is assessing the capacity and resources of Zambian political parties to govern and lead on crucial environmental issues. This year, all political parties in the Zambian Parliament, as well as three other parties, agreed to take a full role in the Zambian Political Party Environmental Capacities project. Organised jointly between SNP WFD and the Zambian Parliamentary Caucus on Environment and Climate Change, the parties will undertake an assessment of how well resourced they are to govern and lead on crucial environmental issues, ultimately pinpointing gaps and needs in order to strengthen their abilities.

### **Policy support**

Having provided policy-relevant research and advisory support to funders, programme managers, and partners around the world since 2016, and benefiting from an extensive network of associates and experts, WFD formally committed to establishing itself as a centre of expertise on democratic governance and elections as a key part of its 2022-2025 strategy. Drawing from both our in-house expertise and leadership through the development of the ODIHR Principles of Democratic Law-making, WFD has been a member of the Inter-parliamentary Union (IPU) project team developing Indicators for Democratic Parliaments based on the Sustainable Development Goals, and a founding member of the Global Network for Electoral Integrity. We also provided advice for the

preparation of the UK-hosted Ukraine Recovery Conference in summer 2023 and to the new FCDO *International women and girls strategy 2023-2030*.

Among the more than 150 products WFD produced in FY 2022-2023, our flagship research and evidence initiatives included a study on the environmental democracy approach and legislative leadership on environmental issues; new research on women's leadership in Southeast Asia; and new studies on the cost of politics in Zambia and countries in Central America. Responding to concerns around responding to global democratic decline, WFD also commissioned a timely report on how (not) to engage with authoritarian regimes by Nic Cheeseman and Marie-Eve Desrosiers. The report examines how western states that are committed to strengthening democracy engage with authoritarian states – and how this can strengthen authoritarianism. In response, they outline how pro-democracy governments can better engage with authoritarian states to avoid doing democratic harm and ultimately strengthen democracy around the world. The report was presented to officials from the EU, the UK, Canada, and France, as well as think tanks and democracy support organisations.

Building on the success of Global Election Support Centre in 2021-2022 in providing advice and evidence to FCDO on elections, in FY 2022-2023 WFD worked with FCDO to pilot an FCDO Democratic Governance Centre of Expertise in line with HMG's recent International Development Strategy. Throughout the pilot phase, WFD developed a range of tools related to elections and provided policy analysis, research, and support to the FCDO in relation to electoral cycles in Zambia, Bangladesh, Thailand, and Papua New Guinea. Through the Centre, WFD also broadened its policy support to include a political economy analysis of Rwanda, knowledge exchange on women in political parties, and developed a diagnostic tool on women's political leadership.

The FCDO Democratic Governance Centre of Expertise was officially announced by the Prime Minister at the Summit for Democracy in March 2023, as part of the UK's commitments to action to strengthen democracy, with WFD as its implementing partner. This is an exciting project that will further support WFD's strategic objectives of building our reputation for expertise on democratic governance and elections and maximising the impact of our policy-relevant research.

## **Goal 2: Convene supportive coalitions for democracy**

### **Engagement to strengthen commitment to supporting democracy around the world and accelerate action to reverse the global decline in democracy**

During the reporting period, WFD marked its 30<sup>th</sup> anniversary with a communications campaign that highlighted 30 years of experience, relevance, and impact, and looked to the future by launching its new strategy. The public campaign had a reach of over 100,000 organic (unpaid) impressions among our audiences, breaking WFD's previous records for both reach and engagement, and received public support from individuals, institutions, and organisations such as Mr Speaker Sir Lindsay Hoyle MP, the Northern Ireland Assembly, and the Community of Democracies. Colleagues across WFD were given the tools and content that they needed to share messages with their key partners, stakeholders, and contacts. And, as part of the campaign, WFD successfully placed key pieces of content in *The House* magazine.



In FY 2022-2023, WFD also actively contributed to the European Partnership for Democracy, of which WFD is a Board Member (represented by the Chief Executive); the Global Democracy Coalition; the AGORA Portal for Parliamentary Development and Parliamentary Development Community of Practice; and the Summit for Democracy Technology cohort.

WFD continued to contribute to actions that are helping to set standards for democratic governance around the world. As members of a project team coordinated by the Inter-Parliamentary Union, our staff helped to develop a set of Indicators for Democratic Parliaments based on the Sustainable Development Goals. In addition, WFD staff were part of a group of leading experts convened by the Organization for Cooperation and Security in Europe and the Venice Commission of the Council of Europe to draft Guidelines on Democratic Lawmaking and Better Laws.

WFD contributed to the Political Party Peer Network on democracy support, and at the Summit for Democracy in March 2023, we were invited by the Government of Zambia – one of the hosts of the Summit – to present our work on inclusion in political parties, on electoral integrity, and on the cost of politics.

In addition to those mentioned above, moving forward, WFD is part of several initiatives launched at the Summit for Democracy in March 2023. These include being a founding member of the Global Network for Securing Electoral Integrity and the Network for Gender Inclusive Democracy. At the Summit, the Prime Minister announced the creation of a Democratic Governance Centre of Expertise, a key part of WFD's 2022-2025 strategy.

### **Providing information to UK parliamentarians about global democracy and its relevance to citizens and UK national priorities**

The occasion of WFD's 30<sup>th</sup> anniversary also provided a key opportunity to engage UK parliamentarians on issues of democracy around the world. Mother of the House of Commons, Harriet Harman MP, lent her voice to an animation that was a centrepiece of the campaign. Sir Lindsay Hoyle MP, Speaker of the House of Commons and WFD's Patron, hosted a reception to mark WFD's anniversary and launch the new strategy which was attended by over 75 people, including more than 30 current and former MPs.

Looking ahead, WFD is developing an exhibition to be shown in 2023 in the Palace of Westminster and other parliaments and locations across the world. The exhibition will highlight the global importance of strengthening democracy.

MPs from across the political parties represented in the UK Parliament and the devolved administrations met and exchanged skills with MPs from across the world as part of WFD programmes. UK MPs and parliamentary staff met and shared their experiences with counterparts from the Bangsamoro (in the Philippines), Sri Lanka, Morocco, Serbia, and others as part of WFD programmes.

This activity to engage UK parliamentarians is part of our Parliamentary Engagement Plan, developed to support progress against Strategic Goal 2 by guiding our parliamentary work over the next year and establishing a system for tracking the quality and impact of our relationships with UK parliamentarians.

## Securing more third-party funding to deepen existing work and increase our presence

In the reporting period, WFD also secured additional funding from a range of donors, including non-UK funders, to expand our impact. These included:

- the UK Conflict, Stability and Security Fund (CSSF)
- the Foreign, Commonwealth and Development Office (FCDO)
- Global Affairs Canada
- Ministry of Foreign Affairs/Demo Finland

Moving forward, WFD will be guided in these efforts by the new Business Development sub-strategy, developed under the auspices of the new WFD strategy 2022-2025.

In FY 2022-2023, there was a significant expansion in the Business Development Team, with recruitment undertaken for an additional five roles (a Contracts and Grants Manager, and four regionally focused Business Development Managers). This increase in capacity is in recognition of the importance of continuous business development efforts to sustain our impact and expand WFD's portfolio over the longer term and the need to bring in additional skilled resources to support delivery of WFD's ambitious Business Development sub-strategy.

### Goal 3: Reinforce our outstanding organisation

During the reporting period, WFD developed an Outstanding Organisation sub-strategy to guide delivery of this strategic goal up to 2025 and achieve two key ambitions:

- strengthening our One WFD culture built upon wellbeing and professional development
- developing more agile and aligned systems and tools for managing resources

The sub-strategy establishes a series of objectives grouped around six themes: our community; talent and growth; safe and healthy work; people-focused management and leadership; technology; standards and support; working with other organisations; and internal communications.

The 30<sup>th</sup> anniversary campaign – delivered internally during FY 2022-2023 – also involved colleagues across WFD to celebrate the people that make our work possible and build a strong sense of shared purpose and team spirit, with evaluation showing that more than three-quarters of staff engaged with the campaign.

During the period, WFD commissioned the development of an equity, diversity, and inclusion (EDI) framework; developed and started delivering a wellbeing action plan; introduced a new digital pathway for inducting new joiners; created a new learning and development policy; and refreshed its management development programme for staff.

WFD also expanded its safety guidance linked to international travel; delivered refreshed training on safeguarding and procured a safeguarding specialist; and improved its health insurance provision for country-based staff.

WFD also secured accreditation to Best Companies – a sector leading accreditation scheme. WFD also refreshed its expert finder interface and expanded its range of experts.

From a technology perspective, WFD invested in additional cyber security defensive capabilities, including by securing Cyber Essentials Plus; improved the functionality of its finance system; and developed new management reporting from across its systems.

WFD took the opportunity to map its key cross-functional processes during the period; improve alignment of its policies and practice to Government Functional Standards, notably around commercial, fraud, and grants; and updated its procurement and contracting templates and tools.

WFD are exempt on de minimus grounds when the Greening Government Commitments (GGCs).

## Key risks and uncertainties

WFD's Corporate Register comprised nine strategic-level risks during the period. During the reporting period, WFD's management also monitored four operational-level sub-registers covering Programme Policy and Quality (strategic goal 1), Strategic Engagement and Governance and Portfolio Renewal and Growth (strategic goal 2), and Outstanding Organisation (strategic goal 3). Each separate global or country programme also benefited from its own bespoke risk register.

Throughout the year, WFD primarily focused on managing five of the strategic risks in the Register, which were most directly relevant to the achievement (or otherwise) of WFD's strategic goals. These risks were funding; loss of funds or assets due to fraud; health, safety and security; insecure systems; and loss of key capacity due to cost of living or wellbeing pressures.

Due to the unprecedented fiscal challenges presented by the pandemic and the consequential reduction in official development assistance (ODA) spending, WFD's core funding remains around 10% lower than its pre-pandemic levels. WFD has reviewed its operating model and invested in additional business development capabilities to help improve WFD's mid- to long-term sustainability. During the period, WFD successfully secured more significant third-party funding than originally forecast and its new portfolio renewal and growth strategy aims to build on this success. However, during the reporting period WFD was impacted by a government-mandated 'pause' on ODA spending. This delayed several new government funding opportunities and severely restricted WFD's ability to spend committed funding, resulting in significant pressures to deliver activities in reduced timeframes once the ODA pause was lifted.

In response to a detected issue of suspicious transactions that were potentially indicative of supplier fraud affecting one of WFD's programmes during the period, WFD commissioned an independent investigation, captured lessons learned, revised its Counter Fraud and Corruption Action Plan, and started work to systematically deliver an internal controls improvement plan. These steps are designed to enhance WFD's ability to deliver programmes around the world with high levels of assurance to taxpayers for the prevention and detection of, and response to, the risk of diversion due to fraud, corruption, or terrorist financing.

During the period, management has endeavoured to respond to the health and wellbeing issues generated by workload pressures and the security risks presented to staff and experts in higher risk locations such as Ukraine, Venezuela, Nigeria, and Philippines, or through election observation activities in a variety of countries. The operating context in Ukraine, in particular, has remained extremely challenging and WFD continues to support its staff working in-country. WFD also responded to emerging new security risks and newly emerging safety risks in several locations arising due to challenging legal and social contexts for some of the issues we work on. WFD



continues to engage with FCDO colleagues, consult specialists in physical and mental wellbeing and elections-related security risk management, and provide an employee assistance programme, to ensure that we are doing all we can to keep our staff and partners healthy, safe, and secure.

Due to inflationary pressures in the UK and across many of the locations in which WFD operates, including inflation rates rising above 100% in some places, the temporary or permanent loss of key staff capacity due to cost of living pressures, uncompetitive remuneration, and key supply shortages remains a considerable risk for WFD, with potential consequences for programme quality and health and wellbeing. It is anticipated that this risk will reduce over time as global inflationary pressures start to ease.

Strategic risk	Key risk management
<b>Strategic engagement and governance</b>	
<p><b>Lack of effective leadership and oversight by the Board and its committees governing strategic direction, internal leadership, or risks assessment and management, could undermine FCDO and donor confidence and expose the organisation and its governors to reputational harm.</b></p>	<ul style="list-style-type: none"> <li>• New three-year strategy adopted by the Board, aligned to the ambitions of the Integrated Review, and cleared with ministers.</li> <li>• Annual Plan and Budget for 2022-2023 adopted, with regular reporting at quarterly Board and Audit and Risk Assurance Committee meetings, currently under review at mid-year point in light of new strategy.</li> <li>• Monthly Leadership Team meeting, quarterly Leadership strategic stand-back, to provide coherent management direction to WFD.</li> <li>• Revised Framework Agreement in place with FCDO and strategic and partnership framework ways of working document developed.</li> <li>• Governance Handbook adopted which provides improved clarity on governance roles/responsibilities.</li> <li>• People Committee and Audit and Risk Assurance Committee (ARC) membership expanded with additional co-opted members.</li> <li>• Board-level programme quality oversight function reviewed and improved with introduction of new Board-level Programmes Lead.</li> <li>• Code of Conduct/Safeguarding orientation delivered to the Board.</li> <li>• Annual Board collective self-assessment exercise carried out and individual appraisal process for Board members established.</li> </ul>

	<ul style="list-style-type: none"><li>• Self-assessment for Public Body Review completed and submitted to ministers; to be followed by independent review.</li><li>• Quarterly FCDO/WFD oversight meetings to review progress, relationship, and governance.</li></ul>
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<p><b>WFD's reputation is materially damaged by a failure to monitor for or respond to unexpected events.</b></p>	<ul style="list-style-type: none"> <li>• Current communication and external affairs strategy targets informed awareness of WFD's activities among stakeholders and focuses on outcomes and key programme deliverables in its messaging, in the event of adverse publicity either directly or across our sector, underpinned by 30<sup>th</sup> anniversary campaign and parliamentary engagement plan.</li> <li>• Horizon scanning approach developed.</li> <li>• New External Affairs and Events Manager onboarded.</li> <li>• Maintain relations with network of media contacts to ensure quick notification of adverse issues and develop interim holding responses.</li> <li>• Crisis Management Plan, Business Continuity Plan (including Pandemic Response Plan and Industrial Action Response Plan) adopted and updated annually, reinforced by table-top simulations – overseen by Outstanding Organisation Board.</li> <li>• Strategic Engagement Board oversees positive strategies and relations with key stakeholders.</li> <li>• ARC scrutinises management action on business continuity/crisis management.</li> <li>• Internal audit completed on Business Continuity Plan and actions agreed and implemented.</li> </ul>
<p><b>Outstanding organisation</b></p>	
<p><b>Loss or misuse of funds under WFD management could expose WFD to reputational harm, legal/regulatory action, and/or a deterioration in its reserves.</b></p>	<ul style="list-style-type: none"> <li>• Key policies (such as compliance, procurement, bank and cash) adopted and promoted with guidance, toolkits, templates, and incident management procedures.</li> <li>• Vetting checks and due diligence carried out on all new staff, consultants, suppliers, and partners.</li> <li>• Basic orientation and annual refresher (Learning Essentials) provided to all staff on key compliance practices.</li> <li>• Director of Operations (solicitor) and Contracts and Grants Manager provide advice and assistance with downstream contracting and sub-granting.</li> <li>• Standard financial controls implemented and checked via controls self-assessment, control improvement plans, and</li> </ul>

	<p>targeted internal audit. Counter-Fraud and Corruption Action Plan and special risk guidance adopted as required.</p> <ul style="list-style-type: none"> <li>• Pre-paid charge cards deployed to mitigate cash handling risks.</li> <li>• Code of Conduct and Reporting Concerns Policy included in all contracts and promoted to all staff, experts, partners, and event participants.</li> <li>• Business Central provides robust document storage and approval processes.</li> <li>• IT security upgrades implemented to improve prevention of cyber security incidents.</li> <li>• Office Opening and Closure Taskforces provide close supervision of higher risks of incidents during openings/closures.</li> <li>• Outstanding Organisation Board monitors organisation-wide Compliance Tracker, Annual Declarations, and Annual Self-Assessment.</li> <li>• ARC reviews risk register on quarterly basis and key risks via internal/external audit, including substantial assurance via internal controls audit.</li> <li>• Internal audit on adapting to fragile operating contexts completed providing substantial assurance.</li> </ul>
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<p><b>WFD's reputation amongst stakeholders suffers material damage owing to poor control over behaviour and standards, including in relation to safeguarding staff and stakeholders and compliance with applicable laws.</b></p>	<ul style="list-style-type: none"> <li>• Code of Conduct, Reporting Concerns Policy, and Incident Response procedures adopted and signed by Board members/staff. Political Activity Policy and Safeguarding Policy provide additional guidance on managing risks.</li> <li>• Rigorous staff selection processes and vetting/due diligence carried out on all staff/experts/critical suppliers/partners.</li> <li>• PPO Partnership Agreements and all third-party contract templates ensure partners/experts/suppliers comply with WFD Code of Conduct, Reporting Concerns Policy, key policies, etc. Translated into key languages.</li> <li>• Board and senior staff orientation on safeguarding and Code of Conduct.</li> <li>• All Leadership Team members completed diversity and inclusion e-learning.</li> <li>• All staff inducted on Code of Conduct, mandatory bespoke e-learning course on safeguarding delivered, and Learning Essentials on reporting concerns provided.</li> <li>• Safer Events Risk Assessment and Safer Events Checklist required for events/activities involving young people or vulnerable adults.</li> <li>• All programme risk registers include safeguarding risks.</li> <li>• Annual declaration of conflicts of interest for Board members and senior staff; procurement procedure requires disclosure of potential conflicts.</li> <li>• Outstanding Organisation Board monitors organisation-wide Compliance Tracker, Annual Declarations, and Annual Self-Assessment.</li> <li>• People Committee reviews management action on safeguarding.</li> <li>• Internal audit on safeguarding policy positively benchmarked against sector standards and audit on Code of Conduct by Crowe completed, providing substantial assurance.</li> </ul>
<p><b>Inadequate or insecure systems and processes reduce productivity and efficiency, which can lead to reduced staff morale, poor value for</b></p>	<ul style="list-style-type: none"> <li>• New systems implemented as part of Building for the Future programme, with implementation of Evidence and Impact Hub (programme data), World Check One (vetting), Policy and Practice Hub, PeopleHR (HR, recruitment, and performance/induction), MS Teams (communications and collaboration), Business Central (finance), Key Travel portal</li> </ul>

<p><b>money, and increased exposure to business disruptions, thereby reducing our impact.</b></p>	<p>(travel management) and PAIS (programme approvals and information), now subject to system improvement plans.</p> <ul style="list-style-type: none"> <li>• New joiner guidance on navigating WFD systems and information storage provided as part of improved induction.</li> <li>• Multi-factor authentication, advanced threat protection, and mobile device management implemented to protect WFD systems; more secure website launched.</li> <li>• Managing Organisational Change Policy adopted, supported by outstanding organisation project toolkit.</li> <li>• Expert Roster and streamlined procurement procedures adopted, promoted via new Expert Finder interface.</li> <li>• Agile working policy adopted in UK and London office move completed.</li> <li>• Detailed cyber risk assessment and gap analysis completed by Government Security Centre for Cyber, underpinned by regular engagement with the National Cyber Security Centre (NCSC) and FCDO.</li> <li>• Strengthened working-level engagement with FCDO around procurement and contracting practice via new FCDO Commercial Forum and cyber security in new FCDO Cyber Security Forum.</li> <li>• Outstanding Organisation strategy developed, including technology sub-strategy, systems architecture review, and other continuous improvement actions for the next three years.</li> <li>• ARC scrutinises management action on systems improvement.</li> <li>• Internal audit on business continuity and cyber security (all recommendations implemented) and provided substantial assurance on new systems implementation and benefit realisation. Additional assurance provided via Cyber Health Check and Cyber Essentials Plus accreditation.</li> </ul>
<p><b>Threats to the general health, safety, and security of WFD staff, contractors, or participants could lead to individuals suffering mental or physical harm, damage to WFD's</b></p>	<ul style="list-style-type: none"> <li>• Safe and Sustainable Travel Policy, Safety and Security Risk Management Policy, Approach, and Guidelines adopted and implemented. Crisis Management Plan and Incident Response Procedures in place.</li> <li>• Threat Tracker regularly updated based on changing threat assessment of all WFD locations.</li> </ul>

<b>reputation, legal action, and breach of donor agreements.</b>	<ul style="list-style-type: none"> <li>• All Local Security Plans updated annually and Welcome Packs provided as required. Travel Risk Assessments required for all higher-risk travel.</li> <li>• Comprehensive Business Travel and Emergency Evacuation insurance in place and health insurance provided for staff in countries with poor quality local provision.</li> <li>• United Nations Department for Safety and Security (UNDSS) e-learning course adopted as basic training offer for staff and experts, all staff training on WFD security, and SAFE course offered for high risk travel.</li> <li>• Key Travel platform/service includes Riskline traveller tracking, security alerts, and Mobile Messenger for travellers.</li> <li>• Elections security partner procured and onboarded.</li> <li>• Security cooperation protocol implemented with FCDO and close collaboration with FCDO posts in key high threat locations.</li> <li>• Duty of Care Group provides coordination of security management, with oversight by Outstanding Organisation Board.</li> <li>• People Committee and ARC review management action on health, safety, and security.</li> <li>• Internal Audit on safety and security by Crowe completed, providing substantial assurance. Internal audit on adapting to fragile operating contexts completed providing substantial assurance.</li> </ul>
<b>Programme policy and quality</b>	
<b>WFD fails to deliver programmes of sufficient quality and relevance, or inadequately monitors, measures, or evidences impact.</b>	<ul style="list-style-type: none"> <li>• New multi-year WFD strategy and 3Rs programme strategy (including regional plans) adopted; operating model review completed, restructure implemented, and high-level budget agreed, including decisions on sustainable network presence.</li> <li>• Programme management cycle, responsibility mapping, and guidance for senior responsible officers and responsible leads developed.</li> <li>• Rigorous political economy analysis, outcome mapping, and monitoring of progress markers, together with case studies.</li> </ul>

	<ul style="list-style-type: none"> <li>• Evidence and Impact Hub and Programme Management Hub provide access to consolidated data, guidance, and learning pathways.</li> <li>• WFD Learn e-learning platform, Zoom/Teams, and digital partners support online engagement and digital delivery.</li> <li>• Learning and Development aspects of Outstanding Organisation Strategy and performance management process to drive focus on core competencies required by WFD and continuous learning to support development of those competencies.</li> <li>• Programme approvals and information system (PAIS) implemented to improve visibility/sign off of bids/proposals and visibility of portfolio.</li> <li>• Impact and Innovation Awards quarterly to recognise and encourage innovative practice and share learning.</li> <li>• Leadership Team monitors critical programmes and risks monthly via a dashboard.</li> <li>• Programme Policy and Quality Board oversees quarterly programme performance review to ensure review of all programmes and risks across the portfolio, with mitigation plans introduced where necessary.</li> <li>• Board-level programme lead provides further scrutiny of programme implementation/discussion of underperforming programmes, and as appropriate reports to Board meetings.</li> <li>• External evaluations commissioned as appropriate.</li> </ul>
<b>Portfolio renewal and growth</b>	
<b>Inability to maintain adequate funding over the short, medium, or long term (three years), could result in liquidity or sustainability challenges, undermining our ability to achieve impact.</b>	<ul style="list-style-type: none"> <li>• Three-year Spending Review funding settlement agreed at £6.5 million per annum. New multi-year strategy adopted; operating model review completed, restructure implemented, and three-year high-level budget agreed, including decisions on sustainable network presence.</li> <li>• New Opportunities Policy adopted and promoted internally.</li> <li>• Significantly expanded Business Development function and Programme Approvals and Information System supports planning, monitoring, and coordination of prospecting and quality proposal/bid writing.</li> </ul>



	<ul style="list-style-type: none"> <li>• Proactive business development activities in priority WFD locations.</li> <li>• Maintain active participation in key HMG Framework Agreements (for example, Conflict, Stability and Security Fund (CSSF)).</li> <li>• Strategic engagement with HMG on new FCDO democracy and human rights strategy following Integrated Review.</li> <li>• Business Central supports more efficient Accounts Receivable function.</li> <li>• Portfolio Renewal and Growth Board periodically reviews sustainability of WFD portfolio and network.</li> <li>• Dynamic in-year forecasting and processes to monitor spend, with monthly Leadership Team reporting and oversight and quarterly ARC and Board scrutiny.</li> <li>• Core Cost Review completed by internal auditors provided assurance on WFD's overhead cost base and costing methodology for grants/contracts.</li> </ul>
<p><b>Short-term or long-term loss of critical staffing capacity due to unresolved wellbeing issues and/or local cost of living pressures resulting in staff leaving for higher pay or better conditions elsewhere.</b></p>	<ul style="list-style-type: none"> <li>• Qualitative assessment of wellbeing completed.</li> <li>• UK and network staff equipped to work remotely.</li> <li>• Regular line management check-in chats promoted.</li> <li>• Employee assistance programme and framework of potential responses to local contextual developments in place.</li> <li>• Three-year Spending Review funding settlement agreed at £6.5 million per annum and communicated to all staff, underpinned by permanent contracts where appropriate. Pay award agreed and benefits/support signposted.</li> <li>• Revisited and updated key person risk matrix and scheme of delegated authority.</li> <li>• Leadership Team away day focused on wellbeing actions; each internal board to consider positive and negative wellbeing impacts of all proposed actions; wellbeing actions to be incorporated into strategic plans.</li> <li>• Operating model review completed, restructure implemented, and high-level budget agreed.</li> </ul>

	<ul style="list-style-type: none"> <li>• Outstanding Organisation strategy includes a people sub-strategy focused on positive employee experience and other actions to address wellbeing issues.</li> <li>• Board People Committee oversight in place.</li> </ul>
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## Our commitment to sustainability and social responsibility

WFD is committed to ensuring all aspects of its work in the UK and overseas are managed sustainably. Across our offices we address our environmental impact across three main areas: energy management; waste management; and transport. Although a small, service delivery organisation with a limited physical infrastructure, over the course of the past year, we continued to work towards improving our environmental performance, careful use of resources, and minimising adverse environmental impact. WFD remains committed to complying with all applicable UK and local environmental legislation. WFD's Environmental Policy is based on three principles. WFD will: do all it reasonably can to keep the negative environmental impact of the organisation to a minimum; act responsibly in management of resources; and reduce, re-use, and recycle wherever possible. Whilst WFD is exempt from the Greening Government commitments and reporting scheme, during the reporting period, WFD moved into offices managed by the Ministry of Justice, which is committed to the Greening Government agenda.

In accordance with WFD's Safe and Sustainable Travel Policy, management took action to ensure that all business travel is booked, approved, and managed in a way that represents value for money, keeps people safe, and mitigates negative environmental impact. Business travel has only been approved where this has been considered: necessary (for programme, management, or stakeholder engagement purposes), efficient and cost effective (reflecting our responsibilities as a public body to secure value for money in any travel arrangements and use WFD's resources for the public good, not personal advantage), safe and secure (complying with our duty to take reasonable care of the health, safety and security of staff, volunteers, experts, or governors and to avoid unnecessary risks), and green-aware (mitigating, where possible, the negative environmental impact associated with travel). Staff are encouraged to select the greenest possible travel option for their journey.

As part of all above-threshold procurement, WFD assesses bidders' commitment to social value and includes contractual commitments as appropriate. WFD requires all suppliers and grantees of any value to agree to comply with WFD's Code of Conduct, which includes WFD's values and a range of specific undertakings on socially responsible conduct.

## Our commitment to accountability

As a values-based, public service organisation, WFD aims to observe the highest standards of professionalism and accountability for the stewardship of taxpayers' funding at all times. During the reporting period, WFD investigated one serious incident of supplier fraud, carried out a process to learn lessons from this, and developed a controls improvement plan as part of a refreshed Counter Fraud and Corruption Action Plan. WFD will continue to enhance its capabilities to prevent, detect, and respond to the potential risks associated with the diversion of WFD resources.

## Plans and priorities

WFD's plans are guided by its 2022-2025 strategy and sub-strategies. The goals of WFD's 2022-2025 strategy are outlined above.

During the next period, in accordance with its programmes sub-strategy and business development sub-strategy, WFD has set out ambitious regional plans to guide efforts to reinforce activity within its current geographic locations and priority thematic areas; reach into new complementary areas of interest; and react to emerging opportunities to expand its impact. The new UK Democratic Governance Centre of Expertise, hosted by WFD, will transition to full implementation across three service lines.

WFD will continue to engage with partners internationally, particularly on standard-setting, and will deliver a new Parliamentary Engagement Plan to increase awareness of the relevance of WFD's work to UK MPs and their constituencies.

WFD's Outstanding Organisation strategy will continue to guide efforts to build a One WFD culture built on values; equity, diversity, and inclusion; and wellness. The strategy will continuously improve WFD systems and processes whilst commissioning a systems architecture review; invest further in cyber security; refresh and simplify all corporate policies and guidance; and further enable and support the successful delivery of programmes and centre of expertise activities.

During the next reporting period, WFD will engage with a Public Body Review commissioned by the UK Government which will be a positive opportunity to demonstrate WFD's relevance to UK international policy priorities. All public bodies periodically undergo such a review.

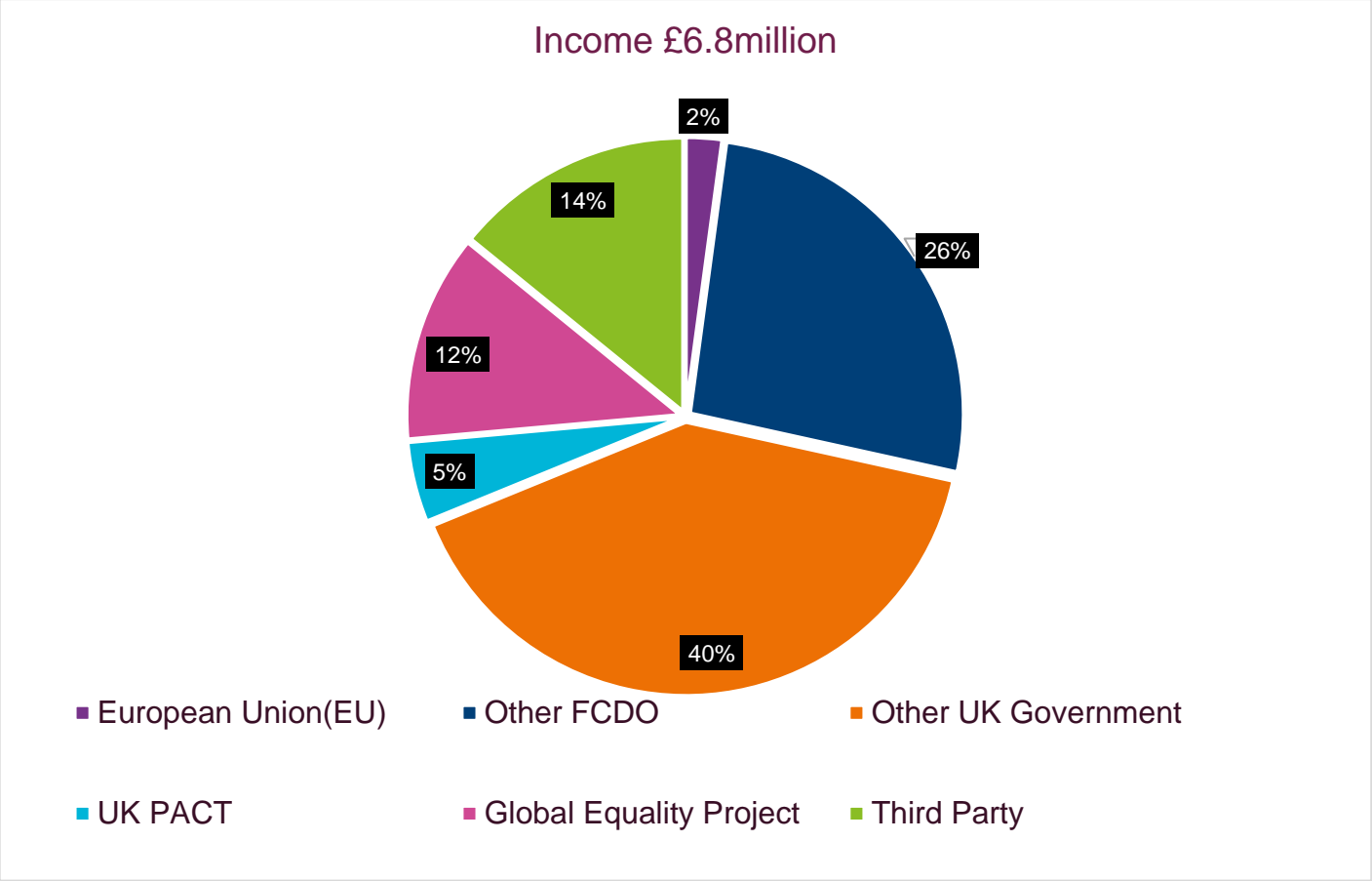
# Finance review

## Income

WFD received a total income of £6.8 million in 2022-2023 from the following sources:

- Third-party funding: this includes Global Equality Project grant funding from FCDO (£0.8 million); and others such as European Union (EU), other UK Government funding such as from the Conflict, Stability and Security Fund (CSSF), and other FCDO funding – total £6.8 million (see chart below). (2022: £7.9 million)

A full breakdown is included in this report. The income breakdown is also shown in the chart below.



## UK Government – Cross-Government Funds

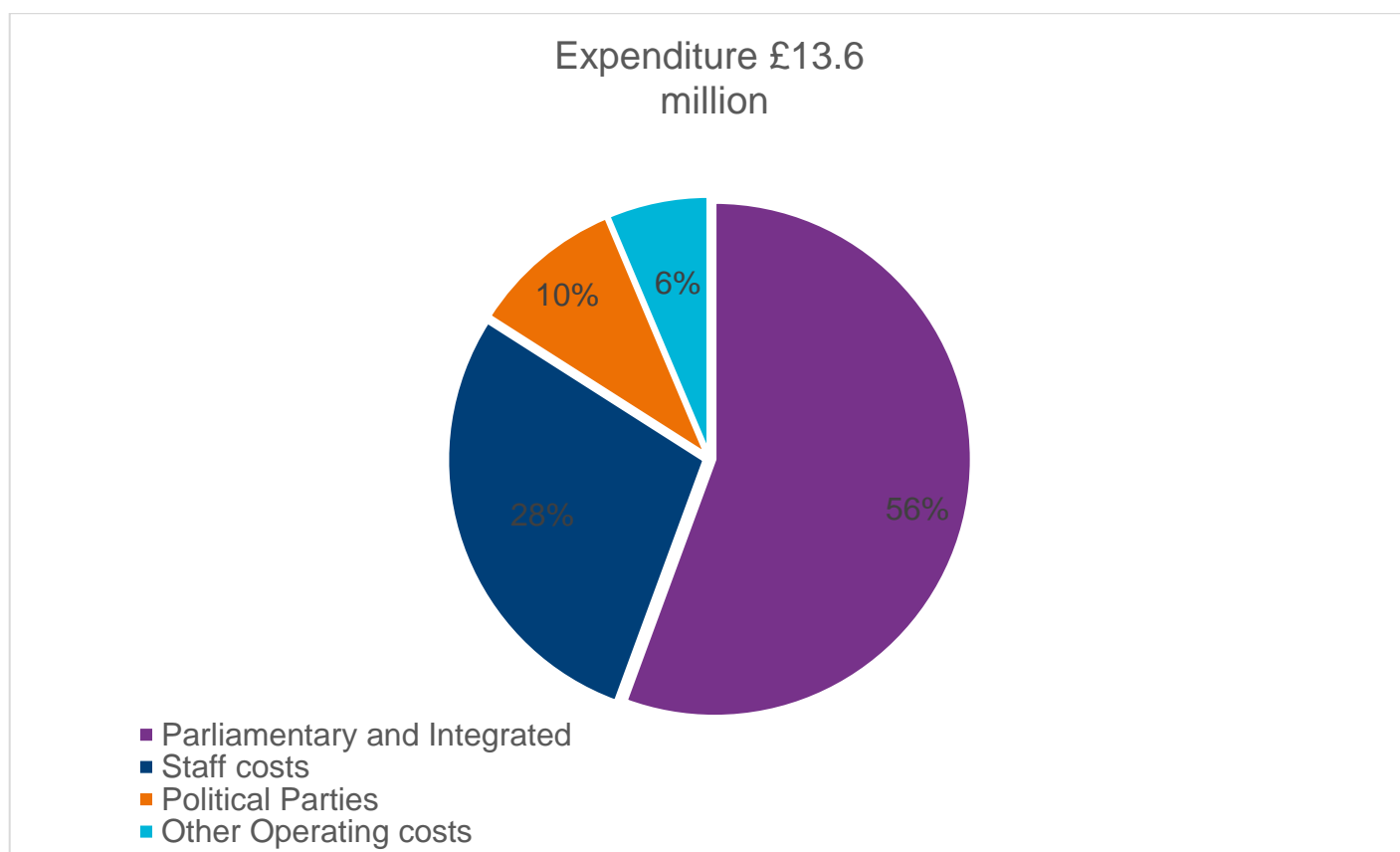
UK Government funding from the Conflict, Stability and Security Fund (CSSF) provided an income of £2.8 million in 2022-2023. This supported WFD programmes in Bangsamoro, Western Balkans, Georgia, Albania, Sri Lanka, Taiwan, and Solomon Islands among other places. UK Government funding of £0.8 million was also received for the Global Equality Project (GEP).

## Other funding

Other funding of £3.2 million includes EU grants of £0.1 million, UK PACT £0.3 million, other FCDO £1.8 million and third-party funding of £1.0 million from different sources such as Demo Finland, Asia Foundation, and embassies, to support different programmes.

## Expenditure

WFD had a total expenditure of £13.6 million in 2022-2023 across parliamentary and integrated programmes, political party programmes, staff costs, and other operating costs.



### Programmes implemented directly by WFD

Parliamentary and integrated project costs are those directly related to WFD programming, including all WFD staff working in offices based outside the UK. Direct programmes (Parliamentary and Integrated) spend for 2022-2023 was £7.6 million or 56% (2021-2022: £6.6 million or 51%).

Increase in programme costs in 2023 relate to the addition of new Regional Finance and Business development resources to support programme delivery and increased bridging funds for regional programmes.

### UK political party international programmes and offices funded by WFD

Political party programmes and offices (PPO) receive an allocation of the grant-in-aid (GIA) received from FCDO. PPO funding made available in 2022-2023 was £1.3 million (2021-2022: £1.2 million).

### Staff costs

Staff costs relate to UK-based WFD staff in 2022-2023. WFD employed (on average) 55 permanent full-time equivalent staff in the UK (2021-2022: 56).

Most UK staff (32 in 2022-2023 and 33 in 2021-2022) are directly responsible for the design, management, delivery, and monitoring of programmes and for managing local and UK partnerships. The remaining staff were employed in Finance, Human Resources, Operations, and Communications and External Affairs. UK staff also include the Leadership Team. Local staff who are located overseas are deemed to be direct programme costs and thereby accounted for in this manner.

Staff costs totalled £3.9 million (28%) in 2022-2023 (2021-2022: £3.7 million 30%).

## Financial position and liquidity

Total net assets on 31 March 2023 was at same position with prior year. In March 2022, FCDO confirmed a core grant of £6.5 million per annum for the next three years – 2022-2023, 2023-2024 and 2024-2025. Budgets for the next three years have been based on the advised funding. WFD has also received the signed annual letter confirming the grant for FY 2023-2024 as set out in the three-year allocation letter of March 2022.

Note 1.3 gives WFD's assessment of going concern.

## Regularity of expenditure

In spending public money, WFD complies by the principles of HM Treasury's Managing Public Money (MPM). All WFD expenditure and underlying transactions comply with those principles.

## Creditors

WFD adheres to the UK Government-wide standard on bill paying, which is to settle all valid bills within 30 days. Whenever possible, WFD will settle valid bills within supplier payment terms, if earlier. In 2021-2022, the average time taken to pay invoices was 18 calendar days (2021-2022: 17 calendar days). 90% of 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 36.4 days (2022: 36.8 days).

On behalf of the Board

Anthony Smith, Chief Executive and Accounting Officer



# The Westminster Foundation for Democracy Limited

## Director's report

The purpose of this report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of its objectives.

The governors who served on the Board of the Westminster Foundation for Democracy Limited during the year ending 31 March 2023 and who were Directors under the Companies Act 2006 were:

Board member	Appointment in the year	Resignation in the year	Appointment ends
Rt Hon. Valerie Vaz MP	25 May 2022	29 November 2022	
Mark Babington			23 October 2024
Richard Graham MP (Chair)			22 April 2024
Yasmin Qureshi MP	7 September 2022		6 September 2025
Thomas Hughes			23 October 2023
Susan English (Vice Chair)			23 October 2023
Christine Jardine MP		27 February 2023	
Femi Otukoya (ex-officio) (Finance Director)	28 July 2022		N/A
Rt Hon. Dame Maria Miller MP			4 November 2023



Brendan O'Hara MP			21 April 2024
Anthony Smith (ex-officio) (Chief Executive)			N/A
Simon Walker		6 June 2022	

Christopher Lane, appointed on 29 November 2018, continued to hold the office of Company Secretary.

All Board members and senior managers are required to declare any interests they may have to enable possible conflicts to be managed. No Board member holds company directorships or has other significant interests which may conflict with their responsibilities. No Board member has undertaken any material transactions with related parties. The Register of Interests is available to the public on WFD's website at <https://www.wfd.org/governance-document/registers-board-members-interests> or at WFD's registered office with 24 hours' notice.

Since the end of the financial year 2022-2023, Dr Milica Delevic and Liz Saville Roberts MP have been appointed as Board members by the Minister of State for Foreign, Commonwealth and Development Affairs on behalf of the Foreign Secretary, effective 22 May and 24 May 2023, respectively.

## Audit and Risk Assurance Committee

During the year ending 31 March 2023, membership of WFD's Audit and Risk Assurance Committee comprised:

Name	Role
Mark Babington	Chair
Khalid Hamid	Co-opted member
Simon Walker	Board member (resigned 6 June 2022)
Brendan O'Hara MP	Board member

## Personal data

In 2022-2023, there were no personal data-related incidents that required reporting to the Information Commissioner's Office.

## Registered office

WFD moved its registered office to Clive House, 70 Petty France, which is operated by the Ministry of Justice, effective 1 April 2022.

## Statement of Directors' and Accounting Officer's responsibilities

In accordance with Company Law and Articles of Association, the Directors (who are also known as the Governors of Westminster Foundation for Democracy) are responsible for preparing an annual report and financial statements in accordance with the Companies Act 2006 and the Accounts Direction given by the Secretary of State for Foreign, Commonwealth and Development Affairs and relevant International Financial Reporting Standards (IFRS).

Within the terms and conditions of a Framework Agreement signed on behalf of the (then) Foreign and Commonwealth Office and the Directors of WFD in 2020, the Directors, through the Chief Executive, are required to prepare financial statements for each financial year on an accruals basis which give a true and fair view of the state of affairs of WFD and of the incoming resources and application of resources, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the financial statements, the Directors and the Accounting Officer are required to comply with the requirements of the Companies Act and then, secondly, the *Government Financial Reporting Manual*, and to:

- a. observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth and Development Affairs, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. make judgements and estimates on a reasonable basis;
- c. state whether applicable financial reporting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- d. prepare the financial statements on a going concern basis.

The Directors and the Accounting Officer are responsible for ensuring:

- proper accounting records are kept that disclose with reasonable accuracy at any time the financial position of WFD and enable them to ensure the financial statements comply with the Companies Act 2006 and the Accounts Direction given by the Secretary of State for Foreign, Commonwealth and Development Affairs and relevant International Financial Reporting Standards;
- the assets of WFD are safeguarded, and reasonable steps are taken to ensure the prevention and detection of fraud and other irregularities;
- sound financial systems and management controls are in place to safeguard public funds;
- funds from the Foreign, Commonwealth and Development Office are used only for the purposes for which they have been given and in accordance with the Framework Agreement and the relevant Accountable Grant; and

- funds from all other grants are used only for the purposes for which they have been given.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on WFD's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## Accounting Officer

Section 5 of the Framework Agreement defines the Permanent Under-Secretary of State for Foreign, Commonwealth and Development Affairs as Principal Accounting Officer. The Principal Accounting Officer has appointed the Chief Executive as Accounting Officer of WFD.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding WFD's assets, are set out in Managing Public Money published by HM Treasury.

As Accounting Officer, I hereby confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

## Statement of disclosure to our auditors

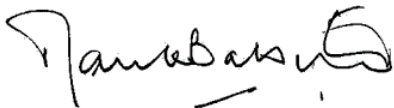
In so far as the Directors and the Accounting Officer are aware at the time of approving our Directors' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which WFD's auditor is unaware
- the Directors and the Accounting Officer, having made enquiries of fellow directors and WFD's auditor that they ought to have individually made, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditor

The Comptroller and Auditor General is the statutory auditor for the accounts of WFD.

Approved and signed on behalf of the Board on 6<sup>th</sup> July 2023.



**Mark Babington**

Director



**Anthony Smith**

Chief Executive and Accounting Officer

# Accountability report

## Overview

The purpose of this accountability report, which comprises a corporate governance report, statement of Accounting Officer's responsibilities, and governance statement, is to meet key accountability requirements to Parliament and address the matters required to be dealt with in a directors' report and directors' remuneration report, as set out in Chapters 5 and 6 of Part 15 of the Companies Act 2006.

## Corporate governance report

The purpose of the corporate governance report is to explain the composition and organisation of the entity's governance structures and how they support the achievement of its objectives.

## Governance statement

### Scope of responsibility

As Accounting Officer of the Westminster Foundation for Democracy Limited, 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, Commonwealth and Development Office (FCDO) to enable him to discharge his overall responsibility for ensuring that WFD as an FCDO executive non-departmental public body has adequate financial systems and procedures in place. WFD's multi-year strategy, annual plan, priorities, and associated risks are discussed regularly in my meetings with the FCDO.

## The Governance Framework

As noted above, the relationship between WFD and the FCDO is specified in the *Framework Agreement* signed on behalf of the (then) Foreign and Commonwealth Office and WFD in May 2020. The new Framework Agreement replaced the 2013 Management Statement and provided an updated framework for the governance relationship between WFD and the FCDO founded on clear expectations, structured oversight accountability processes and improved collaboration. This oversight function is exercised by the Open Societies Directorate on behalf of the FCDO, with the support of a new Arms-Length Body Hub located in the Strategic Finance Directorate, which in turn is guided by an FCDO/ALB Forum of which WFD is an active member and co-convenor. A copy of the Framework Agreement is published and available on WFD's website. In accordance with the provisions of *The Transfer of Functions (Secretary of State for Foreign, Commonwealth and Development Affairs) Order 2020*, this document remains valid and, with effect from 30 September 2020, all references in the Framework Agreement to the Secretary of State for Foreign and

Commonwealth Affairs or the Foreign and Commonwealth Office are deemed to be references to the Secretary of State for Foreign, Commonwealth and Development Affairs and the Foreign, Commonwealth and Development Office. As noted in the performance report, during the period, WFD worked with FCDO officials to conclude a new supplementary strategy and partnership ways of working document that describes the strategic alignment between WFD's work and the Government's international priorities and sets out a protocol as to how the FCDO and WFD will work together to achieve their common goals.

WFD is guided by the principles published in the UK Corporate Governance Code and HM Treasury's Audit Committee Handbook. The *Corporate governance in central government departments: code of good practice 2017*, published by HM Treasury and the Cabinet Office, is intended for the boards of government departments, rather than arms-length bodies. The composition and role of a government department's board, which includes ministers, senior civil servants, and non-executives, differs from that of a board of an arms-length body such as WFD, which is comprised of unremunerated governors serving with two ex-officio executive members. As such, WFD complies with the principles of the central government code, except that, rather than arranging a formal and rigorous annual board performance evaluation, management periodically arranges Board effectiveness reviews and, during the reporting period, Board members completed a self-assessment questionnaire. The results of the questionnaire were subject to in-depth review and discussion at the Board's away day in summer 2022. The results were generally positive, and the Board is likely to focus its attention moving forward on the results which suggest there are opportunities for further improvement, such as the balance of Board time between strategy and implementation, Board diversity and skills/expertise, relations with partners and assurance on governance/programme delivery, and risk appetite. In 2023, the Board intends to commission an externally facilitated board effectiveness review. In addition, all Board members are asked to complete an individual appraisal with the Chair at least once in each three-year term. The company and its directors also act in accordance with the requirements of company law.

Accountability within WFD is overseen and exercised through the Board and its two committees (see sections below), recently reduced from three committees, each chaired by a governor and including co-opted members who bring additional expertise and experience. The Board met four times formally during the year, as well as for an away day. The average attendance by Board members, at meetings they were entitled to attend during the period, was 80%. At each meeting, the Board received and agreed reports that demonstrated satisfactory approaches to managing risk and monitoring governance, operations, programmes, and resourcing matters. Throughout the year, they tracked delivery of organisational objectives, in line with the previous strategic framework and the new strategy, and received regular progress reports on the implementation of the annual plan and budget. As a Non-Departmental Public Body (NDPB) WFD does not employ any civil servants.

WFD has recently re-signed updated versions of the previous multi-year Partnership Agreements with the Conservative Party, Labour Party, and SNP Westminster Parliamentary Group in relation to their political party programmes for the period 2023-2025. In addition, WFD hosts a Multi-Party Office, representing the interests of a consortium of other smaller parties represented in Parliament.

## The Audit and Risk Assurance Committee (ARC)

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 auditors, Crowe LLP, and the external auditors, the National Audit Office. The Committee provides assurance on the full range of WFD systems and processes, and reviews any notifiable incidents in relation to our key corporate policies. For this year, the internal auditors were able to provide an overall opinion of reasonable assurance in respect of governance, risk management, and internal controls. Minutes are prepared following each meeting and a report provided to the Board, together with an annual report from the internal auditors.

The Committee is chaired by Mark Babington and includes members with a range of audit and risk management experience, including Khalid Hamid, a co-opted member.

During the year, the Committee met four times. Its principal activities over the year included:

- reviewing the proposed funding settlements arising out of the Spending Review for FY 2022-2023 to FY 2024-2025, budget scenarios, considering matters related to WFD's sustainability as a going concern and challenging financial projections to ensure that we can demonstrate this to our auditors, the implications of the ODA pause;
- reviewing management information on organisational performance and the Corporate Risk Register, and periodic deep dives on specific risk areas, such as internal control and controls over new business opportunities;
- overseeing an internal audit programme to examine key risks and business practices, including reviewing audit reports during the period on Cyber Security and Maintaining Controls in Fragile Contexts and commissioning audits on decision making and the new operating model implementation;
- scrutinising management actions to strengthen controls and deliver an updated Counter Fraud and Corruption Action Plan;
- reviewing the draft Annual Report and Accounts;
- reviewing the work of the external audit to confirm the independence of the auditor and the effectiveness of the work done to ensure a high-quality audit; and
- receiving the auditors' communications, monitoring audit recommendations, and ensuring follow-up.

During the period, oversight and review of historical data identified losses (up to £49,000 net impact) due to suspicious transactions that indicated a potential fraud relating to one of its now closed programmes. The ARC closely monitored management action in response to identification of these irregularities and recommended compliance improvement actions.



WFD is committed to its policy of zero tolerance to fraud and to be transparent in its management of counter-fraud. Our controls improvement actions will help to mitigate these risks and keep any further potential issues of fraud to an absolute minimum.

## The Programme Quality Committee (PQC)

The Programme Quality Committee was disbanded following its last meeting in June 2022. When it existed, it maintained an overview of all WFD programmes to assess the overall quality of WFD's work and help shape and monitor initiatives to strengthen its impact. The Committee was chaired by Thomas Hughes.

During the year, the Committee met once and considered the regular outputs of WFD's Programme Performance Review process, scrutinising progress in delivering outputs and outcomes across the programme portfolio and relevant mitigation plans, among other matters.

At its meeting in June 2022, the Board agreed that the role of the Programme Quality Committee should end and the Board's oversight of WFD programmes should instead be provided through (i) systematic engagement of individual governors in WFD's work and rotating Board attendance by WFD Regional Directors and Directors of Policy and Programmes and Quality and Innovation, (ii) designation of a lead governor to take a special interest in WFD's programme work, and (iii) possible inclusion of an external expert in WFD's internal programme review processes. The role of the designated Board lead is based on engagement and information that would enable them to provide constructive challenge and draw attention to issues that might require management comment or additional information. During the reporting period, Sue English and Thomas Hughes were designated as the first Board leads.

## The People Committee

The People Committee assists the Board to discharge its responsibilities relating to the terms and conditions of employment of WFD staff and employee engagement. The Committee reviews WFD policies relating to terms and conditions of service (which are linked to those of the FCDO), health and safety, safeguarding, and security. The Committee met twice during the year. The Committee was kept regularly informed on matters relating to staff, including relevant issues identified by the Audit and Risk Assurance Committee. The Committee was chaired, during the period, by Rt Hon. Maria Miller MP.

At its two meetings during the period, the Committee:

- discussed WFD's emerging outstanding organisation strategy and its targeted action to protect and promote health, safety, wellbeing, and engagement with staff – in particular, the development of a wellbeing action plan and an equality, diversity, and inclusion framework;
- followed up the Values and Code of Conduct internal audit carried out by Crowe LLP in the prior period and duty of care and safeguarding actions;
- considered matters relating to pay and benefits, including the annual staff pay award and gender pay reporting; and
- scrutinised the people aspects of the implementation of the new operating model for WFD.



The committee structures reporting through to the Board have been clearly defined and the terms of reference, membership, and reporting arrangements are reviewed regularly as part of the Governance Handbook. The Governance Handbook also covers the role of the Leadership Team (LT), chaired by the CEO and consisting of WFD's leadership and senior managers. The LT provides strategic leadership to WFD and is accountable to staff for WFD's strategic direction, risk management, planning and resources, performance, people, external affairs, and assurance. The LT has the wellbeing of WFD and its staff as its primary focus and its membership aims to have an in-depth understanding of WFD's effectiveness and WFD's people.

During the period, Jennifer Kelly and Alison Fowler (co-opted members) left the People Committee. Scott Gemmell, an FCDO official, was co-opted to replace Alison.

## Board and sub-committee attendance (1 April 2022 to 31 March 2023 inclusive)

Board members' attendance presented as: actual attendance/possible attendance

Board Member	Board	Audit and Risk Assurance Committee	Programme Quality Committee	People Committee
Rt Hon. Valerie Vaz MP	2/3			
Mark Babington	4/4	4/4		2/2
Richard Graham MP (Chair)	3/4			
Yasmin Qureshi MP	2/3			
Thomas Hughes	4/4		1/1	
Susan Inghish (Vice Chair)	4/4			
Christine Jardine MP	1/4		0/1	
Femi Otukoya (ex-officio)	3/3	4/4		
Rt Hon. Maria Miller MP	4/4			2/2
Brendan O'Hara MP	1/4	1/4		
Anthony Smith (ex-officio)	4/4	4/4	1/1	2/2
Simon Walker	0/0	0/0		

## Risk management

During the year, the Board and the Audit and Risk Assurance Committee (ARC) regularly reviewed WFD's key strategic risks in the form of a Corporate Risk Register, and the Committee also received a more detailed update on individual risks on a rolling basis through the year.

WFD recognises that its governors and employees have a duty to identify, assess, and manage the risks faced by the organisation in its strategic decision making and day-to-day operations. These risks are managed by WFD having a robust and documented risk management process in place. The purpose of risk management is to preserve and protect WFD's assets, reputation, and staff; strengthen corporate governance by integrating risk management with operational systems and internal controls; and improve business performance. Integral to WFD's approach is the identification of opportunities, not just challenges, and the risks of not trying things which could help us to achieve our ambitions. WFD believes that risk management is about taking conscious positive risks, as well as mitigating negative risk. This relies on creating a culture of risk awareness and transparency within the organisation, facilitating regular, open, and honest discussions across WFD about risk. It is also about proactive engagement of all leaders and senior managers in risk oversight and management.

During the reporting period, the Board adopted, in consultation with the Leadership Team, a new risk appetite statement, which establishes a very useful framework to guide decision making by risk focal points or senior responsible officers and reporting to the Board and its committees.

Overall responsibility for the management of risk lies with me as the Accounting Officer and I am assisted in this task by the Director of Operations. The WFD Board has responsibility to ensure that robust systems of internal control and management are in place. To this end, WFD will:

- identify, assess, manage, and review the nature and extent of the risks facing WFD;
- agree the extent and categories of risk which it regards as acceptable for WFD to bear;
- analyse the likelihood and impact(s) of the risks concerned materialising;
- regularly document the organisation's ability to reduce the incidence of risks, and the impact on WFD of risks that do materialise;
- review the costs of operating controls relative to the benefit thereby obtained in managing the related risks; and
- always endeavour to adhere to relevant donor policies and requirements, legislation, and applicable regulations.

A framework for risk control is provided by the Risk Management Policy and Risk Management Procedures. One element of this is the Corporate Risk Register that is reviewed by the Leadership Team (LT) and Board at each of its meetings. The Corporate Risk Register reports the current strategy for managing each strategic risk, the relative strength of that risk control, and the net risk outcome – whether low, moderate, high, or severe. This is a standing item on the monthly LT agenda. The four sub-registers, covering Strategic Engagement and Governance, Outstanding Organisation, Programme Policy and Quality, and Portfolio Renewal and Growth, are reviewed periodically by the relevant internal board.

The Board's responsibility is supported through the sub-committees of the Board, with appropriate membership or input from members of the LT. Risk is considered on the agenda at all meetings of the Audit and Risk Assurance Committee (ARC). The ARC members review the action plans presented for each risk and the progress made towards reducing risk to the tolerance level set on an individual risk basis.

WFD also regularly reports to the FCDO in relation to risk, its strategy, and its annual plan and budget; and to its donors on programme-related risks as required.

The Leadership Team ensures a consistent focus on operational risk management. This includes:

- Developing an Annual Plan, with key deliverables and key performance indicators linked to an aligned budget approved by the Board.
- Reviewing monthly Management Reports, including dashboards to report progress on the Annual Plan. This is provided together with management accounts providing analysis on programme and project expenditure and income with variance analysis. This ensures that we deliver our corporate and programme activities on time and within a balanced budget. These reports are reviewed by the ARC and approved by the Board.
- Scrutinising a monthly Critical Programme Dashboard and the results of a quarterly, comprehensive Programme Performance Review (PPR) process ensuring all programmes across the WFD portfolio are subject to detailed review, risk-assessed, and actively performance-managed.
- Enforcing a requirement for all programmes to develop a bespoke risk assessment and, following mobilisation, for programme risk registers to be reviewed on a quarterly basis as part of the PPR. All programme risk registers consider the same standard risk categories, namely context, delivery, safeguarding, operational, fiduciary, and reputational, with clear escalation routes to designated risk focal points for each standard risk category. The programme risks are constantly monitored, and effectiveness of mitigation actions are reviewed regularly using the 'three lines of defence' methodology. All programme risk registers are uploaded to the Evidence and Impact Hub to enable portfolio level and drill-down analysis and insights on WFD's risk profile at any time.
- Ensuring that all staff are trained in the identification and management of risk appropriate to their authority and duties and that the senior responsible officer for each office is responsible for compliance with all applicable laws, policies, and procedures and signs a certificate of assurance annually.
- Ensuring that internal boards are accountable for the oversight of relevant risk identification and mitigation activities and that senior responsible officers have clear guidance about their roles in risk management.
- Adopting and regularly updating tailored risk assessments, preparedness and contingency plans for key risk areas such as cyber security, business continuity, travel, and local safety and security plans.
- Commissioning a risk-based programme of internal audit work, to provide assurance and suggestions for improvement across a number of areas.

## Internal audit

WFD has an internal audit function provided by an independent firm of auditors, which operates to standards defined in the Government Internal Audit Standards. This service was provided during the relevant period by Crowe LLP under a new contract signed in March 2022.

The work of internal audit is informed by an analysis of the risks to which WFD is exposed. An internal audit plan is proposed on an annual basis. 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. The rolling programme of internal audit provides me with regular reports on effectiveness of controls in WFD. Reports are also provided to WFD's Board of Governors and to the Internal Audit Department of the FCDO.

In each internal audit report, a level of assurance is normally provided for the overall system subject to review, and prioritisation of individual findings according to their relative significance, depending on their impact on the risk environment. Assurance provided in the reports is classified as: Full Assurance, Substantial Assurance, Partial Assurance, and No Assurance. Each report contains detailed findings categorised as having high, medium, or low priority.

During this year, internal audit efforts focused on maintaining controls in fragile contexts and a cyber health check. Both audit reports provided substantial assurance. The ARC also commissioned internal audits into decision making and the implementation of the new operating model.

In 2022-23, it came to light that there was a historical potential fraud relating to a program in Pakistan. WFD commissioned an independent investigation, with the total loss estimated to be £49k. The control risks were identified and a program to strengthen internal controls was subsequently agreed and implemented.

As part of the implementation of its new operating model, WFD has been investing in additional capacity for higher risk areas of the organisation, such as finance and business development, and improving the clarity of roles and responsibilities of senior responsible owners/leads. During the period, the programme management cycle was mapped and visualised, supported by a series of responsibility maps for key processes that deploy a RACI (Responsible-Accountable-Consulted-Informed) approach to articulate roles and responsibilities for all key tasks. WFD also developed an Outstanding Organisation Strategy comprising people, process, and technology improvements that commenced delivery in 2022-2023 and will continue to 2024-2025.

I am pleased to report that for the current year the internal auditors were able to provide an overall opinion of reasonable assurance in respect of governance, risk management, and internal controls during the period 1 April 2022 to 31 March 2023.

Overall, Crowe LLP considered that there is a generally sound system of internal control, risk management and governance designed to meet the organisation's objectives, and controls are generally being applied consistently. However, some weaknesses in the design or inconsistent application of controls put the achievement of particular objectives at risk. In response to the various internal audit reports, management committed to implementing a range of actions to address the internal auditors' recommendations, some of which were implemented during the period and some will be addressed in the next period.

## 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.

The Board of Governors drew assurance over the quality of the information provided to it during the year from the review of Board papers by the relevant member(s) of the Leadership Team and by the Chief Executive Officer prior to submission to the Board and from prior review of relevant papers by the ARC and, in some cases, by the People Committee.

I am satisfied that an effective system of internal control has been in place at WFD throughout the year ended 31 March 2023 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.



**Anthony Smith**

Chief Executive and Accounting Officer

6<sup>th</sup> July 2023

## Directors' remuneration report

This report provides details of the remuneration, service contracts, and pensions for WFD's senior civil servant (SCS) grade staff and governors in 2022-2023.

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 2023.

In-year, SCS remuneration for the Chief Executive (SCS2), and the Director of Policy and Programmes (SCS1) was reviewed. The Director of Strategy (SCS1) left WFD in May 2022, prior to the annual pay review. It is reviewed annually and is determined by reference to the recommendations of the Senior Salaries Review Body. In line with WFD's annual performance appraisal process, 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.

In the year to 31 March 2023, WFD's eligible SCS were awarded a 2% consolidated increase. This is in line with the approved SCS pay award across the wider UK Government. The Director of Policy and Programmes and Director of Strategy each received non-consolidated performance-related payments (PRPs) of £2,125 and £1,948 respectively in 2022-2023, based on their performance in the prior year, 2021-2022. Directors' PRPs are consistent with all UK staff and are non-contractual. PRP values are set proportionately based on the distribution of performance ratings awarded that year.



## Governor and SCS remuneration and pensions

The following table has been subject to audit. During the year, the single total figure of remuneration is as below:

	Salary £000		Bonus payment £000		Pension benefit (to nearest £000)		Total £000	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
<b>Anthony Smith (CEO)</b>	90-95 (105-110)	100-105	-	-	-66	-10	25-30	90-95
<b>Devin O'Shaughnessy</b> (Director of Strategy – left 31 May 2022)	85-90 (80-85)	75-80	-	0-5	-9	32	75-80	110-115
<b>Shannon O'Connell</b> (Director of Policy and Programmes)	75-80	75-80	0-5	0-5	30	30	110- 115	105- 110
<b>Femi Otukoya</b> (Finance Director-Joined September 2021)	60-65 (70-75)	40-45 (65-70)	0-5	-	12	7	75-85	45-50

Devin O'Shaughnessy left WFD on 31 May 2022 (Salary £85-90k includes PILON £20k and compensation is £52k)

Salary figures above are pro-rated to reflect the period that each individual was a member of the Board (or at SCS grade). Full year equivalents are shown in brackets, as applicable to the reduction of the CEO and Finance director's FTE to 0.9 in 2022-23 There were no benefits-in-kind paid to staff in the year (2021-2022: £Nil).

Governors did not receive any remuneration or benefits-in-kind in respect of their roles during the period 2022-2023.

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, lower and upper quartile of remuneration of the organisation's workforce.

The following table is subject to audit.

	2022-2023	2021-2022	Percentage change (%)
Mid-point of band of highest paid director's total remuneration (£)	107,500	102,500	5
Median salary (£)	44,668	43,835	2
Median total pay and benefits (£)	45,871	44,151	4
Median pay ratio	2.3	2.3	0
Lower quartile – salary (£)	34,042	32,000	6
Lower quartile – total pay and benefits (£)	36,167	33,600	8
Lower quartile pay ratio	3.0	3.1	-3
Upper quartile – salary (£)	62,526	64,500	-3
Upper quartile – total salary and benefits (£)	64,651	66,400	-3
Upper quartile pay ratio	1.7	1.5	13

In 2022-2023 no employees (2021-2022: £Nil) received remuneration in excess of the highest paid director. Remuneration ranged from £23,948 to £92,500 (2021-2022: £23,250 to £102,500).

Total remuneration includes salary and non-consolidated performance-related pay but excludes severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Change in ratio relates to proportional increase in headcount.

## Percentage change in total salary and bonuses for the highest paid director and staff average

(The following table is subject to audit)

2022-2023	Salary	Performance-related pay
Staff average	3%	22%
Highest paid director	2%	0%

Total PRP is always 4% of the UK pay bill as at 31st March of the relevant year.

In 2021-22 there was 21.17 FTE who were not eligible for PRP but are in the average full time equivalent calculations; in 22-23, this was 15.8 FTE.

## Compensation for loss of office

The following table is subject to audit.

WFD conducted an organisation-wide restructuring in 2021-2022 and established a new target operating model. UK staff affected by the restructure exercise were offered the option of applying for voluntary redundancy, which resulted in three UK staff at delegate grades leaving WFD on Civil Service Compensation Scheme terms in 2021-2022. There were a further two UK staff (one delegate grade, one SCS) that left in 2022-2023 relating to the same restructuring exercise.

Exit package and cost band	Number of voluntary redundancies
<£10,000	0
£10,000-£25,000	0
£25,000-£50,000	1
£50,000-£100,000	1
£100,000-£150,000	0
£150,000-£200,000	0
Total number of exit packages	2
Total cost £	81,521

## Pension benefits at 31 March 2023

The following table is subject to audit.

	Accrued pension at pension age as at 31 March 2023 and related lump sum (£000)	Real change in pension and related lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real change in CETV	Employer's contribution to partnership pension account at 31 March 2023 (£000)	Employer's contribution to partnership pension account at 31 March 2022 (£000)
Anthony Smith	45-50 plus a lump sum of 135-140	0 plus a lump sum of 0	1,045	1,028	-67*	-	-
Devin O'Shaughnessy	10-15	0	143	145	-5*	-	-
Shannon O'Connell	10-15	0-2.5	134	106	18	-	-
Femi Otukoya	-	-	-	-	-	12	7

\* Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

## Governors

Governors are appointed by the Secretary of State for Foreign, Commonwealth and Development Affairs for a term of three years. Appointments can be renewed for a maximum of two consecutive terms (six years). As noted above, governors are not remunerated and WFD does not pay allowances and benefits-in-kind to governors. Details of the dates of appointments of new governors and the dates that appointments end are shown in the Director's Report on page 47-50.

## Staff report

### Staff numbers and composition

The breakdown of each gender (full-time equivalent (FTE)) as at 31 March 2023 was as follows:

	Female 2022-2023	Female 2021-2022	Male 2022- 2023	Male 2021-2022
Governors	5	3	4	6
Senior civil service staff	1	1	0.9	2
UK staff	31.9	35.3	23.5	19.7
Rest of world staff	70.6	60.9	41.7	42.4

See Note 4 for **staff costs page 45**.

### Organisational structure

UK-based programme staff are organised into regional operational teams covering Africa, Europe and Central Asia, Middle East and North Africa (MENA), Asia and the Americas. These teams are each led by a Regional Director (or in the case of MENA, a Head of MENA) responsible for strategy, policy, business development, and high-level engagement with strategic partners and stakeholders.

Core capabilities within the CEO & Communications Office, Policy and Programme directorate, Operations & People Services directorate, Quality & Innovation directorate, and Finance directorate are provided by WFD's London office.

As at 31 March 2023, WFD employed 55.4 full-time equivalent staff in the UK (2022: 56), of whom 32.3 (2022: 30.83) were directly responsible for the design, management and delivery of programmes and for managing local and UK partnerships. The average UK FTE for 2022-2023 was 55, with 32.3 working in direct programme roles (2022: 53.7 and 29.07)

During the reporting period, WFD implemented its operating model and operational structure, following the restructure exercise in 2021-2022.

Overseas arrangements are continually assessed and determined by the scale and complexity of the programming. Most follow the model of a Country Director or Representative leading a country-based team. Where programmes can be managed effectively from local hubs or the UK, this alternative model is used.

In countries where WFD is represented, WFD engaged local staff either on WFD-agreed local contract of services terms or contract for services terms, as determined by the local circumstances, registration status and labour law requirements. As at 31 March 2023, there were 112.3 full-time equivalent appointments overseas (2021-2022: 103.8). The average country-based staff FTE for 2022-2023 was 100.8 (2022: 92.1).

WFD conducted programme closure exercises in Democratic Republic of the Congo, Pakistan, and Tunisia during the reporting period. In these locations, no staff terminations were required as the process was managed in line with resignations and natural end of fixed term contracts, and therefore, no legal obligation for severance payments. WFD was not registered in these locations, so there were no obligations around deregistration.

For additional information on staff numbers and costs, including the Remuneration and Staff Report, please see:

- the Finance Review on page 44.
- Note 4 of the financial statements

## **Performance management and engagement**

Each member of staff has their performance appraised annually against agreed objectives, behavioural competencies and WFD's organisational values (people-focused, excellence, integrity and accountability, and mission oriented). An integral part of this review is the identification of learning and development needs. Staff can access internal knowledge sharing and learning initiatives. They are also encouraged to pursue professional studies and learning opportunities, which will support their career development and benefit WFD by improving performance.

Staff meetings held during 2022-2023 afforded the opportunity for consultation. This was by providing information to employees on operational delivery and organisational improvement projects and encouraging views to be expressed. Meetings between management and WFD's (PCS) union representatives provided opportunities to receive feedback from staff on a range of organisational matters, as did the newly established Network Forum which provided a channel to engage with country-based staff. WFD's internal communications agenda continues to be integral this year and, with the introduction of the Internal Communications Working Group, further contributes to stronger engagement with staff on WFD programme achievements and organisational progress.

## **Expertise**

WFD's Heads of Practice and Practice Leads group forms an in-house centre of expertise on accountability, inclusion, electoral integrity, political parties, environmental democracy, and fragile and conflict-affected contexts. The Heads of Practice and Practice Leads enhance programme design, directly delivering aspects of WFD programmes and contributing to WFD's growing reputation for policy and research work.

Among the more than 150 products launched by WFD in FY 2022-2023, flagship research and reports included a report on engaging with authoritarian regimes; reports on the environmental democracy approach and legislative leadership on environmental issues; new research on women's leadership in Southeast Asia; and new studies on the cost of politics in Zambia and countries in Central America.

Building on the success of last year's Global Election Support Centre, WFD through its in-house experts and external networks provided policy analysis, research, and support to the FCDO in relation to electoral cycles, women's political leadership, and political parties. In 2023-2024, this support will be consolidated as part of the new FCDO/HMG Democratic Governance Centre of Expertise, recently announced by the Prime Minister at the second Summit for Democracy.

Access to UK political parties' expertise and trainers, and the ability to draw on specialist expertise in Parliament and the devolved UK Assemblies, provide WFD with an extensive network of skills and knowledge as well as a unique selling point. During this period WFD has continued to invest in its internal expert roster, growing the pool of registered experts in key thematic areas and strengthening our due diligence and deployment systems and procedures.

## **Learning and development**

WFD's learning agenda for 2022-2023 had a strong focus on staff wellbeing, offering mental health awareness training for line managers and wellbeing webinars for all staff on a range of topics. Staff safety and security has also been a key focus, with learning initiatives on safeguarding, travel, and personal security. Learning around key operational systems remained an important area of staff development. WFD has continued its investment in management skills through its established management development programme, as well as enhancing its offer of technical learning for programme teams focusing on key WFD thematic areas.

## **Staff policies**

### **Organisational values and behavioural policies**

WFD's established set of core organisational values aim to guide the way in which we work and make decisions internally. Also, they make clear what our donors and partners can expect when working with WFD. These values are people-focused, excellence, integrity and accountability, and mission oriented. Our values have been embedded in several key HR and organisational policies and procedures, including recruitment and selection and performance management. These are being promoted through WFD's values charter and staff learning and engagement activities. WFD's Code of Conduct and safeguarding policies set out the expected standards of behaviour for all WFD staff, contractors, and partners. WFD's reporting concerns policy and complaints process (which includes our whistleblowing policy) and response procedures are expected to be used by staff if they witness or experience any unethical or inappropriate behaviour by colleagues or external stakeholders. Based on feedback from staff and an internal audit exercise, management is confident that there are good levels of awareness of the reporting concerns policy and procedures, including whistleblowing protection, and that the reporting channels are accessible and effective. WFD remains committed to ensuring that third parties with whom WFD works and programme beneficiaries are fully aware of the policy.



## Equity, Diversity, and Inclusion (ED&I)

As a UK-based employer, WFD observes all aspects of the Equality Act 2010 and is committed to being an equal opportunities employer. Our aim is there will be no discrimination of any kind against any person on the grounds of age, disability, ethnicity, gender, sex, marital status, nationality, race, religion, belief, or lack of religion or belief, sexual orientation, being or becoming a transsexual person, or any other personal characteristics. We will make reasonable adjustments for people with disabilities and should a member of staff become disabled while working with us, we will do everything possible to ensure they can continue working with us.

As a global organisation, WFD also recognises it is strengthened by the diversity of our colleagues in all locations and from all communities, at all levels of the business. WFD therefore aims to go beyond meeting our legal obligation and to establish truly inclusive workplaces where all staff have a strong sense of belonging and have equal opportunities to thrive. To support this vision, WFD has established the following strategic equity, diversity, and inclusion objective as part of our Outstanding Organisation sub-strategy this year: (1) increase transparency of ED&I data and performance, (2) ensure colleagues are supported to create spaces for discussion, collaboration, learning, and socialising, and (3) foster safe spaces and psychological safety within working environments.

Equity around remuneration remains a priority for WFD. To ensure this, rates of pay by gender are monitored at regular intervals. This is undertaken even though WFD is not required to report on gender pay gaps under statutory requirements because of our size.

As of 31 March 2023, the figures showed that women slightly out-earned men in all management and leadership level grades (four out of six delegated pay grades). There was no comparison with one support level grade, as a spot rate salary is applied for all staff. At an overall level, the gender pay gap on 31 March 2023 was calculated with men out-earning women. This is inclusive of all WFD staff at delegated grades and SCS positions.

## Recruitment and selection

WFD also complies with the principles set out in the Civil Service Commissioners' Recruitment Code. We manage our recruitment and selection processes based on openness, fairness, and appointment on merit. This ensures there is no unlawful direct or indirect discrimination and enables the development of good employment practices. WFD's application process for externally advertised vacancies is designed to ensure that we attract applications from diverse communities and that candidates with disabilities are given full and fair consideration.

## General

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 and best practice.

WFD has a grievance procedure to be used by staff if they believe they may have been subject to unfair treatment, including perceived cases of discrimination.

As noted in the Performance Report, WFD has developed and commenced implementation of our Outstanding Organisation sub-strategy, to support delivery of strategic Goal 3: Reinforce our

outstanding organisation (see page 18). This sub-strategy incorporates the four people themes of (1) our community, (2) talent and growth, (3) safe and healthy work environments, and (4) people-focused management and leadership, and sets the vision and agenda for the next three years as focused on building a strong values-based and inclusive One WFD culture, prioritising staff wellbeing, and greater investment in equitable growth and development opportunities for all staff.

### **Sickness absence**

WFD recorded 258.5 days (2021-2022: 212.5) of staff sickness absence across UK and overseas offices in 2022-2023. This equated to 1.7 days (2021-2022: 1.3) of average recorded sickness absence per FTE.

### **Staff turnover**

WFD's annual staff turnover for the reporting period across all UK and overseas offices was 9.2% (2022: 17%).

### **Off-payroll workers and consultancy**

WFD did not **hire any other off-payroll consultants during this reporting period.**

### **Expenditure on temporary staff**

During the year, WFD employed an average of 1.7 UK temporary full-time equivalent staff. The total cost was £178,899 (2022: 2.28, £129,000).

### **Others - staff**

Change in untaken employee holiday entitlement: £28,016.

Time spent on trade union activities: 2.7 weeks (across three staff representatives).

Direct expenditure on WFD projects includes overseas locally engaged staff: £2.3 million (2022: £1.9 million) and is included in Note 3.

The governors did not receive any remuneration for their services. Travel costs of £ Nil (2022: £ Nil) were reimbursed in the year.

## Trade Union Facility Time Publication

### Relevant union official

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
3	3

### Percentage of working hour spent on facilitation time

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
3	1-50%

### Percentage of pay bill spent on facility time

Total cost of facility time	£2,200
Total pay bill	£2,804,164
Percentage of the total pay bill spent on facility	0.1%

### Percentage of pay bill spent on facility time

<i>Time spent on paid trade union activities as a percentage of total paid facility time hours</i>	2%
--	----

### Staff numbers (audited)

The average number of full time equivalent employees (excluding governors and vacancies) during the year was:

	2023	2022
Permanent – UK	55.0	53.7
Temporary – UK	1.7	2.28
Rest of world	100.8	92.1
<b>Total</b>	<b>157.5</b>	<b>148.1</b>

## Pension commitments

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) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes. As multi-employer schemes, it is not possible for WFD to obtain sufficient information to identify its share of the underlying assets and liabilities. Therefore, they are accounted for as defined contribution schemes. Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

For 2022-2023, employers' contributions of £601,712 were payable to the PCSPS and CSOPS and the partnership scheme (2022: £615,000) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The Scheme Actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-2023 to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The report on the actuary valuation as at 31 March 2016 was released during 2018-2019. As a result, employer contributions increased from 1 April 2019. The full valuation report can be found in the “scheme valuations” section of the Civil Service Pensions website.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2022-2023, employers' contributions of £72,930 were payable (2022: £82,000). Employer contributions are age-related and range from 8.0% to 14.75% of pensionable pay. WFD also matches employee contributions up to 3% of pensionable pay.

During the year, contributions of £5,330 were paid to other personal money purchase pension schemes (2021: £8,000).

# Parliamentary accountability and audit report

## Parliamentary accountability disclosures

### Losses and special payments (audited)

There were net realised foreign exchange losses totalling £136,009 in the year 2022-2023 (£45,733 in 2021-2022). Special payments of £17,202 were made during the year to exiting locally hired staff following legal advice on local statutory requirements.

**During 2022-2023, it came to light that there was a historical potential fraud relating to a programme in Pakistan. Following management and internal audit investigation, the total loss is estimated to be £49,000. The Audit & Risk Assurance Committee along with WFD management have implemented additional internal controls and fraud awareness training.**

### Fraud

Information on fraud, loss and error is submitted, via the FCDO, to the Cabinet Office on a quarterly basis through the Consolidated Data Return. This information is then published in the cross-government fraud landscape annual report.

During the reporting period WFD experienced no material losses due to fraud, but it did notify the FCDO and auditors of the identification of suspicious transactions that were potentially indicative of supplier fraud in prior years (maximum loss £49,000). A full investigation, lessons learning exercise, and a controls improvement plan as part of a refreshed Counter Fraud and Corruption Action Plan have been delivered.

### Gifts and hospitality (audited)

During the reporting period, no WFD Board member or employee reported any gifts or hospitality valued at over £25.

### Indemnities or guarantees (audited)

WFD did not enter into any agreements to provide an indemnity or guarantee during the reporting period.

### Remote contingent liabilities (audited)

WFD does not have any material remote contingent liabilities.



Anthony Smith

Chief Executive and Accounting Officer

Date 6<sup>th</sup> July 2023

# The Certificate and Report of the Comptroller and Auditor General to Members of the Westminster Foundation for Democracy Limited and the Houses of Parliament

## Opinion on financial statements

I certify that I have audited the financial statements of The Westminster Foundation for Democracy Limited for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise The Westminster Foundation for Democracy Limited's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of The Westminster Foundation for Democracy Limited's affairs as at 31 March 2023 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure 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.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of The Westminster Foundation for Democracy Limited in

accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that The Westminster Foundation for Democracy Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Westminster Foundation for Democracy Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

## Other information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's certificate thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and



- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of The Westminster Foundation for Democracy Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

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 parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; 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.

## Responsibilities of the Directors and Accounting Officer for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's responsibilities, the Directors' and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within The Westminster Foundation for Democracy Limited from whom the auditor determines it necessary to obtain audit evidence;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing The Westminster Foundation for Democracy Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the applicable law and Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of The Westminster Foundation for Democracy Limited's accounting policies and key performance indicators.
- inquired of management, The Westminster Foundation for Democracy Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to The Westminster Foundation for Democracy Limited's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including The Westminster Foundation for Democracy Limited's controls relating to The Westminster Foundation for Democracy Limited's compliance with the Companies Act 2006, Government Resources and Accounts Act 2000, Managing Public Money;
- inquired of management, The Westminster Foundation for Democracy Limited's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within The Westminster Foundation for Democracy Limited for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of The Westminster Foundation for Democracy Limited's framework of authority and other legal and regulatory frameworks in which The Westminster Foundation for Democracy Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of The Westminster Foundation for Democracy Limited. The key laws and regulations I considered in this context included Companies Act 2006, Government Resources and Accounts Act 2000, Managing Public Money, the Framework Document with the Foreign, Commonwealth & Development Office and employment law.

## Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud through revenue recognition, I tested a sample of revenue from contracts with customers (which included contract assets and liabilities) to supporting documentation; I tested the bases and assumptions made in the calculation of contract assets and liabilities; and I reviewed the accounting treatment and disclosure for revenue; and
- I reviewed new transaction streams to confirm they were regular.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor responsibilities

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 which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**10 July 2023**

### **Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Financial statements for the Westminster Foundation for Democracy Limited (WFD)

## 2022-2023

Statement of Comprehensive Net Expenditure (SoCNE) for the year end 31 March 2023

		31 March 2023	31 March 2022
		Total	Restated Total
	Notes	£	£
<b>INCOME</b>			
Revenue from contracts with customers	2	6,846,213	7,869,698
<b>TOTAL INCOME</b>		<b>6,846,213</b>	<b>7,869,698</b>
<b>DIRECT EXPENDITURE</b>			
Direct expenditure on WFD projects	3	(8,880,816)	(7,881,868)
		<b>(2,034,603)</b>	<b>(12,170)</b>
<b>OTHER EXPENDITURE</b>			
Staff costs	4	(3,861,469)	(3,668,705)
Depreciation Computer Equipment	5	(4,668)	-
Depreciation of right of use assets	5	(217,986)	(140,440)
Property costs	6	(9,029)	(59,897)
Office consumables		(39,612)	(64,472)
IT and systems	7	(329,710)	(301,714)
Other employee costs	8	(83,394)	(372,029)
Professional fees		(84,317)	(51,013)
Audit fees	5	(39,000)	(39,000)
<b>TOTAL OTHER EXPENDITURE</b>		<b>(4,669,185)</b>	<b>(4,697,270)</b>
<b>NET OPERATING EXPENDITURE</b>		<b>(6,703,788)</b>	<b>(4,709,440)</b>
Finance interest		6	1,233
Finance expense	5	(37,424)	(21,860)
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>(6,741,206)</b>	<b>(4,730,067)</b>
Total other comprehensive expenditure		-	-
<b>COMPREHENSIVE NET EXPENDITURE FOR THE YEAR</b>		<b>(6,741,206)</b>	<b>(4,730,067)</b>

Income does not include grant-in-aid received in the year of £6.75 million (2021-2022: £4.67 million) as it is accounted through reserves.

Notes to the accounts are included on pages 84-96.

# Statement of Financial Position (SoFP) for the Westminster Foundation for Democracy Limited for the year ended 31 March 2023

		31 March 2023	31 March 2022
	Notes	Total £	Restated Total £
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	9	12,645	9,371
Right-of-use assets	10	544,966	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>557,611</b>	<b>9,371</b>
<b>CURRENT ASSETS</b>			
Trade receivables and other current assets	11	2,677,650	2,181,109
Cash at bank and in-hand		300,935	1,239,895
<b>TOTAL CURRENT ASSETS</b>		<b>2,978,585</b>	<b>3,421,004</b>
<b>CURRENT LIABILITIES</b>			
Trade payables and other current liabilities	12	(2,142,638)	(2,556,969)
Provisions	13	(7,299)	(66,756)
Lease Liability	10	(222,719)	-
<b>NET CURRENT LIABILITIES</b>		<b>(2,372,656)</b>	<b>(2,623,725)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,163,540</b>	<b>806,650</b>
Lease Liability more than 1 year	10	(344,248)	-
<b>TOTAL ASSETS LESS ALL LIABILITIES</b>		<b>819,292</b>	<b>806,650</b>
<b>TAXPAYERS' EQUITY</b>			
General fund	15	819,292	806,650
<b>Total</b>		<b>819,292</b>	<b>806,650</b>

Notes to the accounts are included on pages 84-96.

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 22<sup>nd</sup> June 2023



**Mark Babington**

Chair Audit and Risk Assurance Committee



**Anthony Smith**

Chief Executive and Accounting Officer

# Statement of Cash Flows for the Westminster Foundation for Democracy Limited for the year ended 31 March 2023

		31 March 2023	31 March 2022
		Total	Restated Total
	Notes	£	£
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Net operating expenditure for the year		(6,703,789)	(4,709,440)
Adjustment for depreciation computer equipment	9	4,668	-
Adjustment for depreciation charge for right of use asset		217,986	140,440
Adjustments for non-cash transactions		5,335	12,971
Decrease/(increase) in trade receivables and other current assets	11	(496,541)	(793,220)
Increase/(decrease) in trade payables and other current liabilities	12	(414,330)	(250,644)
(Decrease)/Increase in provisions	13	(59,457)	59,605
<b>Net cash outflow from operating activities</b>		<b>(7,446,128)</b>	<b>(5,540,288)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Purchase of non-financial assets	9	(7,942)	(9,371)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(7,942)</b>	<b>(9,371)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Grant-in-aid from FCDO		6,753,848	4,671,656
Capital element of payments of lease liability		(201,320)	(153,411)
Interest received		6	1,233
Interest expense on lease liabilities and other finance cost		(37,424)	(21,860)
<b>Net cash inflow from financing activities</b>		<b>6,515,110</b>	<b>4,497,618</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>		<b>(938,960)</b>	<b>(1,052,041)</b>
Cash and cash equivalents at the beginning of the period		1,239,895	2,291,936
<b>Cash and cash equivalents at the end of the period</b>		<b>300,935</b>	<b>1,239,895</b>

Notes to the accounts are included on pages 84-96.



# Statement of Changes in Taxpayers' Equity (SoCTE) for the Westminster Foundation for Democracy Limited for the year ended 31 March 2023

	Restated
General Fund	Total £

Balances at 31 March 2021	865,061
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Comprehensive net expenditure during the year	(4,730,067)
Grant-in-aid from FCDO	4,671,656
<b>Balances as at 31st March 2022</b>	<b>806,650</b>

Comprehensive net expenditure during the year	(6,741,206)
Grant-in-aid from FCDO	6,753,848
<b>Balances as at 31st March 2023</b>	<b>819,292</b>

Notes to the accounts are included on pages 84-96.

# Notes to the financial statements

## 1. Accounting policies

### 1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (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.

The Westminster Foundation for Democracy Limited (WFD) is responsible for preparing an annual report and financial statements in accordance with the Companies Act 2006 and the Accounts Direction given by the Secretary of State for Foreign, Commonwealth and Development Affairs and relevant International Financial Reporting Standards.

The Westminster Foundation for Democracy Limited has made an accounting policy decision to apply relevant requirements of HM Treasury's Financial Reporting Manual (FReM) when preparing the financial statements, to the extent this is consistent with the Companies Act 2006. This application of the FReM extends to the financial statements only, except for the inclusion of specific FReM-derived disclosures within the Annual Report, including but not limited to compensation for loss of office, staff numbers, fair pay disclosures and trade union facility time.

### 1.2 Critical accounting judgements and key sources of estimation uncertainty

In application of WFD's accounting policies, governors are required to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

There is an ongoing review of estimates and underlying assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or recognised both in the period of the revision and in future periods if the revision affects the current and future periods.

The following areas involving judgment, estimations, and assumptions are considered to have the most significant effect on the amounts recognised in the accounts:

- accrued income/contract assets – this requires a judgement to determine the likelihood that income will be received; and
- deferred income/contract liabilities – this requires a judgement to defer the recognition of income already received for the future period(s).

These areas are considered further in note 1.4 below. WFD does not consider the value or useful economic life of tangible fixed assets to be a significant issue for judgements, estimation, or assumption for WFD due to the low volume and value of such assets.

In the view of the governors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the SoFP date are likely to result in a material adjustment to their carrying amounts in the next financial year.

### 1.3 Going concern

The Board has reviewed WFD's financial position based on known information and has concluded that WFD has sufficient access to resources to remain sustainable and that it is appropriate for the Foundation to adopt the going concern basis of accounting.

In March 2022, the FCDO confirmed a core grant to WFD of £6.5 million per annum for the following three years – 2022-2023, 2023-2024 and 2024-2025. WFD's draft budget for the next three financial years has incorporated the funding advised and are balanced budgets across each year. Programmes have been recalibrated and redesigned to take account of the changing environment that WFD operates in. WFD also ended the year 2022-2023 with a reserve position of about £800k.

### 1.4 Income

Contract assets and liabilities as defined under IFRS have been recognised in replacement for accrued and deferred income.

WFD meets its obligations mainly through funding received from the Foreign and Commonwealth Office (FCDO) and the European Union (EU).

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

Other income is recognised when:

- WFD has entitlement to the funds;
- any conditions attached to the item(s) of income have been met;
- it is probable that the income will be received; and
- the amount can be measured reliably.

WFD's portfolio includes various grants provided by institutional donors, such as the FCDO, for democracy assistance activities, some of which are paid in advance, with others paid in arrears. Grants received in advance of expenditure are recognised as income or carried forward at year-end as a contract liability (in accordance with IFRS 15) and released to the net expenditure account in the period in which costs are incurred, and performance obligations are satisfied. Grants awarded, but received after costs are incurred, are recognised as income or as a contract asset (in accordance with IFRS 15) in the period in which the costs are incurred.

WFD is also party to several contracts for services, including with the FCDO, under which funders pay against invoices, in connection with the delivery of agreed democracy assistance services by WFD. Work undertaken has no alternative use for WFD and the contracts require payment to be

received for the time and effort spent on progressing the contracts. In the event of the customer cancelling the contract prior to completion for any reason other than WFD's failure to perform its obligations under the contract, payment covering work to date would be receivable.

On partially complete contracts, WFD recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours spent on the project with the total number of hours expected to complete the project (an input-based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours to complete the projects and the price therefore also represents the amount to which WFD would be entitled based on its performance to date.

Within the Statement of Financial Position, a contract asset and contract liability have been recognised:

- Contract asset – the difference between the amount invoiced to the customer and the latest milestone achieved. An accompanying receivable will be recognised if the customer has yet to pay the invoice. This balance will also include recognition of a receivable for costs which have been incurred to support milestones that have not yet been fully achieved. Any impairment relating to this balance will be measured, presented, and disclosed in relation to IFRS 9.
- Contract liability – the difference between the invoiced income and the latest achieved contracted milestone. An accompanying receivable will be recognised if the customer has yet to pay the invoice.

## 1.5 Expenditure

Expenditure is recognised in adherence to IFRS 9; once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

## 1.6 Grants payable

WFD has no liability for claims on grants where the relevant performance obligation(s) has not been discharged by the grantee prior to the end of the financial year.

## 1.7 Pension costs

Pension contributions, incurred by WFD in respect of employees, to a defined contribution scheme are charged to the SoCNE when they become payable. Differences between contributions payable in the year and contributions paid are shown in 'Trade payables and other current liabilities' in the SoFP.

Pension contributions paid by WFD in respect of employees to a defined benefit, multi-employer scheme are charged to the SoCNE when they become payable. This is line with IAS 19 requirements for multi-employer schemes where the assets are co-mingled for investment purposes and the benefits are paid out of the scheme's total assets.

Please see note 4 for further details.

## **1.8 Foreign exchange transactions**

Foreign currency transactions are translated at the rate of exchange ruling at the date of the transaction. Foreign currency balances are translated into sterling at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the SoCNE.

## **1.9 Taxation**

WFD is not liable to Corporation Tax on grants received as WFD is not a trading entity but is liable to tax on investment income. WFD has no investment income.

WFD is VAT exempt.

## **1.10 General fund**

Core funds represent the unspent balances of income received, for use by WFD in the future at its discretion. Designated funds relate to grants received for specific purposes which may be spent only on those purposes. Grant-in-aid is received from FCDO and recognised directly in the General Fund.

### 1.11 Non-current assets and depreciation

Non-current assets costing more than £2,000 are capitalised and included at cost, including any incidental expenses of acquisition, on the Statement of Financial Position (SoFP). All such tangible assets are owned in full.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives on a straight-line basis as follows:

Computer equipment	3 years
Furniture and fittings	5 years
Right-of-use assets	Over the life of the lease

### 1.12 Reserves policy

WFD has recently agreed with its sponsor department, the FCDO, that it is appropriate to retain limited reserves to ensure the stability and sustainability of the organisation. This includes an assessment of current and future working capital requirements to support the delivery of programme activity where funding and delivery may be in different financial years. WFD has adopted a Reserves Policy based on the following principles in compliance with HM Treasury rules: risk-based, justified, and appropriate, current, and good governance and is subject to regular consultation and review.

### 1.13 Financial instruments

IFRS 9 includes requirements for classification recognition and measurement, impairment, derecognition and general hedge accounting. WFD's financial instruments are trade receivables and payables. Receivables are shown net of expected credit loss. WFD holds receivables with customers with low credit risk (central government departments, overseas governments and organisations and other well-respected organisations), and other receivables are simple trade receivables held for collecting cash in the normal course of business.

WFD has financial assets and financial liabilities of the kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost).

Financial assets held at amortised cost comprise cash at bank and in hand and trade and other receivables, excluding prepayments and accrued income and contract assets.

Financial liabilities held at amortised cost comprise trade and other payables, excluding accrued expenditure and deferred income and contract liabilities.

No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

**1.14** WFD has applied IFRS 16 in the creation of a right-of-use asset and a corresponding lease liability in the Statement of Financial Position.

Estimates and Key Judgements

In determining the lease term, WFD has recognised the lease liability, given that the break clause in the agreement is expected to be exercised. WFD are applying the practical expedient not to separate lease and non-lease elements. WFD has also applied a discount rate of 0.95% in arriving at a Net present value of the lease liability. WFD consider that the cost model is a valid proxy for fair value in its measurement of the right-of-use asset.

## 2. Revenue

In 2022-2023, WFD received total income (excluding its core grant) of £6.8 million. The breakdown is shown on the table below:

		Restated
	£	£
European Union	145,808	290,724
Inclusive and Accountable Grant (IAP)	-	797,523
FCDO Myanmar	-	303,841
Other FCDO	1,801,910	910,588
Commonwealth (CEP and CP4D)	-	4,972
Conflict, Stability and Security Fund (CSSF)	2,764,246	3,720,391
UK PACT	325,265	158,919
Global Equality Project	840,319	634,572
Third Party	968,665	1,048,168
<b>Total</b>	<b>6,846,213</b>	<b>7,869,698</b>

The overall decrease in total income for 2023 by £1.0 million was due to the completion of some multi-year major grants such as the Inclusive and Accountable Grant (IAP). The IAP Fund was not replaced in FY 2022-2023, but we had an increase in grant-in-aid (GIA). Delays in FCDO regarding confirmation of funding allocations led to delays in the start of some programmes. The Official Development Assistance (ODA) pause had a similar impact mid-way through the year. For the GEP programme, WFD received increased funding of £0.2 million compared with the prior year.

## 3. Direct expenditure on WFD projects

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. Financial reporting to the Management Board does not identify operating segments within the business.



	2023	2022
	£	£
*Programmes directly implemented by WFD	7,556,158	6,642,631
Conservative Party	432,973	430,000
Labour Party	432,289	411,232
Scottish National Party	153,706	156,790
Multi parties	286,962	234,780
Travel & subsistence	18,728	6,435
<b>Total</b>	<b>8,880,816</b>	<b>7,881,868</b>

\*In addition to their statutory audit work, the NAO was paid fees of £4,000 related to services delivered to the SAI of Montenegro.

## 4. Staff costs

	2023	2022
	£	£
Wages and salaries	2,701,896	2,660,347
Temporary staff	178,899	108,040
Social security costs	306,032	284,608
Pension costs	674,642	615,710
<b>Total</b>	<b>3,861,469</b>	<b>3,668,705</b>

\*Direct expenditure on WFD projects includes overseas locally engaged staff £2.3 million (2022: £1.9 million) and is included in Note 3. Increase in staff costs in 2022-2023 include pay awards which offered salary increases across the global network of between 3%-10%

The governors did not receive any remuneration for their services. Travel costs of £ Nil (2021: £ Nil) were reimbursed in the year.

Further details are included on the remuneration report beginning on page 61.

## Staff numbers- Headcount

The average number of employees (excluding governors and vacancies) during the year was: UK 57.7, Temporary UK 4.5, Rest of the world 104.8 (In FY 21-22 was UK 55, Temporary UK 3, Rest of the world 94.6 ) Increased headcount FY 22-23 Rest of the World related to the new offices opened for WFD programs.

Details as reported on page 66 under the Staff report.

## Pension commitments

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) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes. For further details about pension arrangements please refer to the pension commitments section above on page 71.

## 5. Other operating charges

	2023	2022
	£	£
Auditor's remuneration	39,000	39,000
Finance costs	37,424	21,860
Depreciation	4,668	-
Depreciation of right of use asset	217,986	140,440
<b>Total</b>	<b>299,078</b>	<b>201,300</b>

## 6. Property costs

	2023	2022
	£	£
Rent	9,029	-
Service charges	-	26,778
Business rates	-	33,119
	<b>9,029</b>	<b>59,897</b>

## 7. IT and systems

	2023	2022
	£	£
Other IT costs	32,012	35,464
IT support contracts	80,384	75,821
IT licenses	156,989	145,200
IT hardware (non-capital)	42,236	37,189
IT disaster recovery	18,089	8,040
	<b>329,710</b>	<b>301,714</b>

## 8. Other employee costs

	2023	2022
	£	£
Compensation for loss of office	-	320,498
Recruitment	6,285	18,620
Others	77,109	32,911
	<b>83,394</b>	<b>372,029</b>

## 9. Property, plant, and equipment

	Computer Equipment	Computer Equipment
	2023	2022
	£	£
<b>COST</b>		
At 1 April	9,371	-
Additions	7,942	9,371
Disposals	-	-
<b>as at 31 March</b>	<b>17,313</b>	<b>9,371</b>
<b>DEPRECIATION</b>		
At 1 April	-	-
Charge in year	4,668	-
Disposals	-	-
<b>as at 31 March</b>	<b>4,668</b>	<b>-</b>
<b>NET BOOK VALUE</b>		
At 31 March 2023	<b>12,645</b>	
At 31 March 2022	9,371	9,371

## 10. Right-of-use of assets

	£
On application of IFRS 16 on 1 April 2022	-
Right of use - Addition	762,952
Interest accrued	5,335
Payments	(201,320)
<b>Lease Liability in the period ending 31 March 2023</b>	<b>566,967</b>

The following amounts relating to leases are recognised in the statement of comprehensive next expenditure in the year to 31 March 2023

Increase in depreciation expense due to increase in right of use asset	217,986
Increase in finance expenses relating to interest expense on lease liabilities	5,335
Decrease in administration expense due to lower operating rental costs	(201,320)
<b>Net Impact in the year</b>	<b>22,001</b>

On 1 April 2022 WFD signed a new five-year licence agreement to occupy Clive House, 70 Petty France, London. This has a break clause exercisable in September 2025 and September 2026. WFD anticipates that the Government Property Agency (GPA) may exercise this right in September 2025 and will work closely with GPA to consider alternative options across the civil estate. The lease has been accounted for in the 2022-2023 financial statements.

## 11. Trade receivables and other current assets

	2023	2022
		Restated
	£	£
Trade receivables and other current assets	1,754,433	617,074
Deposits and advances	156,379	95,526
Prepayments	151,269	18,491
Contract assets	615,569	1,450,018
<b>Total</b>	<b>2,677,650</b>	<b>2,181,109</b>

Trade receivables are higher compared to last year due to new donor contract signed towards the end of the financial year 2022-2023 and delay in final grant of a multiyear third-party programme. The increase is also net off by reduction in contract assets by £0.8 million.

## 12. Trade payables and other current liabilities

	2023	2022
	£	£
Trade payables	1,171,611	904,737
Pension contributions payable	86,798	61,391
Accruals	849,880	1,191,814
Contract liabilities	34,349	399,027
<b>Total</b>	<b>2,142,638</b>	<b>2,556,969</b>

## 13. Provisions

	2023	2022
	£	£
Other provisions	7,299	66,756
<b>Total</b>	<b>7,299</b>	<b>66,756</b>

Other provisions represent a foreign exchange impact on the EU Jordan programme. 2022 included Cost in Lieu of Notice (CILON) £49,000 which has been released in-year.

Provisions for future liabilities are recognised when WFD has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

## 14a. Financial exposure

As the cash requirements of WFD are substantially met through grant-in-aid provided by the Foreign, Commonwealth and Development Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-departmental public body. WFD, therefore, has low exposure to credit, liquidity, or market risk. WFD operates in many foreign countries; as a result, it is necessary to use foreign currency to run operations abroad. Foreign exchange risk is kept to a minimum by holding the least required cash in foreign bank accounts.

## 14b. Legal status

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

## 15. General fund

The balance of Designated Funds at 31 March 2023 represents a donation designated for a specific purpose. As in previous years, the bank balance is held in a commercial bank.

	Core £	Designated £	Total £
<b>COST</b>			
At 1 April 2021			
Property, Plant and Equipment	9,371	-	9,371
Right of use assets	-	-	-
Trade and other receivables	2,181,109	-	2,181,109
Cash and cash equivalents	1,229,336	10,559	1,239,895
Trade and other payables	(2,623,725)	-	(2,623,725)
<b>as at 31 March 2022</b>	<b>796,091</b>	<b>10,559</b>	<b>806,650</b>
At 1 April 2022			
Property, Plant and Equipment	12,645	-	12,645
Right of use assets	544,966	-	544,966
Trade and other receivables	2,677,650	-	2,677,650
Cash and cash equivalents	290,376	10,559	300,935
Trade and other payables	(2,372,656)	-	(2,372,656)
Lease Liability more than 1 Year	(344,248)	-	(344,248)
<b>as at 31 March 2023</b>	<b>808,733</b>	<b>10,559</b>	<b>819,292</b>

## 16. Impact of Restatement

### Revenue Recognition

WFD discovered in the course of 2022/23, some income recognition overstatement in 2021/22; these have been reversed in year and the prior year accounts restated.

## Impact of restatements on opening balances for WFD at 31 March 2022

### Statement of Comprehensive Net Expenditure

	Balance at 31 March 2022, published Accounts	Nature of restatement overstated Income	Restated balance as at 31 March 2022
	£	£	£
Revenue from contracts with customers	8,248,038	(378,340)	7,869,698
<b>Net expenditure for the period</b>	<b>4,351,727</b>	<b>378,340</b>	<b>4,730,067</b>

### Statement of Financial Position

	Balance at 31 March 2022, published Accounts	Nature of restatement overstated Income	Restated balance as at 31 March 2022
	£	£	£
Contract Assets	1,828,358	(378,340)	1,450,018
<b>Current assets</b>	<b>3,799,344</b>	<b>(378,340)</b>	<b>3,421,004</b>
<b>General Fund</b>	<b>1,184,990</b>	<b>(378,340)</b>	<b>806,650</b>

## 17. Related party transactions

WFD is a non-departmental public body sponsored by the Foreign, Commonwealth and Development Office (FCDO). The FCDO is regarded as a related party. Core funding of £6.75 million was received from the FCDO as grant-in-aid (£6.5 million annual grant, £0.25 million relating to prior year)

In addition, our revenue consists of funding provided by FCDO £2.5 million from the Conflict, Stability and Security Fund (CSSF), £0.8 million towards the Global Equality Project (GEP) Programme and other programme-specific funding of £1.7 million.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

No board member, key manager or other related parties has undertaken any material transactions with WFD during the year.

The Government Property Agency (GPA) is regarded as a related party. During the year 2022-23, WFD has had its lease for the offices at 10 Clive House with GPA.

## 18. Events after the reporting period

There are no events relating to the period to be disclosed.

The accounting officer authorised these financial statements for issue on the same date as the Comptroller and Auditor General's Audit Certificate. The accounts do not reflect events after this date.



**Westminster Foundation for Democracy (WFD) is the UK public body dedicated to supporting democracy around the world. Operating internationally, WFD works with parliaments, political parties, and civil society groups as well as on elections to help make political systems fairer, and more inclusive and accountable.**



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