



WFD

Strengthening democracy around the world

The Westminster Foundation
for Democracy Limited
Annual Report and Accounts
2020-2021

Executive
Non-Departmental
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CORRECTION SLIP

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The financial statements have been prepared in accordance with Accounting Standards in conformity with the requirements of the Companies Act 2006.

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The Westminster Foundation for Democracy Limited

Annual report and accounts for the year ended 31 March 2021

Company Number: 2693163

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Cover photo: With the pandemic outbreak in 2020, protection and advancement of persons with disabilities' rights is evermore important. In February 2021, the MPs in the Parliament of the Republic of North Macedonia established the Inter-Party Parliamentary Group for Rights of Persons with Disability.

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Foreword by
Sir Lindsay Hoyle, Speaker of the UK House
of Commons and Patron of Westminster
Foundation for Democracy (WFD)

What a year this has been for parliaments all over the world. The coronavirus pandemic has compelled us to work in new, flexible ways. While many of us were able to carry on representing our constituents, in many countries the health crisis has impeded scrutiny of government, postponed important elections and, in the worst instances, reversed hard-won democratic rights. And this is why the kind of support Westminster Foundation for Democracy (WFD) provides to democracies everywhere remains simply irreplaceable.

In the UK, over the last 12 months, we transitioned to a hybrid House of Commons, whereby legislators can join proceedings such as Prime Minister's Questions and select committee meetings by video link while others are physically present. And I was delighted to note WFD has helped many of its partner parliaments put similar arrangements in place, from Morocco to Sri Lanka.

This year, I was excited to see WFD's study with the Global Institute for Women's Leadership making waves around the world: it showed just how essential women's political leadership is. As Speaker, I am working to make the

House of Commons a more welcoming place for women MPs and I applaud WFD's efforts to advance women's participation in politics - like in Bosnia and Herzegovina, where WFD's mentoring programme supported newly elected young women to make change by pairing them with established women MPs. I was also delighted to see the achievements of the new Commonwealth Equality Project, which helped fight discrimination against women, girls and LGBTIQ+ people. In Nigeria, support to women legislators helped them get an important new law across the line that will protect people from violence.

During the period covered by this report, I have also had an opportunity to get to know how WFD partners with Members of Parliament from the UK on many of its programmes. I was pleased to see colleagues support the launch of initiatives on environmental democracy, gender equality and anti-corruption. Many have worked with WFD to share their experience with parliamentarians from other countries digitally and, when possible, in person. WFD also continues to partner with the House of Commons administration, as well as colleagues from the devolved administrations and other British institutions, as we renew our commitment to engaging internationally. I commend the work of WFD and its Governors. As WFD's Patron, I am honoured to support the organisation as it continues to offer precious non-partisan assistance to its partners at this critical time.

Foreword by
Richard Graham MP, Chair of the Board
of Governors of Westminster Foundation
for Democracy (WFD)

It is no exaggeration to say that there have been some terrible setbacks for democracy in the past year. The Belarus authorities using an entirely specious reason to force a Ryanair plane to land in order to arrest an anti-government blogger is just the most recent example of a clear abuse of government power.

Across the world, and including in Europe, nations have been quick to pass emergency laws and reluctant to bring them to an end. Examples of rising authoritarianism, reduced accountability, delayed or long-postponed elections, less freedom of the media, a sharp increase of social media disinformation and fragile or completely suppressed civil liberties can be seen around the world. The military coup and bloodshed that followed in Myanmar has been a particularly sad case of the overthrow of a recently restored democracy.

The next year will show how quickly countries can return to or increase economic growth, and provide citizens with skills and jobs - but it will also show how quickly democracy, accountability and more open societies can thrive again. It is often tempting, even in the UK, to imagine that a dictatorship is better suited to a crisis: but it is precisely the

strength of a democracy to persuade, not force, people to make sacrifices by making the case successfully as to why sacrifices are necessary. That was as true in 2020 as in any World War, and where both compliance with lockdowns and take up of the vaccination programme has been very high, democracy emerged stronger.

Although running WFD programmes has never been harder to do physically, WFD adapted like everyone to digital delivery of courses - continuing to connect with and equip citizens and activists at a time of great challenges to their societies.

Local leadership is at the heart of our approach, employing nationals from over 35 countries and working as closely as possible with local partners throughout the last year. In the Bangsamoro region of the Philippines, our Cotabato City team never stopped supporting local institutions of democracy as they worked to support and consolidate the peace process. Equally, in Kenya our team brought together African MPs who sit on environment committees to share knowledge and expertise as they prepare for the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow this November. And in North Macedonia, my colleagues supported an election observation mission by persons with disabilities - just one example of several initiatives implemented across the Western Balkans this year.

Of course, we could not have done this without the support of our sponsors, partners, and staff. So, I would like to thank the UK Government for the renewed commitment to back WFD, as confirmed by the recent Integrated Review of Security, Defence, Development and Foreign Policy. In

difficult times and constrained budgets there are advantages to a unified Foreign, Commonwealth & Development Office (FCDO) and we are already exploring these in the longer term.

I would also like to acknowledge the role WFD leadership has played at all levels. I was delighted to welcome four new Governors - Christine Jardine MP and Maria Miller MP last year, and Harriet Harman MP and Brendan O'Hara MP very recently. All our Governors, and particularly my two Vice-Chairs Sue English and Rushanara Ali MP, have given great support. We are all very grateful for the immense work done by Anthony Smith and the leadership team at WFD, and the adaptability of all staff to a different world. Ensuring the safety of every colleague and partner, in so many countries, while delivering meaningful progress on open societies, was itself no easy challenge: while also successfully relocating the London HQ to 22 Whitehall.

WFD programmes demonstrate that democracy underpins the solution to today's major challenges: health, climate change, inequality and rising authoritarianism. At the end of a year when it would be easy to be pessimistic, I have never been more optimistic that the values, transparency, and openness of democracies unlock practical solutions and opportunities for citizens in ways that autocracies can never do. The mission has never been more valid and I am confident that we will be at the forefront of the UK contribution to it.

Report by the Chief Executive, **Anthony Smith**

Alongside the many tragedies of the pandemic, there have also been many heroes, and WFD has been honoured to support those who have helped to ensure fairness and effectiveness in the COVID-19 response. They have innovated so that the democratic systems in their countries ensured government accountability, fought for policies that recognised the needs of the vulnerable, and managed elections in conditions they had never before had to cope with. They knew that a pandemic should not be an excuse to reverse progress on democracy.

This report shows how WFD's work in 2020-21 shone a light on the links between the pandemic response and democracy, supported the response by democratic institutions, and began the task of building back better.

Research and analysis

From the start of the pandemic, WFD teams saw the risks to democracy in countries around the world. Our staff and Governors published analysis - 53 relevant articles on our website and other platforms plus press articles and other media appearances - and took part in public and private debates about the risks and the responses. Our online Pandemic Democracy Tracker provided key

information to the public on the kind of legislative and regulatory action taken by WFD partner countries to manage the health crisis, and our conference with the Institute of Advanced Legal Studies of the University of London resulted in the publication of 18 new research papers on the effects of the pandemic on democracy. WFD's research gained new audiences through international partnerships and mainstream media coverage - for example, our views on the risks to democracy were set out in The Times, our support to the Bangsamoro Transition Authority in the Philippines was seen on the BBC, and our research on the (high) cost of politics in many countries featured in The Economist.

Democratic governance as an international priority

The global decline in democracy pre-dated the pandemic and the response needs to be a long-term priority. WFD's paper, 'A Force For Good in the World: Placing Democratic Values at the Heart of the UK's International Strategy', proposed a framework to defend and support democracy as part of the UK's national security strategy. Our evidence to the UK Government's Integrated Review of Security, Defence, Development and Foreign Policy provided input on the complexity of democratic transitions and the role of international actors in supporting local leaders. When the review was eventually published, the centrality of democratic governance and open societies, along with a direct reference to WFD's role in delivering relevant commitments, set a clear policy direction for the period ahead.

Responding to the pandemic

Throughout the period covered by this report, WFD's programmes adapted to the impact of the pandemic. The most important adaptation was in helping our partners to continue to carry out their role during emergency lockdowns that were in place in most countries:

- In The Gambia, we worked with civil society groups to assess the impact of COVID-19 on women.
- In Kosovo, our observation team assessed the quality of the elections being held during a lockdown.
- In Morocco, we supported parliament to begin remote sessions so that its work could continue uninterrupted.

Building back better

The pandemic is just one of the major policy challenges that the world faces now. Strengthening democratic governance will strengthen the response to these and help build a better world in the future.

Environmental democracy and climate change

In July 2020, we launched the WFD Environmental Democracy Initiative (WEDI) to support the UK's response to the climate and environment crises. The three pillars of environmental democracy are: access to environmental data and information; public participation in environmental policy and lawmaking; and access to justice for environmental wrongdoing. These democratic mechanisms will help to galvanise the urgent shift to a low-carbon, just and green economy.

Environmental democracy will continue to be a priority for WFD, both in the run-up to the UN climate summit

'COP26' (Glasgow, November 2021) and in supporting implementation of the commitments that have been made. For example, our programme in Georgia will support the delivery of national climate pledges under the Paris Agreement, and in Indonesia, WFD will build on our support to the Parliament on advancing climate and biodiversity objectives with new work focusing on green recovery, clean energy and biodiversity governance as part of the UK-PACT programme.

Inclusion, equality and women's political leadership

In 2020-21, WFD continued to mainstream inclusion, equality, and intersectionality throughout its portfolio of programmes. This included actions on gender budgeting and auditing, incorporating gender analysis into post-legislative scrutiny processes, supporting women recently elected to political office and working with political parties to support the advancement of women as candidates and political leaders.

WFD's Commonwealth Equality Programme delivered targeted programming on equality and inclusion, to advance better outcomes for women, girls and lesbian, gay, bisexual, trans, intersexual, queer (LGBTIQ+) citizens in fourteen countries throughout the Commonwealth.

In March 2021, WFD hosted an official civil society event during the 65th Session of the UN Commission on the Status of Women to explore the impact of women's leadership on citizens' experience of democracy. Maria Miller MP, Preet Kaur Gill MP, Intissar Jibouri MP, Liana Chapota MP, Siviwe Gwarube MP, and others shared their experiences of disrupting traditional political be-

haviour in their countries, introducing inclusive policies and laws, and sustaining their political careers. The event built on research by WFD and the Global Institute for Women's Leadership at King's College London which showed that when women participate in formal politics and are able to demonstrate leadership in a manner that is authentic to them, the whole of society benefits.

Accountability

The links between fighting corruption and supporting democracy are now widely recognised and are a core part of WFD's approach. WFD developed an innovative assessment framework on the interaction between parliaments and anti-corruption agencies and used it to conduct comparative studies for Europe (Serbia, Ukraine, Lithuania) and Asia (Indonesia, Pakistan and Maldives). WFD also developed new strategies for an effective parliamentary role in combatting corruption and designed new thinking on 'doing anti-corruption democratically'.

The COVID-19 crisis had a dramatic impact on the economy and public finances of many countries and, in response, WFD developed a policy brief and online course on the oversight role of parliament in public debt management and provided technical advice to partner countries in the Middle East and North Africa (MENA) region, and Asia.

WFD continued to play a leading role in supporting parliaments to monitor the extent to which the laws they have passed are implemented as intended and have the expected impact. Activities aiming to improve Post-Legislative Scrutiny (PLS), an integral part of the legislative cycle, featured in 80% of the WFD country programmes.

In addition to strengthening parliaments' general capacity for PLS, WFD also focused on gender-sensitive PLS and PLS of environment and climate legislation.

Elections

COVID-19 created new and significant challenges for the conduct and the integrity of elections globally. In many countries, public trust in elections was affected by changes in electoral processes that seemed to reduce participation.

WFD developed creative solutions to these trends, including designing an interactive online training programme for political parties to monitor electoral processes and developing research on the independence of Election Management Bodies. We also oversaw the COVID-safe deployment of UK observers as part of Organization for Co-operation and Security in Europe (OSCE) Election Observation Missions, including to Moldova, Kyrgyzstan, and Kazakhstan, and developed innovative bespoke missions, such as the UK's Election Expert Mission to Kosovo, that could pave the way for future UK election observation efforts.

WFD also launched its Global Elections Support Centre in January 2021. The Centre has provided an important resource to the FCDO as the UK increases efforts to support electoral integrity globally.

Our programmes in 2020-21

Sub-Saharan Africa

Programmes in the sub-Saharan Africa region continued to focus on the political inclusion of women and other disenfranchised groups, while phasing in environmental democracy issues with a focus on climate ahead of COP26.

In Kenya, WFD partnered with Demo Finland to conduct internal reviews and provide capacity development to 10 political parties on their party documents, manifestos, and practices. This led to firm commitments by the political parties towards the inclusion of persons with disabilities (PWDs): three parties developed their disability leagues; two political parties adjusted their offices to increase accessibility by PWDs; while another party established a PWDs directorate, which was previously housed under its youth league umbrella.

In Sierra Leone, WFD helped orient the national response to the pandemic by investigating the potential impact of the crisis on women and producing national gender-based data which was not available to legislators.

In Uganda, WFD worked with parliamentary champions to progress inclusion and accountability issues. 58 Members of Parliament were equipped with the tools and strategies to more effectively advocate and lobby on accountability and inclusion-focused bills and policies within parliament.

In Nigeria, WFD continued to support the development of aspiring young political leaders. Members and volunteers of the Politics with Values (PwV) network co-created and developed the PwV TV and webinar series that was broad-

cast on Africa Independent Television in autumn 2020; the series focused on topical issues such as corruption, youth equality and electoral reform and it reached over three million viewers during the October and November broadcasts.

In The Gambia, WFD partnered with Community of Democracies to advance democracy through women's political leadership. Workshops aimed to equip 20 women with the tools and strategies they need to get into office and have an impact.

In October, WFD successfully completed its latest programme in Ghana, where WFD had operated continuously for 10 years. From nurturing the next generation of Ghanaian leaders (we trained over 3,000 students and supported and established Youth Parliaments all over the country), to developing an Inter-Departmental Research and Information group (IDRIG) in the Parliament of Ghana (which improved the coordination of research and information within the legislature), our programmes will continue to have an impact for years to come.

WFD's work in Asia

The diversity and dynamism of democratic processes in Asia continued to be a major focus of WFD's work. As elsewhere, inclusion was an important priority for all our partners but there was also innovation in strengthening accountability even during the challenging period of the pandemic. The shock of the military coup in Myanmar reminded us all of the risks to freedom and prosperity from authoritarian governments.

In Nepal, WFD continued to support women MPs and our programme quickly adapted to the pandemic by providing remote learning sessions. Meanwhile, as the government utilised emergency powers deriving from decades-old laws to deal with COVID-19, WFD supported Nepalese parliamentarians' use of Post-Legislative Scrutiny to review legislation to ensure accountability.

In Sri Lanka, WFD helped to bring a greater focus within the cross-party working mechanisms of the Sri Lankan parliament on gender, inclusion and civil society organisation (CSO) participation, working closely with the cross-party Presiding Members of Parliament and Senior Executive of the parliamentary secretariat.

In Maldives, WFD worked to strengthen the committee system of the Majlis (parliament), and through this to strengthen the Majlis as an institution, bringing issues around codes of conduct, strategic planning, corruption-proofing of legislation and gender-responsive budgeting processes to the fore.

In Indonesia, we pivoted our work to focus on the linkage between parliamentary oversight, environmental and climate action, and COVID recovery, working with parliamentary committees and civil society groups to strengthen financial accountability of the COVID response and encourage use of green budgeting to build back better. WFD also broke new ground in researching parliament's interaction with the anti-corruption commission and worked with GOPAC, Global Organization of Parliamentarians Against Corruption, in addressing mechanisms for improvement.

In the Philippines, WFD supported the Bangsamoro Transition Authority as its fledgling institutions intensified their work on priority legislation for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). WFD worked with lawmakers and staff of the Bangsamoro Parliament to support their review of and consultations on key bills including the Administrative, Electoral, and Education codes. WFD also supported the Bangsamoro Women's Commission to broaden consultation on and develop the Bangsamoro Gender and Development Code, while engaging women political leaders in the BARMM on the formation of a Bangsamoro Parliamentary Women's Caucus.

In Myanmar, the military coup that took place on 1 February 2021 - the day the Union Parliament (Hluttaw) was due to convene after the general election won by the National League for Democracy in November 2020 - has undermined a decade of investment in the country's political transition. As a result, WFD's work, which has supported democracy in Myanmar since 2016, has been suspended and our priority has been the safety of our staff. We will continue to consult with partners on how best to help Myanmar to return to a democratic path.

WFD's work in Europe and Central Asia

In Europe and Central Asia, WFD has supported transitional democracies to ensure politics is inclusive and accountable to citizens. Our programmes have aided marginalised groups - such as women, young people and those living with disabilities - to access political institutions and processes, and enhanced accountability of

executives to their citizens. The pandemic has exacerbated marginalisation and highlighted challenges to democratic progress, as well as challenging key pillars of democratic societies. These have all been central themes to our work in 2020-21.

In February 2021, in partnership with the British Embassy in Pristina, WFD deployed a team of election experts to analyse the electoral process underpinning the snap election in Kosovo. The mission's findings and recommendations contributed to a process that ended in a fully democratic and peaceful handover of power between majority and opposition.

The pandemic placed acute pressure on some marginalised groups. In response to such challenges, WFD supported our partners in Albania to work towards securing better access to health services for the chronically ill. This included bringing services closer to patients, reducing the need to travel long distances to receive life-saving treatment. Further, we have supported the 'HUGEN' network - a collective of the human rights and gender equality committees for parliaments across the Western Balkans. Through the network, parliaments have monitored effectiveness of various gender- and human rights-related legislation and considered application of human rights standards in light of the pandemic.

In North Macedonia, WFD supported efforts to build a more accountable and inclusive democracy. Our initiatives supported the launch of the new Parliamentary Budget Office, fully integrated and sustainable within the structures of the Assembly. The Office, whose staff will

continue to be supported by WFD, provides analysis and advice to legislators on economic, budgetary and financial issues. The importance of this work was acknowledged by the European Commission, who noted the progress within the parliament on promoting more efficient and effective public spending.

The Ukrainian government, like others around the world, supported business through the disruption of the past year. This and other policy responses required the use of emergency legislation, reducing time for analysis, scrutiny and quality control. Supported by the British Embassy, Kyiv, WFD worked with the Economic Policy Committee of the Verkhovna Rada (parliament) of Ukraine to consider the effectiveness of the COVID-19 emergency measures that had been adopted and make recommendations to the government for the future. This was the first time the parliament had conducted a process of this type.

Parliaments experience operational shocks like all institutions, but many do not have plans to deal with these. WFD, working closely with colleagues from the Scottish Parliament and elsewhere, supported the Parliament of Georgia to institute a business continuity planning process. This has resulted in the parliament being more prepared for future shocks.

Moving ahead, our work in the region will continue to focus on working with our partners to enhance accountability and promote inclusive political processes. The year will see the conclusion both of the current phase of our Western Balkans Democracy Initiative and the current phase of our work with the National Assembly of the Republic of Arme-

nia. We plan to launch new initiatives on environmental democracy in Georgia and elsewhere, as well as building on our work with the parliament in Ukraine.

WFD's work in the Middle East and North Africa

2021 marks the tenth anniversary of the Arab Spring which had a profound effect on the region. Despite the initial wave of optimism and democratic trajectory, the record since 2011 has been mixed. The tragic explosion in the port of Beirut and the subsequent protests encapsulate unresolved public expectations of the state. Within this complex environment, WFD has continued to work in partnership with parliaments to support more accountable, representative, and participatory elected institutions that reflect the needs of the citizens. Throughout the region, civil society has become an integral partner not only at the national level but also as a conduit to share approaches and experiences within the region.

In Jordan, WFD's multi-year programme funded by the European Union will be concluded in 2021. The programme has supported Jordan with its political reform process, including the promotion of inclusive policy and decision-making processes.

Key achievements of the programme include supporting the implementation of e-parliament in Jordan, providing on-the-job coaching and training to committee staff of the House of Representatives and assessing the gender-sensitivity of the House of Representatives by conducting the first audit of its kind in the region. For the first time in its history, all the directorates of the House of Representatives approved a strategic plan and adopted an

Annual Work Plan for each directorate for 2021. WFD's facilitation of the e-parliament strategy development and implementation enabled the streamlining of the work of the secretariat and Members of Parliament.

The WFD Lebanon programme in 2020-21 was not only affected by the pandemic but also by the Beirut explosion on 4 August 2020 and the ensuing economic crisis. Against this backdrop the programme was able to facilitate interaction between parliamentary committees and civil society. For example, WFD convened and supported the Digital Transformation Network (DTN), an innovative partnership between civil society, business leaders, government ministers and the parliament's Information and Communication Technology (ICT) Committee. Through WFD's issue-based relationship and confidence building approach, DTN experts are now seen as the 'go to' contact for information and analysis on e-governance issues. DTN members have a standing invitation to ICT Committee meetings, overturning the default arrangement for committee business to be closed to external actors. The DTN has also supported several MPs in drafting and advocating for bills related to e-governance, a rare act of detailed collaboration.

The programme was also able to build more open, transparent and inclusive practices in Parliament. For example, WFD Lebanon facilitated the first public hearing in the history of the Lebanese Parliament, helping to design and deliver the Women and Children Committee's inquiry into the economic security of women in Lebanon. Civil society noted this change in practice as a positive step

towards parliament's openness to citizen engagement. Next year, the programme will support other committees to replicate this practice.

WFD Lebanon also worked with parliamentary officials to design a facility for online public consultations via the parliament's website, which was not available previously and which facilitates dialogue between the parliament and citizens even with COVID-19 restrictions in place. Guidance on how citizens were most likely to engage with the platform was provided by WFD's partner Nudge Lebanon, behavioural research specialists.

In Morocco, WFD marked 10 years of partnership with the Parliament which last year focused on supporting ways of operating that are more transparent and accessible to citizens. This came to fruition during the lockdown when the two Houses of Parliament started to broadcast committee hearings live on YouTube and on the parliamentary website.

In Tunisia, WFD engaged with the Speaker, the Chef de Cabinet, the Secretary General and senior parliamentary staff to provide guidance and support on parliamentary functions. We provided written proposals to reform the Rules of Procedures, with a view to improving the efficiency of parliamentary processes. We worked closely with the Public Accounts Committee to strengthen its processes in line with international best practices, including those from the UK's Public Accounts Committee, and to elaborate the country's second National Anticorruption Strategy. Additionally, in partnership with the National Democratic Institute (NDI), we worked to increase awareness of MPs

on the parliamentary component of the Open Government Partnership and map out the steps required to formally join this initiative.

In Sudan, WFD continued to support a peaceful transition towards a multi-party democracy. Facilitating an online discussion around the role of women in transitional processes, WFD convened international, regional and Sudanese experts to discuss opportunities to ensure inclusive constitution-building processes in Sudan. As part of ongoing support to the Sudanese transition process, WFD have conducted an assessment of the needs and priorities of political parties and emerging political movements in the country.

A region-wide programme on women's political inclusion has made significant progress despite the restrictions imposed by the pandemic. The regional Arab Convention to combat Violence Against Women and Girls (VAWG) remains a flagship initiative that has garnered a significant amount of local, regional and international support. WFD's webinar on the International Day for the Elimination of Violence Against Women was an important milestone for the progress of the Convention, raising awareness of the Convention among stakeholders in the Arab region and among actors in the UK. There was also a joint call to the Arab League by UK MPs, the Chair of the Coalition of Women MPs from Arab Countries and the Assistant Secretary General of the League of Arab States, for an international treaty to combat VAW.

Further impact of the programme's work can be seen in the region through the publication of tools and guidelines

aimed at redressing gender imbalances and combatting VAWG. For example, WFD and the United Nations Economic and Social Commission for Western Asia (UNESCWA) developed guidelines for parliamentarians to advocate for greater resources to address VAWG. In addition to examining the economic cost of gendered violence, WFD and the Coalition of Women MPs from Arab Countries have raised significant awareness around issues of political violence against women as well as the impact of the pandemic and pandemic recovery efforts on women and girls.

WFD's work in the Commonwealth

Following the successful conclusion of the Commonwealth Partnership for Democracy in 2019-20, WFD launched a new programme with Kaleidoscope Trust to help fight discrimination against women and girls, LGBT+ people and other intersectionally-disadvantaged groups in 16 Commonwealth countries. Within just six months of implementation, in the difficult circumstances caused by the pandemic, the programme supported the passing of important gender-inclusive legislation in Nigeria, Mauritius and Uganda.

WFD-funded UK political party work

Pluralism and effective political parties are essential for effective democracy. That is why WFD's programme supports work by the UK political parties to share their experience and skills with counterparts around the world. This makes a critically important contribution to WFD's mission and objectives, especially in relation to women's political leadership.

Conservative Party WFD International Programme

Following a pledge that the Conservative WFD Programme put forward, to deliver Inclusive and Effective Governance in the Caribbean, the Jamaican Labour Party (JLP) fielded 18 women candidates in the General Elections, the most of any political party in the history of Jamaica. 14 of 18 won seats, seven of which were newly elected MPs. This was a record-breaking number of women and a historic moment for Jamaica. After the elections, the Prime Minister of Jamaica said that: 'The Conservative Party has done significant work in the region to empower women'.

In 2020-21, the Conservative WFD Programme empowered women to become more politically active in Africa. After being inspired and upskilled to stand for office following a training session, a programme beneficiary won a seat in the National Assembly, becoming the youngest woman parliamentarian in Namibia.

Furthermore, a Tanzanian MP who participated in roundtables on Stopping Violence Against Women in Politics was inspired to table a motion in parliament requiring political parties in East Africa to mainstream mechanisms for addressing gender-based violence in political parties. After participating in capacity building training over several years, a Conservative WFD Programme sister party in Malawi won the presidential elections after 26 years in opposition.

The Conservative WFD Programme's work on Environmental Democracy resulted in three Caribbean prime ministers making verbal commitments to sign the Leaders'

Pledge for Nature and to join the Global Oceans Alliance. Both of these are environmental priorities for the UK Government in the run up to COP26.

WFD Labour International Programme

In 2020-21, the WFD Labour International Programme's work to facilitate cooperation and dialogue on LGBTIQ+ rights among progressive parties in the Western Balkans included activities to increase knowledge and understanding of LGBTIQ+ issues. Partners in the region signed and agreed a new declaration which pledged to tackle discrimination and make party structures more representative of the LGBTIQ+ community.

The Women's Academy for Africa (WAFA) supported social democratic women to address financial barriers to political participation with a focus on the selection process. As a result, recommendations are being presented to political parties to increase the women's quota for representation in their party.

The WFD Labour International Programme's bilateral support included capacity building and communications trainings ahead of elections in Ukraine in October 2020. We also established a dedicated political academy for young activists in Montenegro, while in North Macedonia our partners delivered skills-based training to women and youth wings of the Social Democratic Union (SSDM) ahead of parliamentary elections. In Jordan, the programme continued to promote political participation in the trade union sector, where our partners are playing a key role in strengthening civil society and protecting the rights of workers across the country.

In the Middle East and North Africa, the programme supported an important regional study by Tha'era on Arab countries' response to gender-based violence during lockdown. For participating parties, this will be vital in supporting the development of further policy responses to gender-based violence in the region.

The programme's work in Bosnia and Herzegovina was adapted to focus on public engagement and scrutiny of the emergency legislation introduced in response to COVID-19. To highlight some of the issues affecting women during this time, partners also arranged an online roundtable event, where participants agreed a series of conclusions to mitigate the gender inequalities highlighted by the crisis.

SNP WFD Programme

The SNP WFD programme focused on three cross-party initiatives in 2020-21. The programme continued to work with the regional Arab Women Parliamentarians' Network for Equality (Ra'edat). The Tunis-based staff were able to hold international webinars and panel discussions aimed at young politically active women. A collaboration with UN Women allowed Ra'edat to conduct a regional Training of Trainers (ToT) for female legislative candidates online. We also provided support for a Tunisian ToT for municipal representatives.

In Malawi, the programme partnered with the Lilongwe-based Centre for Civil Society Strengthening to work with the Parliamentary Women's Caucus, on stakeholder engagement, media skills and visibility. The programme's on-site Project Officer developed strong connections with

MPs, Ministry of Gender staff and locally active NGOs. The programme also collaborated with Oxfam on a project for female parliamentarians to share information about COVID-19 in their constituencies.

In Europe, the programme addressed disinformation around COVID-19 in Ukraine. Local experts responded to disinformation with fact-checking and shared accurate information through social media channels.

WFD Multi-Party Office

WFD's Multi-Party Office (MPO) works with the UK's smaller political parties represented in the Westminster parliament on programmes that promote political pluralism. The MPO continued to partner with the Africa Liberal Network to strengthen the representation of women within African liberal political parties, institutions, and the network's leadership. The Office trained candidates from 10 different countries. Outcomes included participants elected to senior leadership positions in their political parties or selected as candidates for upcoming elections. The Africa Liberal Network President committed to developing a new framework for internal party selection processes.

The MPO worked closely with small Green parties in East Africa to build their capacity to offer a viable alternative for citizens, through providing a policy framework rooted in environmentalism, inclusivity and grassroots democracy. The Young Greens of England and Wales supported the launch of the Green Academy Kenya, a youth programme to encourage activism and political participation outside a system dominated by two larger parties and ethnic divisions. The programme provides a

safe space for young people to develop their own political ideology, including a forum to discuss LGBTIQ+ issues.

In addition, members and experts from all the smaller parties have provided advice to sister parties on local councillor networks, political party communication strategies and campaigning.

What we learnt

In this extraordinary year of pandemic and democratic decline, WFD redoubled its efforts to learn from the experiences of our own programmes and staff and from the expertise and judgement of others. Here are some highlights from what we learned this year:

Relationships matter in a crisis - WFD is rightly proud of the relationships it creates and maintains with parliaments, political parties, and civil society organisations in the countries in which we work. The COVID-19 pandemic demonstrated why WFD places such an emphasis on these linkages. Parliaments and political actors reached out to WFD and its staff for guidance on how to respond and how to adapt their processes and practices to accommodate public health restrictions. Where other organisations evacuated, WFD's local presence and knowledge supported improved democratic responses, demonstrating that in periods of crisis, these relationships matter more than ever.

Democratic responses to the pandemic exposed existing weaknesses: WFD's Pandemic Democracy Tracker revealed some worrying trends. Oversight by parliaments in the 33 countries with WFD offices was generally very

low - nearly a third of parliaments were conducting no oversight at all. The need to make decisions quickly and via new digital processes also led to more streamlined debates. This concentrated opportunities for legislative influence in the hands of those already in leadership positions, such as party leaders, and it meant that legislatures engaged with a narrower group of experts and concerned parties. As a result, legislative processes tended to be less participatory and inclusive.

The move to digital was relatively seamless but did not solve everything: WFD's programming rapidly transitioned from face-to-face events to virtual, online webinars. This had some key benefits - the ability to bring together people from a variety of locations and a variety of levels of seniority as well as cost savings associated with few to no flights and accommodation expenses. However, the reliance on internet access compromised the ability of some programmes to reach marginalised groups, particularly in countries with low connectivity. Identifying this risk early enabled WFD to adapt, but we will continue to refine our approaches to suit virtual and hybrid spaces.

There's no substitute for good evidence, even in a post-truth world

This year WFD continued to lead the drive for greater global evidence on the impact of women's political leadership on democratic outcomes. WFD's study with the Global Institute for Women's Leadership at King's College London, 'Women political leaders: the impact of gender on democracy', has been showcased in a number of external fora, highlighting the developmental gains realised

in systems that have more women in political leadership. WFD also initiated a global campaign to encourage the international community to emerge from the pandemic 'doing development democratically'. WFD's initial evidence was published in the Journal of Democracy in January 2021 and the language of 'doing development democratically' has featured in policy documents and events by the OECD, Freedom House, and the European Commission.

Looking forward, it is clear that the challenges to democratic governance are increasing and that the UK and others are increasing their focus on addressing this. While the response to the global pandemic has affected the resources available to us in the short-term, we expect the policy focus on democracy and open societies to lead WFD to be able to access additional resources in the medium and long-term. In the meantime, WFD has acted quickly to manage the reductions in funding while retaining the capacity to respond to increasing demand.

Anthony Smith,
Chief Executive and
Accounting Officer





Produced **174**
studies and
policy briefs



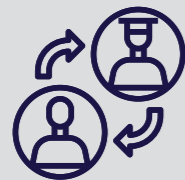
Supported **24**
public-facing
campaigns



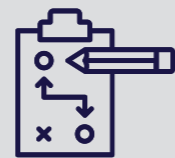
Offered **289**
training activities



Helped draft **nine**
laws and policies



Provided **80**
mentoring or learning
placements



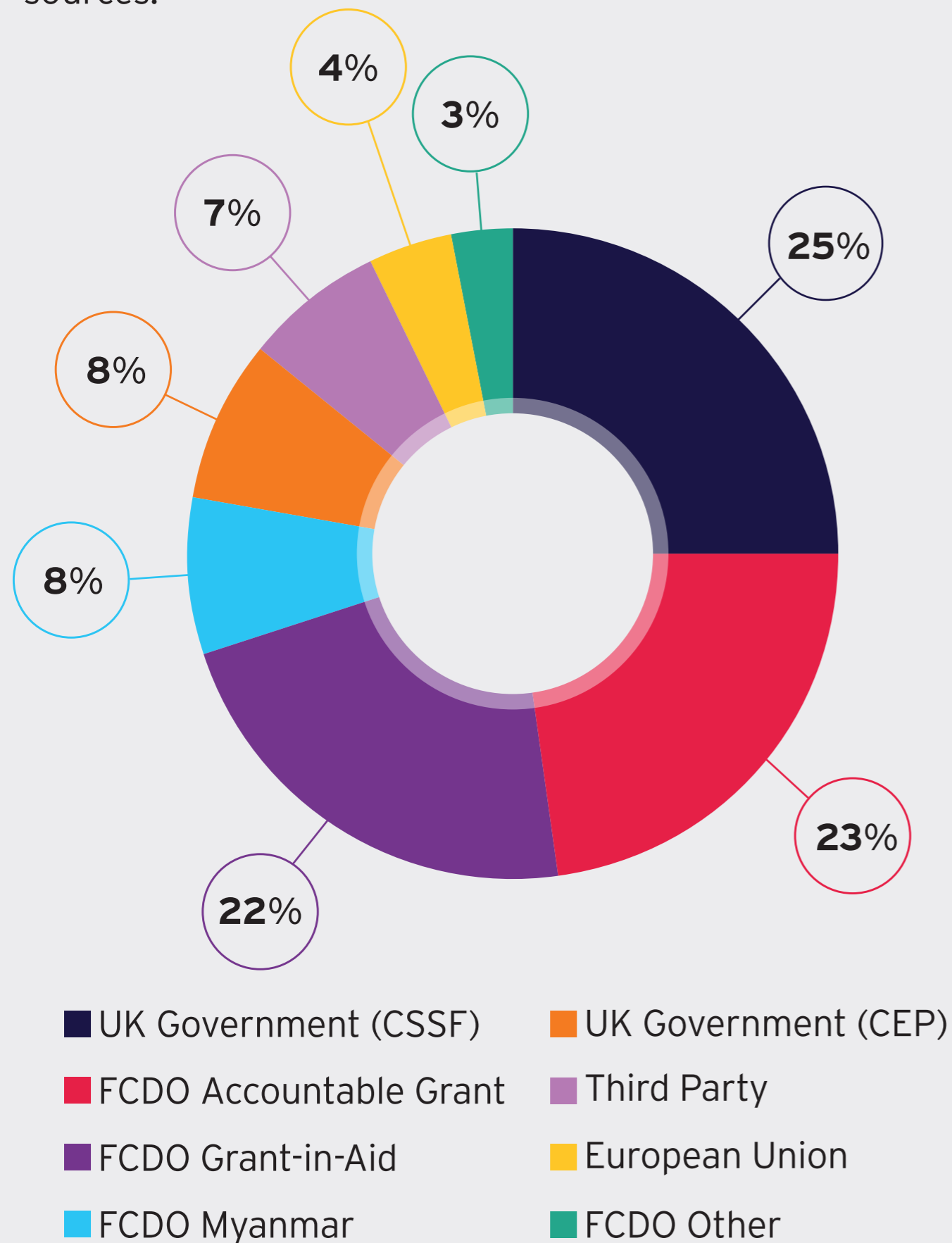
Helped agree **17**
institutional plans
and strategies

Finance review

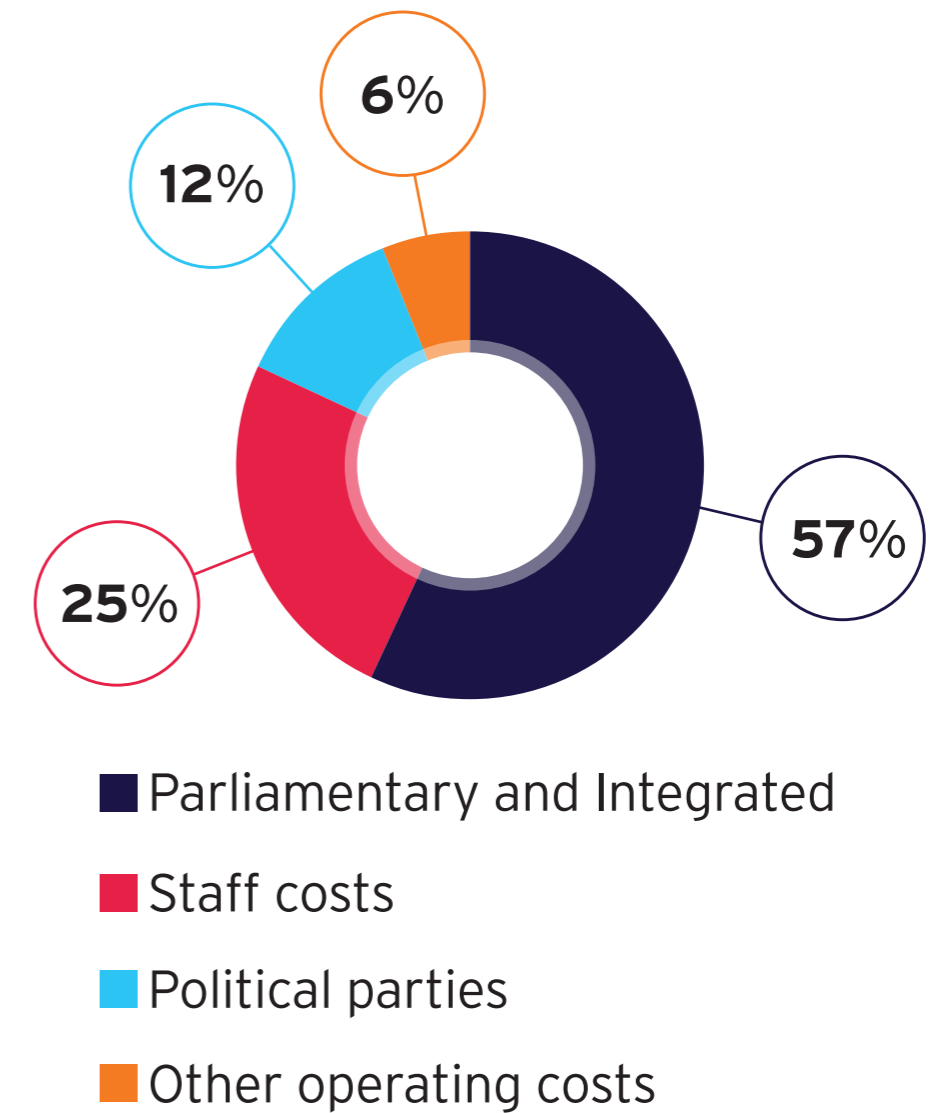


Finance review

Income of £14.5 million was received from the following sources.



Expenditure of £14.4 million was incurred in the following areas.



WFD thus recorded a small £0.1 million surplus of income and grant- in-aid (recognised through reserves) over expenditure for the 2021-22 financial year.

Income

Grant-in-aid

WFD receives annual grant-in-aid (GIA) from the Foreign, Commonwealth & Development Office out of monies voted by Parliament. As required by the Governmental Financial Reporting Manual, GIA is treated as financing and is taken directly to the core reserve, as opposed to being recognised as income. £3.2 million was made available to WFD, following an in-year budget reduction of £0.3 million of this grant. This is an important grant for WFD and this specific grant has increased in financial year 2021-22.

UK Government - FCDO Grant income

Historic income streams from DFID (agreed prior to the merger with FCO to form FCDO) are now passed to WFD via FCDO. 2020-21 was the final year of a three-year Accountable Grant (AG) to support inclusive and accountable politics. Income of £3.3 million was recognised following an in-year budget reduction of £0.6 million made by the sponsoring department. Other FCDO grants were received for activities in Myanmar (£1.2 million) and for work in Ethiopia (£0.1 million). This grant has been significantly reduced in financial year 2021-22. The overall impact of this is explained in Section 1.3 of this report.

UK Government - Cross-Government Fund Grants

UK Government funding from the Conflict, Stability and Security Fund (CSSF) provided income of £3.6 million in 2020-21. This supported WFD programmes in Algeria, Bosnia and Herzegovina (BiH), Kazakhstan, Lebanon,

Maldives, Moldova, Morocco, the Philippines, Sri Lanka and the Western Balkans. UK Government funding of £1.1m was also received for the Global Commonwealth Equality Project (CEP).

Other funding

EU grants (£0.7 million) were received to support programming in Jordan, Kyrgyzstan, Nigeria and South Africa. In addition, third party income of £1.1 million was recognised in-year relating to 18 specific grants from a range of donors.

Expenditure

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 of the UK. Direct programme spend for 2020-21 was £8.2 million (2019-20: £9.9 million). It accounted for 57% of total spend, in line with the previous year (2019-20: 61%).

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) and the accountable grant (AG) received from FCDO. Under the AG, the PPO allocation to be funded by the AG is capped at 20% of the total PPO funding, with the remainder provided by the GIA. Each financial year funding is agreed and contracts between WFD and relevant PPO are signed, specifying the amount and the conditions attached to the allocation. PPO funding made available in 2020-21 was £1.8 million

(2019-20: £2.2 million). The reduction in PPO funding this takes account of GIA and AG funding receivable by WFD.

Staff costs

Staff costs relate to UK-based WFD staff. WFD employed (on average) 49.4 permanent full-time equivalent staff in the UK (2020: 47.6). This 4% increase was due to the addition of resources to the Technical Advisory Unit (TAU) to strengthen WFD's work on inclusion and environmental democracy and to the absorption of the Multi-Party Office into WFD in November.

The majority of UK staff (2021: 33.5; 2020: 29.5) are directly responsible for the design, management, delivery and monitoring of programmes and for managing local and UK partnerships. The remaining staff supports were employed in Finance, HR, Operations, and Communication and External Affairs services. UK staff also include the executive management team. Local staff that are located overseas are deemed to be direct programme costs and thereby accounted for in this manner.

Staff costs totalled £3.4 million in 2020-21 (2019-20: £3.2 million).

Current staffing levels in most UK teams are considered appropriate and any changes in 2020-21 will be linked to changes in funding levels, this is linked to going concern as per Note 1.3 below.

Other operating costs and investment

Other operating costs (£0.9 million) represent 6% of total expenditure. WFD continued to develop and enhance core systems and processes under the Building for the

Future programme. In March a licence agreement was signed for new HQ premises which will reduce annual occupancy charges by £150,000. This is a reduction in annual occupancy charges from £420k to £270k.

Financial position and liquidity

Total net assets increased by £0.1 million to £0.8 million at 31 March 2021.

During the year, WFD cash and cash equivalents increased by £1.1 million to £2.3 million at 31 March 2021 (2020: £1.2 million). Please see the Statement of Cash Flows in the Financial Statements for further analysis.

In May 2021, FCDO communicated a £1.4 million reduction (21%) in overall GIA/IAP core funding to WFD for 2021-22 compared to 2020-21.

There are strong indications that this reduction to central grants is a temporary measure. It is WFD's expectation that funding will be restored in the medium term.

WFD's approved budget for the next financial year has incorporated the funding cuts above and the continued likely impact of the COVID-19 pandemic. Programmes have been recalibrated and redesigned to take account of the changing environment that WFD is expected to operate in. This required more programmes to be provided on line or taking into consideration other social distance measures. Some country specific and thematic programmes have been curtailed. Central costs (including accommodation) have been reduced.

FCDO as our sponsor department continues to provide assurance that WFD is a going concern for the period

of at least 12 months from the date that these accounts have been authorised.

Regularity of expenditure

In spending public money, WFD operates in accordance with the principles of HM Treasury's Managing Public Money (MPM). There were no financial irregularities to report.

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 2020-21, the average time taken to pay invoices was 12.5 calendar days (2019-20: 12.8 calendar days). 96% 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 36.8 days (2020: 35.9 days).



On behalf of the board

Anthony Smith,

Chief Executive and Accounting Officer

14 July 2021

Governors' 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 the entity's objectives

Board of Governors

Governors who served on the Board of the Westminster Foundation for Democracy Limited during the year ending 31 March 2021 and who were Directors under the Companies Act 2006 were:

Board member	Appointment in the year	Resignation in the year	Appointment ends
Rushanara Ali MP (Vice Chair)			30-Jan-22
Mark Babington			23-Oct-21
Louise Collings (ex-officio)		2-Dec-20	
Patrick Grady MP		23-Mar-21	
Richard Graham MP (Chair)			22-Apr-24
Rt Hon Dame Margaret Hodge MP		17-Jun-20	
Thomas Hughes			24-Apr-23
Susan Inghis (Vice Chair)			24-Apr-23
Christine Jardine MP	28-Feb-20		28-Feb-23
Joyti Mackintosh (ex-officio)	2-Dec-20		N/A
Rt Hon Maria Miller MP	5-Nov-20		4-Nov-23
Anthony Smith (ex-officio)			N/A
Simon Walker			6-Dec-21

During the reporting period, Richard Graham, Sue English and Thomas Hughes were re-appointed for a second three year term of office. The office of Company Secretary continued to be held by Christopher Lane, who was appointed on 29 November 2018.

WFD's Finance Director, Joyti Mackintosh, has attended relevant meetings of the Board and Audit & Risk Assurance Committee since her appointment in October 2019. Joyti was formally appointed as WFD's second ex-officio executive Board member in December 2020, replacing Louise Collings.

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 or at WFD's registered office with 24 hours' notice.

Since the end of the financial year 2020/21, Brendan O'Hara MP and the Rt Hon Harriet Harman QC MP were appointed as Board members by the Foreign Secretary, effective 1 May 2021 and Joyti Mackintosh has notified WFD of her resignation.

Audit and Risk Assurance Committee

During the year ending 31 March 2021, membership of WFD's Audit and Risk Assurance Committee comprised:

Mark Babington	Chair
Khalid Hamid	Co-opted Member. Appointed 27 May 2020
Simon Walker	Board Member

Personal data

In 2020/21, there were no personal data related incidents reported to the Information Commissioner's Office.

Statement of Governors' and Accounting Officer's responsibilities

In accordance with Company Law and with the Memorandum and Articles of Association, the Governors (who are also the directors of the Westminster Foundation for Democracy for the purposes of company law) 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 & Development Affairs and relevant International Financial Reporting Standards.

Within the terms and conditions of a Framework Agreement signed on behalf of the Foreign, Commonwealth and Development Office and the Governors of WFD in 2020, the Governors, through the Chief Executive, are required

to prepare financial statements for each financial year on an accruals basis. This gives 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 Governors and the Accounting Officer are required to comply with the requirements of the Companies Act and the Government Financial Reporting Manual and to:

- a. observe the Accounts Direction issued by the Secretary of State for Foreign, Commonwealth & 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 accounting 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 Governors 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 to 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 & Development Affairs and relevant International Financial Reporting Standards;
- the assets of WFD are safeguarded and for taking reasonable steps for 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 & 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 Governors 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

Sections 5 of the Framework Agreement defines the Permanent Under-Secretary for Foreign, Commonwealth & 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 the HM Treasury.

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

Statement of disclosure to our auditors

In so far as the Governors and the Accounting Officer are aware at the time of approving our Governors' 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 Governors and the Accounting Officer, having made enquiries of fellow directors and WFD's auditor that they ought to have individually taken, 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 & Auditor General is the statutory auditor for the accounts of WFD.

Approved and signed on behalf of the Board on 14 July 2021



Mark Babington
Governor



Anthony Smith
Chief Executive and
Accounting Officer

Accountability Report

Governance statement

Scope of responsibility

As Accounting Officer of the Westminster Foundation for Democracy Limited, (WFD) 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 & 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 Strategic Framework, Annual Plan, priorities, and associated risks are discussed regularly in my meetings with the FCDO.

During this reporting period, WFD finalised delivery of an ambitious "*Building for the Future*" change programme to expand and upgrade WFD's organisational systems and processes. This investment was designed to save staff hours, provide improved assurance to donors and give staff better tools to deliver quality programmes. More information on this change programme is set out below.

The Governance framework

The relationship between WFD and the FCDO is specified in the Framework Agreement signed on behalf of the (then) Foreign & Commonwealth Office and WFD in May 2020. The new Framework Agreement replaces the 2013 Management Statement and provides an updated framework for the governance relationship between WFD and the FCDO founded on clear expectations, structured oversight accountability processes and improved collaboration. 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 & Commonwealth Affairs or the Foreign & Commonwealth Office are deemed to be references to the Secretary of State for Foreign, Commonwealth & Development Affairs and the Foreign, Commonwealth & Development Office. WFD continues to be guided by the principles set out in HM Treasury's Audit Committee Handbook and complies with, where applicable, with the 'Corporate governance in central departments: code of good practice 2017' published by HM Treasury and the Cabinet Office. which is intended for the boards of government departments. 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, comprised of unremunerated

Governors serving with two ex-officio executive members. However, WFD complies with a wide range of principles of the central government code, except that, rather than arranging a formal and rigorous annual board performance evaluation, it arranged an externally facilitated board effectiveness review in 2019 and will repeat this exercise every two years. In 2020, the Board completed a self-evaluation exercise. This exercise was facilitated by the Chair and the Company Secretary and encouraged collective reflection on topics such as strategy and implementation, collective responsibility, timely monitoring and evaluation, assurance on delivery partner risks and decision making and clear line of sight into the organisation's work. In addition, all Board members are asked to complete an individual appraisal with the Chair at least once in each three-year term. The code's other principles are less directly applicable as WFD is not a ministerial department; it is established as a mid-sized company limited by guarantee, which means the company and its directors act in accordance with the requirements of company law. The principles in section 6 are relevant to arms-length bodies such as WFD, but they are principally a matter for the FCDO.

Accountability within WFD is overseen and exercised through the Board and its 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, and several times informally, including but not limited to extraordinary Board discussions focused on WFD's response to

the COVID-19 pandemic, strategy, and the situation in Myanmar. The average attendance by Board members at meetings they were entitled to attend during the period was 85%, excluding one ex-officio Board member who was on maternity leave throughout. 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 Strategic Framework, and received regular progress reports on the implementation of the Annual Plan and budget.

During the period, WFD entered into multi-year Partnership Agreements with the Conservative Party, Labour Party, and SNP Westminster Parliamentary Group in relation to their political party programmes. 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

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, BDO

LLP, which undertakes the audit on behalf of NAO. It 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 Audit were able to provide an overall opinion of Reasonable Assurance in respect of governance, risk management, and internal controls reflecting the work of the foundation to build capacity and internal controls to reflect the increasing scale and complexity of our work. 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.

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

- Regularly reviewing the funding outlook and budget scenarios and considering matters related to WFD's sustainability as a going concern;
- Scrutinising the implementation of WFD's Building for the Future change programme, which completed during the period;
- Reviewing management information on organisational performance and the Corporate Risk Register;
- Overseeing an internal audit programme to examine

key risks and business practices, including reviewing audits reports during the period on business continuity planning, cyber security, internal controls environment, and safety and security.

- 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
- Monitoring audit recommendations and ensuring follow-up specifically considering the impact of reduced funding on going concern and assess the effectiveness of measures to mitigate this.

The Programme Quality Committee

The Programme Quality Committee maintains 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 is chaired by Thomas Hughes.

During the year, the Committee met four times. The Committee:

- 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;
- Discussed challenges and opportunities for specific programmes;
- Scrutinised WFD's approach to adaptation, in response to COVID-19, and changes in its network during the period;

- Monitored the outcomes of key programme-related evaluations, including in relation to its Commonwealth and Inclusive & Accountable Politics programmes; and
- Reviewed WFD's approach to thematic work, including openness and participation, environmental democracy, elections, and political inclusion.

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 & safety, safeguarding, and security. The Committee meets twice per year. The Committee is 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 Patrick Grady MP who has now stepped down from the WFD Board at the end of his term of office.

At its two meetings during the period, the Committee:

- Scrutinised WFD's response to the COVID-19 pandemic, which prioritised the safety and wellbeing of staff and partners;
- Considered matters relating to staff engagement and Management/staff communications;
- Reviewed arrangements for CEO performance management;
- Discussed WFD's plans for its London office move and transition to an agile working model;
- Reviewed WFD's ongoing approach to implementing its Code of Conduct and Safeguarding Policy, particularly in the context of a digital environment; and
- Discussed terms and conditions, the gender pay gap, and managing workload pressures.

The committee structures reporting through to the Board have been clearly defined and the terms of reference, membership, and reporting arrangements are reviewed annually as part of the Governance Handbook. The Governance Handbook also covers the role of the Executive Management Committee (EMC), chaired by the CEO and consisting of WFD's leadership and senior managers. The EMC provides strategic leadership to the Foundation and acts as the overall decision-making body under delegated authority from the Board. The EMC oversees and takes any relevant decisions in relation to planning and resources, performance, people, external affairs, and assurance.

Board member	Board	Audit & Risk Committee	Programme Quality Committee	People Committee
Rushanara Ali MP	3/4		0/4	
Mark Babington	4/4	5/5		2/2
Louise Collings (ex-officio) *	0/3			
Patrick Grady MP	4/4			2/2
Richard Graham MP	4/4			
Rt Hon Dame Margaret Hodge MP	0/1	0/1		
Thomas Hughes	4/4		4/4	
Susan Inghish	4/4			
Christine Jardine MP	4/4		2/4	
Joyti Mackintosh (ex-officio) *	1/1	1/1		
Rt Hon Maria Miller MP	1/2			
Anthony Smith (ex-officio)	4/4	5/5	4/4	2/2
Simon Walker	4/4	5/5		

*Joyti Mackintosh, Finance Director, attended all Board and Audit & Risk Assurance Committee meetings during the period but was only formally appointed by the Foreign Secretary as a Board member in December 2020, replacing Louise Collings as the executive Finance lead. Louise Collings was on maternity leave throughout the period.

During the period, Khalid Hamid joined the Audit and Risk Committee on 27th May 2020; Atish Gonsalves and Helen Mealins joined the Programme Quality Committee on 15th and 30th April 2020 respectively; and Alison Fowler and Jennifer Kelly joined the People Committee on 15 September and 6 October 2020, respectively.

Key Risks

During the year, the Board and Audit & Risk Assurance Committee 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. The Corporate Register comprised the same eight risks throughout the period, although risk ratings and mitigation activities varied throughout. During the period, WFD's Management also monitored four operational risk sub-registers covering Governance, Operations, Resourcing, and Programmes, and a bespoke risk register for each WFD-funded programme.

Throughout the year, in the context of the COVID-19 pandemic, WFD primarily focused on three of the strategic risks in the Register: **funding**, delivering **quality and impact**, and **health, safety and security**.

Due to the unprecedented challenges presented by the pandemic and the impact on UK public finances, like many government departments and public bodies, funding has been more challenging than forecast. WFD was asked by the Government to deliver in-year savings in 2020-21 and experienced delays in confirming its funding allocation for the period 2021-22. This followed the announced decrease in aid expenditure from 0.7% to 0.5% GNI. Also, the publication of the Integrated Review of Security, Defence, Development and Foreign Policy to consider the government's vision for the UK's role in the world over the next decade. In addition, other third party funding opportunities failed to materialise or were lower value

than originally forecast. Accordingly, WFD has acted to reduce corporate costs, rationalise its network, and scale back some programme implementation, whilst protecting its core capabilities in London and strategic locations around the world, to support an anticipated up-scale of programming in future periods.

Notwithstanding the challenges presented by COVID-19 in all WFD locations, WFD has adapted its programmes to maintain the high levels of **quality and impact** associated with WFD. WFD acted rapidly to re-align outcomes and outputs to the needs of donors and partners in the pandemic context and facilitate live events or activities which were delivered in a COVID-secure manner, whether physically, digitally, or in a hybrid format. WFD has invested in new digital platforms and tools and developed internal capacity around their deployment. Importantly, the strengthened system and processes introduced as part of WFD's Building for the Future change programme, together with a robust Business Continuity Plan and Pandemic Response Plan, helped to ensure that WFD could successfully maintain its core operations throughout the period.

At the outset of the pandemic, WFD established a clear priority to protect the **health, safety, and wellbeing** of staff and partners. WFD equipped its staff to work effectively from home, providing additional support and equipment as required. WFD's London office was adapted to be COVID-Secure. Internal guidelines were issued to set standards for Safe Offices, Meetings, and Events around the world, supported by a new approvals and risk

assessment process for larger events or activities. Due to the heightened risks involved, during the period international and domestic business travel was restricted to that considered essential. This resulted in a decrease in anticipated international travel of around 90%. WFD also issued guidance to staff on pastoral care for their reports during this difficult time.

Strategic risk	Key risk management
Governance	
<p>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</p>	<ul style="list-style-type: none"> • <i>5-year Strategic Framework adopted by Board.</i> • <i>Process to develop a new multi-year strategy for 2022 onwards commissioned</i> • <i>Annual Plan adopted, with regular reporting against key deliverables and KPIs.</i> • <i>Formal Board and Committee meetings scheduled a year ahead, carried out online, supplemented by a Board away day.</i> • <i>Formal EMC meetings scheduled a year ahead, with a quarterly stand-back strategic session.</i> • <i>Second Board Effectiveness Self-Assessment completed in 2020 and new individual Board member/Chair appraisals completed.</i> • <i>New and improved Framework Agreement signed with FCDO.</i> • <i>Governance Handbook provides clarity on governance roles/responsibilities.</i> • <i>Five new independent committee members co-opted to the three Board committees</i> • <i>Tailored Reviews commissioned by FCDO</i>
<p>WFD's reputation is materially damaged by failure to monitor for or respond to unexpected events</p>	<ul style="list-style-type: none"> • <i>Adopted a communication strategy that aids informed awareness of WFD's activities within stakeholders and focuses on outcomes and key programme deliverables in its messaging, in event of adverse publicity either directly or across our sector.</i> • <i>Maintain relations with network of media contacts to ensure quick notification of adverse issues and develop interim holding responses.</i> • <i>Pandemic plan developed to address coronavirus related issues and business continuity planning underway, approach linked to HMG/FCDO advice.</i>

Operational

Loss or misuse of funds under WFD management could expose WFD to reputational harm, legal/regulatory action, and/or a deterioration in its reserves

- *Staff intranet includes a one-stop shop of accessible policies, toolkits, due diligence assessments, templates, and incident management procedures.*
- *Basic orientation provided to all staff on key policies during induction and in-depth training provided to all staff on key compliance issues*
- *Vetting checks and due diligence carried out on all new staff, consultants/experts, suppliers, and partners.*
- *Standard contracts include a partner/consultant pack including summaries of key WFD policies and recommended online training.*
- *Code of Conduct notified to all staff, experts, partners, and event participants, plus Reporting Concerns Policy.*
- *Updated WFD Counter Fraud Strategy and Procurement Policy.*
- *IT security upgrades implemented to reduce risk of phishing, infiltration, fraud, and data breaches*
- *Finance system, Business Central, provides robust document-storage and approvals*
- *Standard financial controls implemented and checked via annual controls self-assessment exercise, annual compliance declaration, and targeted internal audit, monitored by Compliance sub-committee.*
- *Regular scrutiny from ARC, supported by internal audit.*

Operational (continued)

WFD's reputation amongst stakeholders suffers material damage owing to poor control over the behaviour and standards of the organisation, including in relation to safeguarding staff and beneficiaries, and compliance with applicable laws

- *Code of Conduct and Reporting Concerns Policy adopted and notified.*
- *Contract templates ensure suppliers/experts/partners are bound to comply with WFD Code of Conduct and Reporting Concerns Policy, and requested to complete online course.*
- *New partnership agreements with PPOs include Code of Conduct and similar standards.*
- *Rigorous selection and due diligence procedures enforced for new staff and consultants/experts.*
- *Senior WFD staff received specialist training on prevention and response of safeguarding incidents.*
- *All staff invited to Safeguarding Essentials training delivered via webinars*
- *Senior WFD staff completed diversity and inclusion training and all staff invited to unconscious bias training*
- *WFD Board members trained on Code of Conduct and Safeguarding Policy*
- *Safer Events Risk Assessment and Checklist deployed for events involving young people or vulnerable adults*
- *Compliance Working Group monitors Compliance Tracker, Annual Declarations, and Annual Self-Assessments.*
- *Regular scrutiny from People Committee*

Operational (continued)

Inadequate systems and processes reduce productivity and efficiency, which can lead to reduced staff morale, poor value for money, and increased exposure to business disruptions, thereby reducing our impact.

- *“Building for the Future” change programme delivered, with each change project based on a change case and benefits realisation plan, including across the period 2019-20 and 20-21 a new:*
 - *Vetting and due diligence solution*
 - *Evidence & Impact Hub delivered to expand collection of programme data for MEL purposes.*
 - *HR (People HR) and Finance (Business Central) systems successfully implemented*
 - *Internal collaboration and communication tool (MS Teams) introduced.*
 - *Policy & Practice Hub, Programme Management Hub, and Knowledge Hub introduced to collate best practice and learning.*
 - *IT security upgrades, including multi-factor authentication, mobile device management, and advanced threat protection*
 - *Travel management platform, in partnership with Key Travel*
 - *Programme Approvals & Information System*
- *A new Expert Roster was introduced to streamline the sourcing and deployment of experts.*
- *During the period, work also started on developing a new digital learning platform and a new WFD website.*
- *Regular reporting to and scrutiny from the ARC, supported by internal audit.*

Operational (continued)

Threats to the general health, safety, security, and wellbeing of WFD staff, contractors, or participants could lead to individuals suffering mental or physical harm, damage to WFD's reputation, legal action, and breach of donor agreements

- *Safety & Security Policy and Crisis Management Plan adopted.*
- *Threat Assessment exercise carried out for all countries of interest to WFD, reviewed bi-monthly by Security Working Group.*
- *Security Approach mandates a risk-based approach to (a) Country Office Local Security Plans, and (b) traveller safety, each guided by WFD's Safety & Security Guidelines.*
- *All Country Offices have an updated Local Security Plan and/or Welcome Pack.*
- *IT security upgrades delivered to protect against cyber-security risks.*
- *Travel insurance in place and health insurance for staff in countries with poor quality local provision.*
- *Schillings security database and daily updates in place.*
- *Pre-departure briefings given for all high-risk travel.*
- *Recommended e-learning course adopted as basic training offer for staff and consultants, with hostile environment training commissioned as required.*
- *Pandemic Response Plan developed to address increased health & safety risks associated with COVID-19.*
- *Regular scrutiny from ARC and People Committee, supported by internal audit.*

Programming

WFD fails to deliver programmes of sufficient quality and relevance, or inadequately monitors, measures, and evidences impact

- *External effort towards political engagement, stakeholder management, schedule of thematic events, strong research partnerships with respected institutions, strengthened communications strategy.*
- *Programmes utilise political economy analysis to drive programme design and delivery, underpinned by rigorous outcome mapping and monitoring of progress markers, together with case studies*
- *Managed and supported pivot to digital delivery, guided by a Digital Action Plan, including e-learning, online events, and hybrid activities - supported by a new Digital Partner Panel, digital platform, and tools*
- *Programme Approvals and Information System introduced to improve visibility of bids/proposals and active programmes.*
- *Monthly reporting on the Annual Plan (Key Deliverables, KPIs) and Critical Programme Dashboard to EMC and quarterly to Board and Programme Quality Committee*
- *Impact & Innovation Awards introduced.*
- *Programme Performance Review process ensures quarterly review of all programmes, with Programme Improvement Plans introduced where necessary and monitored by EMC.*
- *PQC provides further scrutiny of programme implementation/discussion of underperforming programmes, and if necessary reported upwards to Board meetings.*
- *Evidence & Impact Hub to facilitate collection and analysis of data and Programme Management Hub introduced as a support resource for programme staff, with learning pathways, tools, templates, and a requirement to complete the PMD Pro course.*

Resourcing

Inability to maintain adequate funding over the short, medium or long term (3-5 years), could result in liquidity - or sustainability challenges - undermining our ability to achieve impact

- *Strategic engagement with FCDO and posts*
- *Successful management of key HMG Framework Agreements (e.g. CSSF, IMDP).*
- *Expanded Business Development Team and new system (Programme Approvals & Information System) supports planning, monitoring, and coordination of prospecting, high quality bids, and full cost recovery.*
- *Dynamic in-year forecasting and processes to monitor spend, with monthly EMC reporting and quarterly Board and ARC scrutiny.*
- *Financial models and scenario planning commissioned*

Risk management

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, 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.

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 Executive Management Committee (EMC) 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 EMC agenda. The four sub-registers, covering Governance, Operations, Programmes and Resourcing, are reviewed periodically by risk owners.

The Board's responsibility is supported through the sub-committees of the Board, with appropriate membership or input from members of the EMC. 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 Strategic Framework for 2017-22, and its Annual Plan and Budget; and to its donors on programme-related risks as required.

The EMC 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 Corporate 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 scrutiny, risk-assessed, and actively performance managed.
- Enforcing a requirement for all new programme proposals to include a 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 several standard risk categories, namely Context, Delivery, Safeguarding, Operational, Fiduciary, Reputational. The programme risks are constantly monitored and effectiveness of mitigation actions are reviewed regularly using the “three lines of defence” methodology.

- 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.
- Establishing EMC Working Groups, from time to time, to ensure a coordinated, multi-disciplinary approach to tackling key risk areas, such as office restructures or closures, local compliance and security.
- Adopting and regularly updating preparedness and contingency plans for key risk areas such as business continuity, local safety and security plans, and fraud and corruption.

The EMC has also directly overseen critical cross-organisational initiatives that have contributed and will continue to contribute to an infrastructure in which risks can be well-managed. During the period, WFD expanded the use of its new or upgraded systems and processes, including its new Evidence & Impact Hub, HR system, finance system, and communications tool (MS Teams) - all introduced as part of its “Building for the Future” programme. This change programme completed in this financial year

following the launch of a travel management platform, upgraded IT security defences, and a new Programme Approvals & Information System. These investments are expected to result in significant efficiencies and improved operational effectiveness. WFD is tracking these benefits to demonstrate the value of this investment over time. In addition, as part of its “Stronger Culture” initiative, WFD took steps to promote its Code of Conduct and Reporting Concerns Policy, launched a new internal learning and development agenda - including an organisation-wide Management Development Programme - and took steps to develop an agile working model, supported by a well-being programme, for the post-pandemic 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.

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 is currently provided by Crowe LLP.

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 the 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 to 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, building on previous audit work and guided by a risk-based approach in the context of the pandemic, internal audit efforts focused on providing assurance on safety and security, including our pandemic response, and the internal controls environment. Both audit reports indicated "Substantial Assurance". Crowe LLP also carried out an advisory assignment in relation to the ex DFID Inclusive & Accountable Politics grant and delivered a training session to staff on value for money.

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 2020 to 31 March 2021.

Overall, Crowe LLP considered that generally there is a sound system of internal control, risk management and governance designed to meet the organisation's objectives, and controls are generally being applied consistently. 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 have been implemented during the period, some in the next period.

I am satisfied that an effective system of internal control has been in place at WFD throughout the year ended 31 March 2021 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.



Anthony Smith

Chief Executive and
Accounting Officer

14 July 2021

Remuneration and staff report

This report provides details of the remuneration, service contracts, and pensions for WFD's senior civil servants ("SCS") and Governors. 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 2021.

In year, SCS remuneration for the Chief Executive, the Director of Programmes and the Director of Strategy was reviewed. 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 2021, WFD's SCS were awarded a 1% consolidated increase. This is in line with the approved SCS pay award across the wider UK Government. The Director of Programmes and Director of Strategy also each received non-consolidated performance related payments of £2,200 in 2020-21, based on their performance in the prior year, 2019-20.

Governor and SCS remuneration and pensions

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

	Salary £000		Bonus payments £000		Pension benefits' (to nearest £000)		Total £000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Anthony Smith	100-105	100-105	-	0-5	48	6	150-155	105-110
Devin O'Shaughnessy	80-85	80-85	0-5	0-5	32	31	115-120	110-115
Shannon O'Connell	50-55 (75-80)	-	0-5	-	19	-	75-80 (105-110)	-
Joyti Mackintosh	20-25 (65-70)	-	-	-	12	-	35-40 (100-105)	-
Louise Collings	45-50 (65-70)	65-70	0-5	0-5	14	25	65-70 (90-95)	90-95

Shannon O'Connell received temporary promotion to SCS on 20th July 2020. Joyti Mackintosh was appointed as a Board member on 2nd December 2020, replacing Louise Collings. Salary figures above are pro-rated to reflect the period that each individual was a member of the board. Full year equivalents are shown in brackets.

In the table above, the figures shown in brackets refer to 2019/20 whereby these senior managers were not formally in these posts for this full period. There were no benefits-in-kind paid to staff in the year (2019-20: £nil).

Governors did not receive any remuneration or benefits-in-kind in respect of their roles during the period 2020-21.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation at the reporting period end date and the median remuneration of the organisation's workforce.

The following table has been subject to audit.

	2020-21	2019-20
Mid-point of highest paid employee's total remuneration £000 ²	102.5	102.5
Median total remuneration £	44,092	42,988
Ratio	2.32	2.38

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

² See 'Governor and SCS remuneration and pensions' table above.

In 2020-21 no employees (2019-20: Nil) received remuneration in excess of the highest paid director. Remuneration ranged from £25,000 to £102,500 (2019-20: £25,000 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.

Compensation for loss of office (audited)

During the year, no compensation was paid to staff members for loss of office (2019-20: Nil).

Pension benefits at 31 March 2021

The following table is subject to audit.

	Accrued pension at pension age as at 31 March 2021 and related lump sum	Real change in pension and related lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020	Real change in CETV
	£'000	£'000	£'000	£'000	£'000
Anthony Smith	40 -45 plus a lump sum of 130-135	0-2.5 plus a lump sum of 5-7.5	1,023	982	51
Devin O'Shaughnessy	5 -10	0-2.5	104	80	15
Shannon O'Connell	5-10	0-2.5	81	56	16
Joyti Mackintosh	15-20 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	315	279	22
Louise Collings	5-10	0-2.5	46	33	7

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.

Governors

Governors are appointed by the Secretary of State for the Foreign and Commonwealth Development Office for a term of three years. Appointments can be renewed for a maximum of three consecutive terms (nine 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 Governor’s Report on page 46.

Staff report

Staff numbers and composition

The breakdown of each gender as at 31 March 2021 was as follows:

	Female	Male
Governors	4	4
Senior civil service staff	1	2
UK staff	30.5	16.7
Rest of world staff	57.6	48.6

Organisational structure

UK based staff are organised into regional operational teams covering Africa, Europe and Central Asia, Middle East and North Africa (MENA), Asia, and Latin America. These teams are led by Regional Directors responsible for strategy, policy, business development and high-level engagement with strategic partners and stakeholders. Programme management, communications, monitoring and evaluation, finance, HR and operational team support, as well as specialist technical advice is provided by WFD’s London office.

As at 31 March 2021, WFD employed 50.2 full-time equivalent staff in the UK (2020: 46.5), of whom 33.5(2020: 29.5) were directly responsible for the design, management and delivery of programmes and for managing local and UK partnerships.

Overseas arrangements are continually assessed and determined by the scale and complexity of the programming. Most follow the model of a Country Representative leading a country 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 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 2021, there were 106.2 full-time equivalent appointments overseas (2020: 104.4).

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

- The finance review on page 100; and
- Note 4 of the financial statements

Performance management and engagement

Each member of staff has their performance appraised annually against agreed objectives and behavioural competencies. 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 2020-21 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 also provided opportunity to receive feedback from staff on a range of organisational matters. WFD internal communications agenda continues to be integral this year. This further contributes to stronger engagement with staff on WFD programme achievements and organisational progress.

Expertise

WFD's Technical Advisory Unit (TAU) provides in-house expertise on parliaments, governance, gender and inclusion, human rights, elections, transparency and environmental democracy. The TAU also enhances programme design, directly delivering aspects of WFD programmes and contributing to WFD's research programme.

In 2020-21, WFD's Research programme continued to fill evidence gaps around democracy assistance and to build WFD's profile for thought leadership. WFD's work on 'doing development democratically' - encouraging development practitioners to work with, rather than around, democratic institutions - was published in the Journal of Democracy in January 2021 and continues to gain traction both in the UK and abroad. WFD's research also featured in mainstream media, with The Economist highlighting our cost of politics work, particularly our recent study in Uganda, in a February 2021 article about rising political costs in sub-Saharan Africa. Lastly, WFD's continued collaboration with the University of Birmingham and the Developmental Leadership Programme (DLP) resulted in a study on "Legislative Leadership in

the time of COVID-19," revealing some of the positive and negative implications the pandemic had for parliamentary oversight and inclusive governance.

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

Learning and development

WFD's new 3-year learning and development strategy was launched in 2019/20 providing a more focused and inclusive learning agenda. Phase one (October 2019 - September 2020) and phase two (October 2020 - June 2021) of the strategy targeted skills and knowledge development on our 6 core behavioural competency areas, as well as programme management, safeguarding, management development, equality, diversity and inclusion, staff safety, security and wellbeing, and a range of development opportunity to support staff in the shift to digital delivery.

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, to make clear what our donors and partners can expect when working with WFD. These values

are Excellence, People-Focused, Integrity & Accountability and Mission-Oriented. Our values have been embedded in a number of key HR policies and procedures, including recruitment & selection and performance management. These are being promoted through a new 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 whistle-blowing policy) and response procedures are expected to used staff if they witness or experience any unethical or inappropriate behaviour by colleagues or external stakeholders.

Equal opportunities

WFD observes all aspects of the Equality Act 2010 and is committed to be an equal opportunities employer. Our aim is there will be no discrimination of any kind against any person on the grounds of age, colour, disability, ethnicity, gender, 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.

Equality of opportunity and remuneration are priorities 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 2021, the figures showed that women slightly out-earned men in one out of six delegated pay grades, and are on equal pay as male colleagues at one grade. A comparison was not possible at grade A2 as there were no staff employed at that level. At an overall level, gender pay gap on 31 March 2021 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 applications from disabled candidates 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.

WFD has implemented a range of operational actions following the outbreak of COVID-19 and the management

of the pandemic, to ensure they continued to meet their duty of care requirements for their staff. This included a swift response to office closures internationally and compliance with local public health advice such as social distancing measures and restricted travel and shifting to remote working for all staff.

Sickness absence

WFD recorded 128.5 days of staff sickness absence across UK and overseas offices in 2020-21, this was 158.5 days in 2019-20. This equated to 0.8 days of average sickness absence per FTE, 1.1 days per FTE in 2019-20.

Off payroll engagements

There were no off payroll engagements in the current or prior year.

Expenditure on temporary staff

During the year, WFD employed on average 2.2 UK temporary full time equivalent staff, 2.8 FTE in 2019-20. The total cost was £107k. In 2019-20 total cost was £129k.

Staff costs

The following table is subject to audit.

	Permanently employed staff £	Others £	2021 £ Total	2020 £ Total
Wages and salaries	2,468,598	106,719	2,575,317	2,427,169
Social security costs	261,863	-	261,863	242,824
Pension costs	571,925	-	571,925	485,524
Total net costs	3,302,386	106,719	3,409,105	3,155,517

Direct expenditure on WFD projects includes overseas locally engaged staff £2.3 million (2020: £2.1 million) and is included in Note 3.

The Governors did not receive any remuneration for their services. Travel costs of £nil (2019: £Nil) were reimbursed in the year.

Staff numbers

The following table is subject to audit.

The average number of employees (excluding Governors and vacancies) during the year was:

	2021	2020
Permanent - UK	49.4	47.6
Temporary - UK	2.2	2.8
Rest of World	101.5	96.9
	153.1	147.3

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 scheme. 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.

For 2020-21, employers' contributions of £492k were payable to the PCSPS and CSOPS (2020: £381k) at one of three rates in the range 27.1% 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 2020-21 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 2018-19. 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 2020-21, employers' contributions of £80k were payable

(2020: £100k). 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.

Parliamentary Accountability Disclosures

Losses, special payments and remote contingent liabilities

There were net realised foreign exchange losses totalling £98,666 in the year (2020 Loss £38,765).

There were no special payments made during the year.

There were no remote contingent liabilities during the year.



Anthony Smith

Chief Executive and
Accounting Officer

14 July 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of the Westminster Foundation for Democracy for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with 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 (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 have also elected to apply the ethical standards relevant to listed entities. I am independent of the Westminster Foundation for Democracy 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 opinion.

Material uncertainty relating to going concern

I draw attention to note 1.3 in the financial statements, which indicates that the continued uncertainty of the

pandemic means that there is a risk to the volume of government funding beyond July 2022. This context, combined with the planned utilisation of reserves during the 2021-22 financial year, results in an increased level of uncertainty beyond this date. As stated in note 1.3, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the WFD's ability to continue as a going concern. My opinion is not modified in respect of this matter.

In auditing the financial statements, I have concluded that the WFD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My responsibilities and the responsibilities of the Governors and Accounting Officer's with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Strategic Report and Governors' Report, but does not include the parts of the of the Accountability Report described in that report as having been audited, 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. In connection with my audit of the financial statements, 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 prescribed by the Companies Act 2006

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- the information given in the Strategic and Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Governors' Report have 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 and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Governors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in our 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 Accountability 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
- a corporate governance statement has not been prepared by the parent; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Governors and Accounting Officer for the financial statements

As explained more fully in the Governors' and Accounting Officer's Responsibilities Statement, the Governors and Accounting Officer are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.

- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company'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 Governors and the Accounting Officer either intend 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 certify, audit and report on the financial statements in accordance with the 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 report 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect

of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Westminster Foundation for Democracy's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Westminster Foundation for Democracy's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Westminster Foundation for Democracy's controls relating to the Companies Act 2006, the Framework Agreement with the Foreign, Commonwealth and Development Office and Managing Public Money.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management estimates;
- obtaining an understanding of Westminster Foundation

for Democracy's framework of authority as well as other legal and regulatory frameworks that the Westminster Foundation for Democracy operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Westminster Foundation for Democracy. The key laws and regulations I considered in this context included the Companies Act 2006, the Framework Agreement with the Foreign, Commonwealth and Development Office, Managing Public Money, employment law and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit & Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating 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, testing a sample of revenue from contracts with customers (including contract assets and liabilities) to supporting documentation; testing the bases and assumptions made in the calculation of contract assets and liabilities; reviewing the accounting treatment and disclosure for revenue.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams 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. This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions 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 that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

19th July 2021

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of comprehensive net expenditure for the year ended 31 March 2021

	Notes	31 March 2021 Total £	31 March 2020 Total £
INCOME			
Revenue from contracts with customers	2	11,293,936	12,934,872
TOTAL OPERATING INCOME		11,293,936	12,934,872
DIRECT EXPENDITURE			
Direct expenditure on WFD projects	3	(9,976,167)	(12,097,019)
		1,317,769	837,853

	Notes	31 March 2021 Total £	31 March 2020 Total £
OTHER EXPENDITURE			
Staff costs	4	(3,409,105)	(3,155,517)
Depreciation	6	(12,160)	(20,223)
Amortisation of right-of-use assets	10	(244,328)	(244,328)
Property costs		(146,062)	(142,121)
Office consumables		(101,938)	(176,921)
IT and systems		(290,126)	(298,104)
Other employee costs		(126,621)	(96,886)
Professional fees		(44,166)	(28,979)
Audit fees		(28,000)	(20,500)
TOTAL OTHER EXPENDITURE		(4,402,506)	(4,183,579)
NET OPERATING EXPENDITURE		(3,084,737)	(3,345,726)
Finance interest		90	481
Finance expense	10	(3,085)	(7,947)
NET EXPENDITURE FOR THE YEAR		(3,087,732)	(3,353,192)
Total other comprehensive expenditure		-	-
COMPREHENSIVE NET EXPENDITURE FOR THE YEAR		(3,087,732)	(3,353,192)

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

Income does not include grant-in-aid received in the year £3,243,000 (2020: £3,300,000). In accordance with Note 1.10

Grant-in-aid is accounted for through reserves.

Notes to the accounts are on page 128.

Statement of financial position at 31 March 2021

	Notes	31 March 2021 Total £	31 March 2020 Total £
NON-CURRENT ASSETS			
Property, plant and equipment	6	-	23,459
Right-of-use assets	10	-	244,328
TOTAL NON-CURRENT ASSETS		-	267,787
CURRENT ASSETS			
Trade receivables and other current assets	7	1,387,889	2,189,180
Cash at bank and in-hand		2,291,936	1,236,046
TOTAL CURRENT ASSETS		3,679,825	3,425,226

	Notes	31 March 2021 Total £	31 March 2020 Total £
CURRENT LIABILITIES			
Trade payables and other current liabilities	8	(2,807,613)	(2,704,060)
Provisions	11	(7,151)	(32,401)
Lease Liability	10	-	(246,759)
TOTAL CURRENT LIABILITIES		(2,814,764)	(2,983,220)
TOTAL NET ASSETS		865,061	709,793

TAXPAYERS' EQUITY			
General fund	13	865,061	709,793
Total equity		865,061	709,793

Notes to the accounts are on pages 128 to 160.

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

The accounts were approved and authorised for issue by the Board on 14 July 2021



Mark Babington
Chair Audit and Risk
Assurance Committee



Anthony Smith
Chief Executive and
Accounting Officer

Statement of cash flows for the year ended 31 March 2021

	Notes	31 March 2021 Total £	31 March 2020 Total £
CASHFLOWS FROM OPERATING ACTIVITIES			
Net operating expenditure for the year		(3,084,737)	(3,345,726)
Adjustment for depreciation	6	12,160	20,223
Adjustment for amortisation of leases	10	244,328	244,328
Adjustment for loss on disposal of fixed assets		8,868	-
Decrease/(increase) in trade receivables and other current assets	7	801,291	(491,512)
Increase/(decrease) increase in trade payables and other current liabilities	8	103,553	(396,433)
(Decrease) in provisions	11	(25,250)	-
Net cash outflow from operating activities		(1,939,787)	(3,969,120)

	Notes	31 March 2021 Total £	31 March 2020 Total £
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of non-financial assets	6	-	(10,942)
Interest received		90	481
Net cash inflow/(outflow) from investing activities		90	(10,461)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant-in-aid from FCDO		3,243,000	3,300,000
Capital element of payments of lease liability		(244,328)	(241,897)
Interest expense on lease liabilities		(3,085)	(7,947)
Net cash inflow from financing activities		2,995,587	3,500,156
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		1,055,890	(929,425)
Cash and cash equivalents at the beginning of the period		1,236,046	2,165,471
Cash and cash equivalents at the end of the period		2,291,936	1,236,046

Notes to the accounts are on page 128.

Statement of changes in taxpayers' equity for the year ended 31 March 2021

General Fund	Total £
Balances at 31 March 2019	762,985
Comprehensive net expenditure for the year	(3,353,192)
Grant-in-aid from FCDO	3,300,000
Balances as at 31st March 2020	709,793
Comprehensive net expenditure during the year	(3,087,732)
Grant-in-aid from FCDO	3,243,000
Balances as at 31st March 2021	865,061

Notes to the accounts are on page 128.

Notes to the financial statements

1. Accounting policies

1.1. Basis of accounting

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

1.2. 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 for a period of at least one year from the date of the annual report being approved for issue. It is, therefore, appropriate for the Foundation to adopt the going concern basis of accounting. In making this assessment, the Board considered the impact of the following factors.

HM Government's review of foreign, defence, security and development policy concluded that support for open

societies should be a higher priority for the UK in the future. Given the close relationship between that priority and WFD's work, the commitments section of the Review made specific reference to WFD as a vehicle for implementing the findings of the Review.

While specific medium-term financial commitments to this agenda and to WFD in particular cannot be made until the next Spending Review has been completed later in 2021, the policy framework that is being developed at global and at country level has already begun to reflect this priority.

For the 2021-22 financial year, WFD are able to absorb the 21% reduction in its two centrally-managed FCDO grants without reducing its capability to respond to an increased focus on the open societies priority. This reduction in funding, is as a result of the government's temporary reduction in the official development assistance from 0.7 per cent of GNI to 0.5 per cent as a result of the Covid-19 pandemic. As part of the budgetary plan, WFD is expected to utilise some of its reserves to ensure the current operating model is maintained. The Foundation will also continue to bid for funding from third parties. In 2021-22 this accounts for 52 per cent of the budget set by the Board. At the time that the annual report was approved for issue the Foundation had already secured 83% of this.

WFD has successfully adapted its delivery mechanisms to enable extensive programming using a combination of online and in person modalities. Its country office staff have maintained strong relationships with stakeholders

while its digital capability is enabling a range of successful online engagements. This means that WFD will be able to make strong proposals for and effectively manage additional programming as funding stabilises and possibly grows in future years.

FCDO have provided a Letter of Comfort to WFD noting that it will continue to support WFD by providing adequate financial assistance (as needed) to enable WFD to continue operating as a going concern for at least a period of twelve months from the date the accounts are certified by the C&AG.

Beyond, this point, as in every previous financial year, FCDO provide the main grant allocation on an annual basis. WFD is aware that the continued uncertainty of the pandemic means that there is a risk to the volume of government funding beyond July 2022. This context, combined with the planned utilisation of £345k out of the £865k of reserves during the 2021/22 financial year, results in an increased level of uncertainty beyond this date. This uncertainty means that although the financial statements have been properly prepared on a going concern basis, the Foundation does face a material uncertainty relating to going concern. In relation to this, WFD funding will be determined by the Comprehensive Spending Review, which will conclude in Autumn 2021 and is expected to define the funding settlement for WFD for the next three financial years. The Board has chosen to disclose this uncertainty in the annual report, and are satisfied to say that this is not expected to impact on the Foundation's ability to continue to fulfill its objectives.

WFD's approved budget for the next financial year has incorporated the funding cuts above and the continued likely impact of the COVID-19 pandemic. Programmes have been recalibrated and redesigned to take account of the changing environment that WFD is expected to operate in. Some country specific and thematic programmes have been curtailed. Central costs (including accommodation) have been reduced.

There is an expectation that reductions in funding are short term and that they will be reversed in the medium term. FCDO has provided a Letter of Comfort to WFD noting that it will continue to support WFD by providing adequate financial assistance (as needed) to enable WFD to continue operating as a going concern for at least a period of twelve months from the C & AG certification date of these accounts.

1.4. Income

WFD partners with UK political parties, parliaments, electoral and financial audit institutions to help over 30 developing countries make their Governments fairer, more effective and accountable.

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.

WFD's contract with customers are service delivery in nature. Revenue is recognised over time, rather than at a point in time, as performance obligations are met and control passes to the customer.

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 a mix of grants provided by institutional donors, 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. 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 actually spent on the project with the total number of hours expected to complete the project (i.e. 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 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 they customer has yet to pay the invoice.

1.5. Expenditure

Expenditure is recognised 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 for grants that are not received by the end of the financial year.

1.7. Pension costs

Pension contributions paid 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

but is liable to tax on investment income. WFD has no investment income.

1.10. General Fund

Core funds represent the unspent balances of income received, for use by WFD in the future at its discretion. 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. A part of the reserves is expected to be utilised next financial year, more detail is stated in Note 1.3.

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. Leases

WFD leased its UK head office at Artillery Row until 31 March 2021. WFD adopted IFRS 16 with effect from 1 April 2019 and treated its lease obligations in line with this standard recognising the premises as a Right of Use (ROU) Asset. Payments and related lease incentives were charged to the SOCNE on a straight-line basis over the term of the lease. The incremental borrowing rate applied to determine the current cost of the London office lease was determined by reference to the discount rate quoted in the most recent PES paper.

On expiry of the lease term on 31 March 2021 WFD vacated its HQ office premises, relinquishing the ROU asset. This has been reflected in the financial statements.

On 1 April 2021 WFD signed a new 5 year licence agreement for occupation of HQ premises in London. A right-of-use asset and corresponding lease liability will be recognised in the Statement of Financial Position with

effect from 1 April 2021. There is no asset or liability to disclose at the balance sheet date.

IFRS 16 is not applied to licence agreements to occupy overseas offices as these are deemed to be short term in nature and immaterial in value.

1.15. IFRS in issue but not effective

IFRS 17 (a standard for insurance contracts) will be effective from the financial years 2022-23. However, this standard is unlikely to have any impact on WFD's reporting.

2. Revenue from contracts with customers

Funder	Programme	2021 £	2020 £
FCDO	CSSF	3,570,608	3,261,301
	IAP	3,289,226	3,873,138
	Myanmar	1,179,113	1,603,817
	CEP/CP4D	1,085,213	1,803,625
	Other	462,794	866,047
Total UK Government Funding		9,586,954	11,407,928
European Union		650,596	772,336
Third Party		1,056,386	754,608
Revenue from contracts with customers		11,293,936	12,934,872

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.

Programmes directly implemented by WFD costs include expenditure in respect of EU grants received totalling £651k (2019-20: £772k).

	2021 £	2020 £
Programmes directly implemented by WFD	8,188,765	9,855,364
Conservative Party	661,614	937,151
Labour Party	686,500	789,069
Scottish National Party	156,173	173,342
Multi parties	239,483	274,275
Travel & subsistence	43,632	67,818
Total	9,976,167	12,097,019

4. Staff costs

	Permanently employed staff £	Others £	2021 £ Total	2020 £ Total
Wages and salaries	2,468,598	106,719	2,575,317	2,427,169
Social security costs	261,863	-	261,863	242,824
Pension costs	571,925	-	571,925	485,524
Total net costs	3,302,386	106,719	3,409,105	3,155,517

Staff numbers

The average number of employees (excluding Governors and vacancies) during the year was:

	2021	2020
Permanent - UK	49.4	47.6
Temporary - UK	2.2	2.8
Rest of world	101.5	96.9
	153.1	147.3

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 scheme. For further details about pension arrangements please refer to the pension commitments section above on page 102.

5. Other operating charges

	2021 £	2020 £
Loss on foreign exchange	98,666	38,765
Auditor's remuneration	28,000	20,500
Finance costs	3,085	7,947
Depreciation and amortisation	256,488	264,551
	386,239	331,763

NAO received no payments for any work conducted outside the normal annual audit. (2019: Nil).

6. Property, Plant and Equipment

	Leased equipment £	Computer equipment £	Furniture and fittings £	Total £
COST				
At 1 April 2019	6,987	70,845	59,929	137,761
Additions	-	10,942	-	10,942
Disposals	-	-	-	-
as at 31 March 2020	6,987	81,787	59,929	148,703
as at 1 April 2020	6,987	81,787	59,929	148,703
Additions	-	-	-	-
Disposals	(6,987)	(81,787)	(59,929)	(148,703)
as at 31 March 2021	-	-	-	-

	Leased equipment £	Computer equipment £	Furniture and fittings £	Total £
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DEPRECIATION				
At 1 April 2019	1,397	55,320	48,304	105,021
Charge in year	2,795	14,845	2,583	20,223
Disposals	-	-	-	-
as at 31 March 2020	4,192	70,165	50,887	125,244
as at 1 April 2020	4,192	70,165	50,887	125,244
Charge in year	2,795	6,782	2,583	12,160
Disposals	(6,987)	(76,947)	(53,470)	(137,404)
as at 31 March 2021	-	-	-	-

NET BOOK VALUE				
At 31 March 2021	-	-	-	-
At 31 March 2020	2,795	11,622	9,042	23,459

7. Trade receivables and other current assets

	2021 £	2020 £
Trade receivables and other current assets	689,288	548,651
Deposits and advances	110,974	263,224
Prepayments and accrued income	71,874	129,784
Contract assets	515,753	1,247,521
Total	1,387,889	2,189,180

All amounts included in the above table fall due within one year. Contract assets and trade receivables at 31 March 2021 include £271k (2000:£321k) relating to EU grants.

8. Trade payables and other current liabilities

	2021 £	2020 £
Trade payables	882,608	1,039,982
Pension contributions payable	62,357	51,290
Accruals and deferred income	1,059,035	1,110,245
Contract liabilities	803,613	502,543
Total	2,807,613	2,704,060

All amounts included in the above table fall due within one year. Contract liabilities at 31 March 2021 include £27k (2000:£95k) relating to EU grants.

9. 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.

10. Leases

Historically the retrospective modified approach of IFRS 16 was adopted and applied by WFD to the licence agreement to occupy its London HQ based in Artillery Row. Application of IFRS 16 led to the creation of a right-of-use (ROU) asset and a corresponding lease liability in the Statement of Financial Position. WFD elected not to renew the lease when it expired on 31st March 2021. The brought forward ROU asset balance (£244k) was amortised in year and corresponding lease liability was cleared to zero as follows:

	£
On adoption of IFRS 16 on 1 April 2019	488,656
Interest accrued 2019/20	7,947
Payments 2019/20	(249,844)
Lease Liability at 31 March 2020	246,759

	£
Lease Liability at 1 April 2020	246,759
Interest accrued 2020/21	3,085
Payments 2020/21	(249,844)
Lease liability at 31 March 2021	-
Impact on 2020/21	
Depreciation expenditure of ROU asset	244,328
Interest expense on lease liability	3,085
Decrease in operating lease rental costs	(247,413)

On 1 April 2021 WFD signed a new 5 year licence agreement to occupy HQ premises in London. The lease will be accounted for in the 2021/22 financial statements under IFRS16. The annual licence and management fee payable to the lessor has been agreed as £153k per annum with effect from 1 April 2021.

11. Provisions

	2021 £	2020 £
Provision for dilapidation	-	25,250
Other provisions	7,151	7,151
Total	7,151	32,401

A dilapidation provision held relating to the UK office premises was utilised upon surrender of the lease on 31 March 2021. The other provisions figure represents an ongoing potential tax liability provision for a staff in WFD Tunisia office.

12. Legal status

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

13. 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 £3.2 million was received from the FCDO as grant-in-aid.

In addition FCDO provided funding of £3.6m from the Conflict, Stability and Security Fund (CSSF), £1.1m towards the Global Commonwealth Equality (CEP) Programme and other programme specific funding of £0.3 million.

Income was also received (via FCDO) for funding which historically had been provided by Department for International Development (DFID). £3.3 million was received as an accountable grant in addition to programme specific funding of £1.3 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 the WFD during the year.

14. Events after the reporting period

On April 1st 2021 WFD signed a 5 year licence agreement to occupy new HQ premises in London.

The accounts have been authorised for issue on the same date as the Comptroller and the Auditor General's Audit Certificate.



About WFD

Westminster Foundation for Democracy (WFD) is a non-departmental public body of the Foreign, Commonwealth and Development Office.

It was established as a UK public body in 1992 to support the development of democracy around the world, independently from Government and in a transparent manner. Initially, we supported new democratic institutions, political parties and independent media by awarding grants.

Currently, we design and deliver long-term programmes directly all over the world, using UK and international experts, through a network of national offices in 33 countries which are based in or near the parliaments of partner countries. All employ local staff.

Operating at country, regional and global level, we:

- Provide technical advice and training to partners on policy, legislation, elections and engagement;
- Support the creation of partnerships, coalitions and peer networks;
- Share the diverse range of UK parliamentary, political and institutional experience.

We are committed to working in a responsible, transparent and innovative way. All our international cooperation programmes are designed and adapted based on local knowledge and priorities, and benefit from best-in-class monitoring, evaluation and learning practice.

WFD also supports the international development activities of political parties represented in the UK House of Commons, and we are responsible for recruiting, training and deploying UK nationals to serve in international election observation missions.

Westminster Foundation for Democracy (WFD) is the UK public body dedicated to supporting democracy around the world. Operating directly in 33 countries, WFD works with parliaments, political parties, and civil society groups as well as on elections to help make countries' political systems fairer, more inclusive and accountable.

 www.wfd.org

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