

Triennial Review

Westminster Foundation for Democracy

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Acronyms

ALN Africa Liberal Network
ALB Arms Length Body
BSOS Building Stability Overseas Strategy
CEO Chief Executive Officer
CEPPS Consortium for Elections and Political Process Strengthening (USA)
CPA Commonwealth Parliamentary Union
CPC Canadian Parliamentary Centre
DFID Department for International Development
DUA Democratic Unionist Alliance (Northern Ireland)
DUA Democratic Union Alliance (Republic of South Africa)
EALA East Africa Legislative Assembly
EC European Community
EET External Evaluation Team (DFID)
EIDHR European Instrument for Democracy and Human Rights
ERIS Electoral Reform International Services
EU European Union
FAC Foreign Affairs Committee
FCO Foreign and Commonwealth Office
GP Global Partners
HQ Headquarters
HMG Her Majesty's Government
HRDD Human Rights and Democracy Department (FCO)
IBA International Bar Association
IDEA International Institute for Democracy and Electoral Assistance
IDC International Development Committee
IPU International Parliamentary Union
MENA Middle East and North Africa
NIMD Netherlands Institute for Multinational Democracy
NDPB non-Departmental Public Body
MP Member of Parliament
NAO National Audit Office
NGO Non-Government Organisation
NDPB Non Departmental Public Body
ODA Overseas Development Assistance
ODI Overseas Development Institute
OSCE Organisation for Security and Cooperation in Europe
PPB Programme pre-Board
PSST Politics, State and Society Team (DFID)
TR Triennial Review
TWC The Westminster Consortium
UN United Nations
VfM Value for Money
WFD Westminster Foundation for Democracy

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SECTION A

EXECUTIVE SUMMARY

1. The Triennial Review (TR) of the Westminster Foundation for Democracy (WFD)¹ was announced by a written Ministerial Statement laid before Parliament on 14 February 2014. In line with its terms of reference (see Annex 1), this review has gathered evidence on what WFD does, its relevance for UK foreign policy, and how effectively WFD delivers and complies with Cabinet Office corporate Governance standards. It goes on to examine if WFD is achieving its full potential or whether there are more appropriate business delivery models.
2. WFD is a standard-bearer for the iconic “Westminster” brand, offering a unique combination of services to support global parliamentary and political party strengthening. Currently over 90 percent funded by Central Government as a non-Departmental Public Body (NDPB) administered at arms-length, it is comparatively small in budget and staff size (£6.61million planned revenue 2014/15 with 44 staff). However its global reach is extensive, with 11 core HMG funded and 5 externally-funded programs in 2014 in countries spanning the Balkans, the Middle East, Africa, Central and South Asia, and over 63 additional projects conducted by UK political parties.
3. The Review grounded its findings on wide stakeholder consultation, including surveys of selected FCO Posts abroad, of all MPs, and of selected subject-matter experts. We also cooperated closely with the parallel external evaluation, conducted simultaneously by DFID consultants, which examined WFD’s performance in DFID grant-funded programmes at the 2014 mid-way point.
4. The Review’s overall approach was to find the main points of convergence and divergence among key stakeholders as well as to listen to alternative ideas. The weight of evidence pointed up the shared stakeholder ambition to use the triennial review as a catalyst to address WFD’s unfulfilled potential. This helpfully enabled the Review to develop recommendations for improvement and reform firmly rooted in ownership of WFD and its funding Departments.

¹ *It should be noted that WFD comprises two “wings”, a central office headquartered currently in Westminster and 4 separate offices representing UK political parties. This Review defines and uses the term “WFD” throughout as meaning all these offices as one corporate body. We specify WFD Headquarters or political party offices when we need to distinguish between the two “wings”.*

WFD Main functions, impact and delivery

5. This review found much common ground with past external and internal reviews of WFD in the analysis of key challenges constraining WFD achieving its full potential. We found that although WFD has indeed made quantifiable and incremental improvements in the wake of these reviews, there is a significant way to go.
6. The evidence gathered by the triennial review underscores the strong brand and potential of WFD and the good work it has undertaken. It notes the improvements realised under the WFD's change management initiative, particularly in enhancing its strategic approach, preparatory contextual analysis and programmatic delivery work. Notwithstanding these positive developments, the evidence gathered by both the TR and DFID evaluation is that WFD's parliamentary work needs significant improvement (if WFD is to continue to work in this area); it's sister-party work is more effective but its impact sometimes difficult to gauge; and it's multi-party and non-partisan work offers large room for growth.
7. The Review evidence highlighted five key areas of concern, on which stakeholders would welcome step-change improvements:
 - WFD needs clearer strategic direction from and ongoing dialogue with Central Government; and more effective information sharing between WFD's constituent parts (i.e. Central Government, WFD's Board of Governors, its core programme team and the WFD part-funded international offices of the UK political parties).
 - WFD's focus and continuity in selecting beneficiary partners needs better alignment with funding Departments' priorities and overseas recipient needs – while preserving some operational margin for flexibility, opportunism and discretion.
 - WFD needs to be more joined-up, becoming one integrated organisation rather than the sum of its constituent parts. Its ability to link and lever the contribution of the political parties to the wider organisational goals of integrated democracy assistance work is key.
 - WFD needs to improve its programme impact, which is currently constrained by being overstretched; over-dependent on the limited time-availability of MPs (including those MPs who serve as Governors on the WFD Board); and under-skilled in parliamentary and political party work within the programming team at WFD headquarters.
 - WFD's Board of Governors needs to be freed up from too much operational load in order to become more strategic and corporate in focus.

Status and delivery approach

8. The evidence supports the retention of WFD's status as a non-Departmental Public Body, operating at arms-length from Central Government. This arrangement offers Government the ability to project soft-power influence by funding and empowering an independent expert body to provide global assistance in parliamentary and political party strengthening. In parallel, this arrangement offers WFD assured funding, the independence of action from Government so as to be (and be seen to be) politically impartial and to provide technical expertise – while at the same time affording WFD privileged high-level access to Government, Parliament and Political Parties. There is however one constraint in WFD's current status and that is HMG's current restrictions for all public-funded bodies on recruitment and remuneration, which WFD consider has hindered their ability to create new positions quickly in response to changing strategic priorities and to retain and remunerate existing staff. The Review provides recommendations to encourage a more active dialogue with Cabinet Office on future planning to help better understand the controls process.

WFD Operating Model

9. The Review carefully examined the business model options to enhance WFD's performance. We consulted with WFD's international and UK comparators and partners to see if any of their models would achieve greater impact for WFD and fit its unique combination of services. Three distinct options emerged: (i) a retooled WFD (ii) a disaggregated WFD (separating the two "wings" of programmatic/parliamentary and political party work) and (iii) the creation of a new Democracy Fund, administered by WFD. The evidence suggests that the retooling option offers the strongest case; the disaggregation option considerably less as it is seen to dilute the Westminster brand and if anything compound the "inherent tensions" between the two WFD "wings" (i.e. programme and party political); and the new Fund idea the most innovative but possibly over-ambitious and unrealistic in times of Government austerity.
10. WFD still faces a range of challenges if it is to become emblematic (and a universally respected seal of premium quality) in the democracy assistance industry. This triennial review recommends a range of specific measures to address these challenges. The recommendations have been discussed with key stakeholders and have their ownership and support unless otherwise indicated.
11. The Review's recommendations are summarised more fully on pages 65-66. Key among them are:

- The introduction of a new periodic strategic plan for democracy strengthening, produced jointly by FCO and DFID and consulted with WFD and other democracy partners, and updated regularly
- Clearer direction and agreement on expectations between HMG and WFD
- Enhanced strategic dialogue and analytical support between HMG and WFD
- The narrowing of WFD's programmatic and project focus
- Consideration of a rebalancing of resource distribution to strengthen WFD's field offices and rationalise its London-based operation
- Measures to strengthen parliamentary and political party skills at WFD headquarters
- A "4-tier" reconfiguration of WFD's funding disbursement, to incentivise deeper cooperation between the parliamentary and political party work. This will reflect a stronger component of cross-party cooperation to support an enabling environment for democracy overseas, and greater impact and visibility of sister-party work
- Stronger pre-Board programme mechanisms, with increased CEO delegated financial authority, which in part will allow the Board of Governors to concentrate more on strategic and corporate issues and less on operational detail
- A new Board composition to enhance its political impartiality, focus and challenge functions
- The greater use by the Board of their powers to co-opt or invite experts to advise or address the Board
- Proposals for business growth and sustainability, which envisage over the longer-term a lower percentage of WFD's budget coming from UK public funds.

12. It is the role of the Review to highlight the pivotal issues for WFD's future and not their implementation. The Review will be discussed at the WFD Board of Governors meeting in late June 2014. In drawing its conclusions on the Review, it is the Review's firm recommendation that the Board should form an **ad hoc implementation steering group** to take forward its decisions. This will require close liaison and coordination with WFD key UK stakeholders. This Group might best be led by the newly-appointed CEO (if in place by then) supported by a senior member of his/her core staff. The Group would also usefully include for example two Board Governors (one political and one independent) deputed by the Chair; a representative from each of the 4 constituent political parties of WFD; a member of the FCO and DFID; and a senior parliamentary clerk of the House of Commons, deputed by the Clerks' CEO (if the CEO were to accept this invitation). The inclusion of the FCO and DFID is intended to ensure full dialogue and support in this crucial period of reform and to minimise any potential disappointment. The Steering group's work should commence without undue delay since WFD will need to start work shortly on its priorities and business case for HMG funding Departments to cover the period beyond March 2015.

SECTION B

INTRODUCTION TO THE WFD TRIENNIAL REVIEW

Background to the Review

13. This review was undertaken by the Foreign and Commonwealth Office (FCO) in accordance with the Cabinet Office's mandatory requirement for all Non-Departmental Public Bodies (NDPBs) to be reviewed triennially. The review was announced on 15 February 2014 by written Ministerial statement in the House of Commons. The terms of reference for the review are attached at annex 1. The FCO review team consisted of Andrew Tesoriere (lead reviewer) and William Robinson.² The review coincided with a mid-term evaluation of the programmes funded by DFID through their accountable grant-in-aid to WFD. The DFID review was conducted by an independent external evaluation team (EET). The FCO and DFID reviews worked independently but closely and shared evidence to avoid unnecessary duplication of effort. Our Review conducted one joint field visit in Kenya. There was no formal challenge group to the Triennial Review but regular consultation with independent partners made space for robust challenge during the Review process.

Structure of the Review and methodology

14. There were 4 sequential facets to the Review: (i) to collect evidence (ii) to analyse it (iii) to identify solutions with stakeholder engagement and (iv) to frame recommendations.
15. The Review was conducted in two stages in accordance with Cabinet Office guidelines. In **Stage one** the review established WFD's main functions and how these contributed to FCO and DFID core business. The Review went on to examine WFD's status measured against the Government's "three tests" described in Cabinet Office guidance³ and whether WFD's operating model was still appropriate. The Review also examined WFD's funding, operating and management approach in order to assess whether the governance structures enhanced or detracted from delivery of the main functions. In **Stage two** the Review examined whether WFD complied with the Cabinet Offices principles of good governance – and if not, options to redress shortcomings.
16. Early in stage one, the Review established that WFD should not be abolished (see in particular paragraph 55 *et seq* below) and so preceded in accordance with our terms of reference to assess whether WFD was operating in line with Cabinet Office

² Both officers have served in countries overseas where WFD has/had assistance activities. Additionally the lead reviewer has led large UN, OSCE and HMG overseas missions with significant democracy support programmes.

³ Cabinet Office Guidelines for reviewing public bodies: www.gov.uk/public-bodies-reform

guidance on corporate governance. The framework for the review of corporate governance including the detailed methodology can be found in annex 8.

16. Both stage one and two were completed through a detailed review of all the relevant documentation and a comprehensive stakeholder mapping exercise and consultation process. The people and organisations consulted are listed in annex 3 and 4. These consultations covered a wide range of actors both in the UK and overseas by means of semi-structured interviews and the exchange of ideas. These meetings were reinforced with online questionnaire surveys put to (all) Members of Parliament, to WFD's key democracy partners and independent contacts and to a select number of FCO overseas Posts (where there are or were WFD programmes).
17. The Review's evidential findings and recommendations are founded on these methods. Significant input was received from our meetings with all of WFD's constituent parts as well as with the FCO and DFID at Ministerial, official and advisory level; with representatives of the Parliamentary Foreign Affairs Committee (FAC) and the International Development Committee (IDC) as well as the Devolved Assemblies; with the political party oversight managers of their respective international offices; with existing and potential contributors to WFD's technical capabilities, notably the Corps of Clerks to the Houses of Parliament (on the parliamentary-side) and the UK Parliamentary Parties and political parties (on the party-related work). It proved particularly helpful and constructive to meet both separately and together with all the political parties, contributing to WFD, and to receive oral feedback from the WFD Board of Governors at a Review progress briefing on 9 April.
18. From the outset the Review and DFID's EET agreed upon a methodology to divide the workload and share results. In practice, this meant the Review would focus on the future of WFD and the EET would undertake a fuller assessment of WFD's delivery performance. The EET was funded by DFID to conduct a range of overseas evaluation visits, to talk with WFD's beneficiary partners and Field Offices. To give best value for the taxpayer, the Review did not undertake any costly overseas visits but did conduct (at no additional cost as one of the two reviewers is based in Nairobi) a joint field visit in Kenya with the EET from 3-7 February.
19. The Review looked at how WFD's international and UK analogues designed and delivered political party and parliamentary assistance programmes. The review team interviewed the (US) National Democratic Institute, the Netherlands Institute for Multi Party Democracy and the Canadian Parliamentary Centre. In the UK the Review spoke among others with the British Group of the Inter-Parliamentary Union (IPU), the UK branch of the Commonwealth Parliamentary Association (CPA), and the private company Global Partners. The findings of this comparative analysis can be found *inter alia* in paragraph 66 and an overview of the various models in annex 5.

20. Throughout the review process WFD have been fully engaged and consulted whilst maintaining a degree of separation to allow for an independent review process to take place. WFD also had the opportunity to comment on the emerging conclusions and recommendations of the review.

About WFD

21. WFD is an executive Non-Departmental Public body (NDPB) and operates at arm's length from Government. It is a registered company under UK Company Law and is sponsored by the Foreign and Commonwealth Office (FCO). The Foreign Secretary is accountable to Parliament for WFD and its use of FCO funds. The purpose of WFD is "to support the strategic aims of the sponsor Department". WFD's stated aim is to help "to establish and strengthen pluralist democratic institutions, particularly parliaments and political parties, in countries where these are absent, of recent foundation, or in need of further encouragement and development". The 2013 Framework Document superseded the Management Statement dated 14 July 2004, and embodies what HMG seeks from WFD.

22. WFD was founded in 1992 in large part as a response to the political changes unfolding in Europe after the fall of the Berlin Wall. Its purpose was to support the creation of new political parties and civil society organisations. Its focus was the former communist countries in wider Europe transitioning to pluralist democracies. Its main delivery method was for UK political parties to provide direct assistance to like-minded ideological parties.

23. Since then, WFD has evolved and broadened to provide a wider UK "democracy offer" to foster inter-party as well as sister-party relations and effective Parliaments. In 2009 WFD moved from an organisation providing grants to beneficiary partners to an organisation implementing programmes.

24. WFD undertakes parliamentary and political party assistance. WFD has two "wings" to pursue this work, which are separately located in Artillery House, Westminster (for the parliamentary development work) and in the individual political party offices (for the party work). These two wings although not co-located constitute the WFD Organisation.

25. The Board of Governors, which is a non-executive body of unpaid appointees, oversees all of WFD's work. It meets 5-6 times a year, with each meeting lasting about 3 hours. The Board is composed of 10 members: a Chairperson from the political party leading Government; 5 other board members from the political parties (currently 2 Conservatives including the Chair, 2 Labour, 1 Liberal Democratic Party and 1 from the alliance of smaller parties); and 4 independent Board members (with diverse

professional and managerial experience). Representatives from the 4 political parties as well as the FCO and DFID, and WFD CEO, Finance Director and staff also attend as non-Board members.

26. WFD is led by a Chief Executive, based in London, and employs 44 fulltime staff: 20 based in London and 24 abroad in 12 field offices⁴, employed on a contract basis under local employment law, In London 14 staff members work directly on programmes, organised into three geographical regions (MENA, Europe and Africa/Asia). The Director of Programmes oversees the WFD projects and WFD is supported by a Communications Manager and 2 Monitoring and Evaluation advisors. WFD's finance team consists of 4 members of staff in London led by a Director of Finance overseeing 9 locally engaged members of staff performing financial management in the field offices. The WFD finance team checks and hold the Parties' financial claims to account.
27. WFD's core team is complemented by the international offices of the three largest UK political parties (the Conservative Party, the Labour Party, the Liberal Democrat Party) and an alliance of the smaller parties⁵. The political parties account on a contractual basis for the grant they receive from WFD. These contracts make clear the terms and conditions of the funding, against which the Political Parties are held accountable to the WFD Board. To deliver on their contract, the political parties have a total of 10 people working on the party political programmes out of their respective international offices⁶. The political parties report to the Board as well as to their own internal party management and are not directly line-managed by the CEO of WFD.

Previous reviews of WFD

28. WFD has been regularly reviewed internally and externally since its creation. The last internal review was carried out in 2013⁷ and last independent review in 2010 by a private consultancy company, Global Partners (GP), on behalf of the FCO. This latter "light touch" review was not mandated to review WFD's corporate governance but did provide recommendations on WFD's "*strategic direction in the coming years*". The full report can be found on www.wfd.org and is summarised in the box below. The GP report concluded that whilst WFD was able to have some impact through discrete programmes it could achieve more and suggested five main areas where WFD could make improvements:

⁴ WFD Field offices are currently located in the , Kenya, Tanzania (EALA), Uganda, the Western Balkans, Jordan, Morocco, Lebanon, Tunisia, Pakistan (Islamabad and Lahore), Georgia and Kyrgyzstan.

⁵ Democratic Unionist Party (DUP), Plaid Cymru, Scottish National Party (SNP), Social Democratic and Labour Party (SDLP) and the Green Party of England and Wales

⁶ Team(s) of 3 full time and 1 part time in the Conservative, 3 in the Labour, 2 in the Liberal Democrat and 1 in the Smaller Parties office

⁷ This internal review constituted DFID's first annual review of their grant-in-aid to WFD

- (i) Decide on the nature of organisation WFD wants to be
- (ii) Respond to the changing direction of democracy support
- (iii) Build on its institutional strengths including the brand, networks, access to UK political parties, and its capacity to conduct multi-party work and integrate party work with parliamentary strengthening.
- (iv) Address the internal tensions between the two wings of WFD
- (v) Strengthen WFD's implementation systems and processes

29. DFID's 2013 annual review concluded that WFD had broadly met expectations, with substantial progress made towards reorientating the organisation towards multi-year objectives and outcomes. The review felt that WFD needed to re-evaluate the performance indicators currently used, focus programmes on political and institutional reform ("behaviour and incentive change"), utilise context analyses more consistently, and effectively coordinate programming across WFD and the political parties.

30. Since 2010 WFD has provided an annual review of its work, which is published on its website www.wfd.org. In 2010 WFD also published the Strategy and Corporate Plan 2011-15 which set the strategic priorities, planned outcomes and programme milestones for WFD, encompassing party-to-party, parliamentary and cross-party programmes. In 2012⁸ the Board of Governors agreed a range of changes following consultations with the political parties and WFD staff on how to respond to future opportunities and challenges and become a leader in the field of democracy. These changes in essence agreed upon a number of measures to:

- Enhance WFD's strategic focus and strengthen coordination, including party-to-party, parliamentary and cross-party work
- Deepen WFD's technical expertise and professionalism (drawing on best practice, learning and development, and improved programme management tools.)
- Reform WFD's structure and governance arrangements.

⁸ Agreed at the Special Board Meeting on 23 November 2011 and at the Board meeting on 25 January 2012

Box 1: Summary of 2010 Global Partners Report on the Westminster foundation for Democracy (www.wfd.org)

The 2010 review considered that WFD needed to decide what the focus of the organisation was. This lack of clarity had resulted in WFD trying to be all things to everyone, thereby diminishing impact and diluting the brand. HMG also needed to decide what WFD could and should be used for within the terms of its arms length status. Linked to this lack of strategic direction was WFD's inability to respond to the changing face of democracy support, which was starting to focus on programmes that had co-ordination and integration of parliamentary projects at their heart. Multiparty work was also becoming increasingly prominent as donors shifted away from the more risky support to individual parties.

Although WFD had only recently transitioned from a grant-giving organisation to implementer in 2010, the 2010 review noted that WFD needed to play more to its strengths which included a well known and trusted brand, access to the UK political parties and its own network of contacts built up over the last 20 years of operation. The review also noted that WFD had yet to establish the programmatic processes and expertise of more established partners. As a result WFD needed to improve its procedural, organisational and staff systems to achieve demonstrable impact through better monitoring and evaluation of programmes.

Lastly the most significant area highlighted in 2010 was the conclusion that WFD was not delivering to its full potential because of "*inherent tensions*" within the company between the two wings - the political parties and the central programme teams. The nub of these tensions appeared to be a lack of clear understanding of the differing yet in some cases complementary objectives and cohesion in levering, coordinating and integrating each type of assistance for the overall benefit of WFD and HMG. This coupled with a strategic plan that acknowledged the fundamental difference had resulted in silo activity with little or no co-ordination.

SECTION C

STRATEGIC CONTEXT

International political environment

31. The strategic context has moved on since WFD's inception in 1992. An arc of former communist countries has joined the EU with more applicant countries in the wings, notably in the Balkans. Significant change has convulsed the wider Middle East and North Africa in the wake of the Arab Spring. Authoritarian regimes but also democratic governments have come under pressure from increasing public calls for accountable political institutions and greater citizen engagement in political processes. The forces of globalisation and technological progress, including digital social networking, is impacting on Governments and governance. Yet it is not only Authorities coming under pressure but also exerting pressure, "a wave of pushback against international support for democracy and human rights" which risks reversing "the trend of growing openness to such work around the world"⁹. WFD's ambition to engage in this changing strategic context has resulted in an expansion of its core operations beyond Europe to Africa and Asia.

Nature of political governance work

32. The nature of working on political governance abroad is complex and delicate. Countries can be sensitive about perceptions of foreign interference. A permissive environment can wane (e.g. Egypt and Ukraine) and a non-permissive one can unexpectedly open up with new opportunities for political engagement (for example, Tunisia and Burma). Within such political change, the fortunes of political actors and movements or parties (if they exist) rise and fall. There are political winners and losers not only through democratic processes but also sometimes undemocratic acts, for example at the hands of repressive regimes.
33. The main implications of these changeable circumstances for an organisation such as WFD are manifold. While WFD makes every effort at the conceptualisation and planning stage to foresee all the potential developments and risks in a particular given country (through inclusion of contextual and risk analysis in its project application process), experience shows there will be programmes that are set back or boosted by political events beyond WFD's control e.g. Egypt. The review was told by many stakeholders that WFD's abilities to take risks and scope opportunities were considerable. This stems essentially from "mutual recognition" among those working in the same political business, be that at a party political, parliamentary or civil society level. This shared background engenders instinctive relationships of political trust,

⁹ http://carnegieendowment.org/files/closing_space.pdf : "Closing space : democracy and human rights support under fire"
Thomas Carrothers and Saskia Brechenmacher

founded on a common experience and understanding of “what it is really like” to deal with a certain aspect of political business. These relationships need time to grow and mature. It is a longer-term process, requiring regular nurturing.

34. These variable factors underline the value of WFD having some flexibility or maneuverability within its programmatic approach not only to react to events but also, as embodied in the National Security Council “*Building Stability Overseas Strategy*”¹⁰ (BSOS), to pre-empt negative trends. They also underline the particular value of WFD being positioned to access experienced UK actors at party political and parliamentary level who can develop these relationships of trust.
35. At present, WFD leans heavily on *pro bono* expertise from both UK parliamentary and party political offices. While the parliamentary strengthening work is conducted between States, the political party work takes places between ideologically like-minded political parties (or those who might potentially become so) and, less often, with a number of parties on a cross-party or multi-party basis. The four main UK political party groups represented in WFD emphasised to the Review at senior party-management level that they give priority to working with sister or potential sister parties but are nevertheless very (and increasingly) willing to contribute more on cross-party and non-partisan work. This willingness was reconfirmed in more detail in meetings held between the Review and senior party managers as well as in four-party discussion but this would only be in return for protecting or increasing funding for their sister party work (for more detail see paragraph 97 below).
36. The central importance of working at a cross-party and non-partisan level is a major priority for the funding Departments (the FCO and DFID) in support of the wider HMG strategy of strengthening pluralistic democracy. The UK political parties agree in stressing to the Review that pluralism also hinges on the electorate having a choice between parties with clear policy alternatives. In this regard their sister party work plays into the wider picture of choice and change through the ballot-box and not violence.
37. The existence of countries or contexts where there is no UK sister party equivalent (for example many countries in MENA and Africa) underscores the importance of WFD’s ability and capacity to work in cross-party and non-partisan work.

¹⁰ www.gov.uk/uploads/system/uploads/attachment_data/file/67475/Building-stability-overseas-strategy.pdf

STAGE 1

REVIEW OF THE FUNCTIONS AND RELEVANCE OF WFD

SECTION D

WFD's key functions and relevance to HMG

38. WFD provides parliamentary, cross-party and party to party capacity building and technical assistance in countries undergoing a transition to democracy. In particular WFD supports the main institutions that make up a functioning democracy, notably Parliaments, political party structures and civil society organisations. The 2011-15 WFD Corporate Plan sets out three high-level strategic objectives:

- To contribute to democracy, stability and good governance in post-conflict countries and fragile states
- To improve engagement in political processes in weak, emerging or developing democracies
- To be a results and learning orientated organisation delivering programmes of the highest quality

WFD's Annual Business Plan gives more detail on delivery - both planned activity and expenditure, as well as progress made against the specific objectives for each country.

39. The UK Government is committed to strengthening global democracy. The underlying rationale for this support is found in the National Security Council "*Building Stability Overseas Strategy*" (BSOS) which clearly identifies a significant role for soft power. WFD is identified by name as having an important role in providing assistance to parliaments and political parties.¹¹ The Prime Minister underlines the importance of "strong institutions and governance" in what he has called "*the golden thread of development*".¹²

40. Within Government the FCO and DFID lead in operationalising HMG democracy strengthening strategy. The detail is contained in their respective Departmental business plans. Within the FCO, the Human Rights and Democracy Department (HRDD) leads on democracy strengthening, whilst in DFID the lead department is the Politics, State and Society Team (PSST) in the Policy Division.

¹¹ **The FCO's purpose** under "the prosperity pillar" includes : "use soft power as a tool of foreign policy" and to "promote British values and human rights"

¹² **PM to UNGA 15 May 2013** "We need a recognition that development has to be sustainable for the planet for the long term, but there's this new commitment to strong institutions and governance because these are essential to end conflict, to protect the rule of law, to stamp out corruption and insecurity and to hold governments accountable. This, I believe, is a totally new addition to the Millennium Development Goals: the importance of good governments, lack of corruption – what I call the golden thread of development."

41. Both FCO and DFID believe that WFD's core functions are helping HMG support democratic changes globally. Both HRDD and PSST confirmed that WFD, including the work of the political parties, had contributed to HMG democracy development policy and the broader millennium development goals. FCO and DFID Ministers affirm that: "*as recent events in the Middle East and North Africa have shown, there is a huge need for effective support to democratic transitions.....we firmly believe WFD can become a world leading organisation in the field of democracy assistance*"¹³. As part of WFD's delivery of its core functions, it is necessary to develop access to a wide range of political and civil actors and be able to respond flexibly and rapidly to emerging situations. From the FCO and DFID's perspective it is important that an institution such as WFD maintains and develops these diverse political and social networks (which are based on peer-relationships of mutual trust) and for the UK to work with these and other partners to strengthen democratic systems.
42. Within the framework of two of the FCO's main policy priorities, security and prosperity, HRDD seeks in its 2011-15 business plan to promote democracy and governance work (as well as human rights) where it assesses the UK is well placed to effect transformational change. HRDD believe that a fully functioning WFD has considerable potential to make a significant impact. HMG missions overseas, working in support of HRDD and PSST global democracy strategies, also consider WFD's potential impact is important and relevant to their own Mission objectives - especially for strengthening democratic institutions that have a direct impact on wider HMG prosperity and security goals. For example one Post commented that "WFD's goals complement our Country Business Plan perfectly. But we would need reassurance that WFD centrally had a committed team with appropriate experience and networking / negotiation skills, who would be credible partners in the current situation"
43. The DFID business case to support WFD underlines the intrinsic value of parliamentary and political parties and advocates an integrated approach to party-to-party, cross-party and parliamentary assistance in transforming Political Parties and Democratic Institutions. DFID goes on to specify in quantitative and methodological terms how FCO and DFID will support delivery on "*the strengthening of democratic governance, through building capable, accountable and responsive institutions*".

WFD's relevance to the UK Parliamentary system

44. UK Parliamentary representatives speaking with the Reviewers also confirmed the continuing need for and relevance of WFD, both to promote UK national interests and meet beneficiary partner needs. In the view of Members of Parliament (MPs) consulted, WFD as one MP put it has "a clear unique selling point as purveyors of

¹³Letter from FCO/DFID Ministers to WFD Chair, August 2013 on the findings of the first annual review of the 2012-15 grant

Westminster parliamentary values and practice from the horse's mouth". The Review met in particular with senior members of the UK Parliamentary Foreign Affairs Committee (FAC) and International Development Committee (IDC). Although neither the FAC nor IDC has invited WFD to appear before the Committee or provide evidence in recent years, both Committees retain a strong interest in and support for the work of the WFD.

45. The FAC representative considered WFD's work achieves good influence for the UK in developing political and civil society functions in countries where WFD has worked and provides good value-for-money given its small budget.
46. The Chair of the International Development Committee (IDC) believes that the UK's overall capacity in global parliamentary assistance needs to be strengthened. WFD has an important contribution to make alongside other UK providers. In the case of WFD, the IDC feels HMG should help it with more funding, professional continuity and greater technical and programme skills but that WFD needed to improve on its own delivery. During the course of the Review, the IDC published a report on Burma, which considered inter alia parliamentary strengthening, and discussed the role of WFD¹⁴.

The Review's conclusion on WFD's key functions and relevance

47. The Review concluded that the main functions carried out by WFD are still very much valued and needed to deliver HMG and overseas parliamentary core-business. This need is exemplified by recent pressures on democratic systems such as Ukraine and Egypt. In addition these functions serve well in supporting peace and security in Europe including Euro-Atlantic relationships as well as beyond Europe in countries undergoing political transition. In these dynamic and sometimes volatile situations, the relevance and need of WFD to support delivery of HMG's democracy objectives is considered by UK Ministers to be increasing, not declining.

What is the best delivery model for WFD to support the UK democracy offer?

48. Having concluded that WFD's main functions were needed, the Review examined how best these functions could be delivered to support the broader UK "democracy offer" (as the totality of support is termed within the industry). The Review looked at WFD's two main functions - party political work and parliamentary strengthening - separately as individual enterprises and together as the combined activity envisaged in the WFD management statements. A spectrum of ideas was put to the Review by

¹⁴ www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/news/democracy-and-development-in-Burma-substantive/

its interlocutors. The four main ideas to emerge from the reviewers meetings were as follows:

- (i) retool WFD
- (ii) create a new Democracy Fund (with a role for WFD)
- (iii) disaggregate WFD
- (iv) disband WFD

A retooled WFD

49. The overwhelming preference was for option (i) a revitalised WFD. The rationale was that HMG had over the years invested a great deal of public money and effort in supporting WFD provides democracy assistance. WFD had made incremental progress, not least in the light of an ongoing review process. Ministers had commended this progress while pointing to ways in which WFD could further improve delivery and impact. Now was not the time for HMG to dis-invest but rather to lend its support, financial, advisory and operational, to enable WFD to raise its game and become the “*world-leading organisation*” Ministers (and the Parliamentary parties) envisage for WFD. Mindful of this strong preference for this Model, the Review sought to build an evidence-based case on how a retooled WFD could be achieved. The Review’s recommendations serve this end.

A new Democracy Foundation

50. Another option which emerged during the Review was the creation of a new and expanded UK Democracy Assistance Organisation, established either under the umbrella of WFD or a new entity administered by Central Government (similar to the FCO Conflict Prevention Pool).

51. The umbrella arrangement envisages WFD as a dual-function organisation, which would both implement some programmes but also act as a clearing house to contract work out to competitive tender. Such an organisation would imply a number of assumptions: a fundamental recognition and acceptance by HMG that the UK’s global “democracy offer” was inadequate and that the UK should be investing more in this field; WFD’s reversion to its earlier form as a grant-giving organisation (at least in part); and the interest of other UK democracy partners to associate with such a coalition approach.

52. The Review tested this umbrella concept with actors working in the democracy assistance field. While some, for example in Parliament and private companies, were enthusiastic at the prospect of stronger potential HMG funding for such a new Fund, others particularly within HMG considered the idea both unrealistic and unjustifiable in these times of severe pressure on Government expenditure. Others also cautioned at

the idea that some large new Fund would automatically achieve commensurate impact: small can be good.

A disaggregated WFD: split into separate parliamentary and political party structures

53. A further model put to the Reviewers was for a WFD disaggregated into two separate parts: the first part handling parliamentary and civil society assistance and the second part handling all political party work. The rationale for this model was recognition of the different nature and objectives of the two types of work and an outright acknowledgement of the complexities of achieving a unified management, whereby (as favoured by some) WFD-related activities within the political party international offices would be line-managed by WFD's CEO. The Review found, despite proposing it directly to the UK political parties in working sessions that the UK political parties do not see it as appropriate to become line-managed by the CEO. Their contention is that their independent status as party offices with their own internal party guidance and structures must be respected. This does not prevent them contributing their expertise to WFD or their WFD-related work being fully accountable to the WFD CEO and the Board.
54. What struck the Review as a more compelling argument (against disaggregation) was the evidence it heard from both the parliamentary and political party-side that they have greater impact working together since they are mutually reinforcing in helping each other gain access to "entry points" into the political system of a potential overseas partner or beneficiary. The potential effect of this stood WFD in good stead and militated for the retention of a unified organisation.

The disbandment of WFD

55. The Reviewers asked interlocutors whether WFD should be disbanded and its current funding from Central Government channeled through other organisations, for example international bodies (e.g. UNDP or EU structures). Whereas most interlocutors agreed that WFD was not delivering to its full potential (with some questioning whether UK missions overseas if given the same money would be able to use the funds more effectively), the Review heard no compelling evidence to support the abolition of WFD. Most argued that the UK should be channeling fewer funds through international bodies and more through UK bodies. British organisations such as WFD were needed on the international stage and should be nurtured and strengthened to win more international business through bilateral and international bodies.

Should WFD operate as an NDPB (non-Departmental Public Body) and ALB (arms-length body)?

56. Having concluded that a revitalised WFD with a strong political party component was the best model to deliver the UK democracy offer, the Review then took extensive evidence on understanding whether, as part of the Cabinet Office Reform of Public Bodies, WFD's main functions were most effectively provided at arm's length from Government and as a Non Departmental Public Body (NDPB)¹⁵. This is done by examining whether WFD meets the threshold of at least one of three tests:

- (1) *Does WFD perform a technical function?* **Yes.** The Review found compelling evidence that WFD's programme team and the political parties provide the specialist technical knowledge, skills, expertise and delivery means which is not readily available to HMG. This is particularly manifest in the work of the political parties. The shift from a grant giver to programme implementer further strengthens the argument of the requirement for specialist skills in the democracy field beyond the reach of the civil service.
- (2) *Do WFD's activities require political impartiality?* **Yes.** The Review concluded that the overseas activities required WFD and the political parties to act with political impartiality from the UK Government of the day. Moreover WFD seeks to avoid the perception among beneficiary partners that WFD is solely an instrument of UK Government. However it should also be noted that WFD trades on its links with UK government institutions, Political Parties and Parliament, and receives over 90% of its funding directly from HMG so the association with the UK Government is still implied. At another level, it is recognised that parts of WFD, namely the political parties, are by their very nature politically partial: their ideological conviction is a source of strength and inspiration for potential global partners.
- (3) *Does WFD need to act independently to establish facts?* **No.** On the contrary, it behoves WFD and HMG to cooperate closely to achieve a shared contextual analysis based on the facts that both HMG and WFD can access on their differing channels.

57. The Review concluded that WFD met test 1 and 2 and as such that WFD would be better served in continuing to operate on an NDPB basis.

58. Evidence suggests that WFD's NDPB status confers significant reputational and operational advantages in terms of (a) an implied relationship with HMG and its symbiotic relationship with the UK Parliament and political parties; (b) clear integration

¹⁵ An NDPB is defined as a "body which has a role in the process of national government, but is not a government department or part of one, and which accordingly operates to a greater or lesser extent at arms length from ministers".

and alignment with Government policy but without a direct hands on relationship; strengthened by WFD's strong network of independent expertise and experience developed over a number of years (c) WFD's ability to take a higher risk of failure on projects than Central Government directly (d) countering criticism that HMG is interfering directly with internal politics in countries where sensitivity to outside interference is a concern (e) in areas (and countries) where there are tensions between HMG and the host Government, WFD's NDPB/arms length status can be a valuable third party engagement channel for HMG and (f) WFD's privileged access to Parliament and ability to use MPs and Parliamentary staff to support their work would be diminished if their NDPB status was removed.

59. The Review could find little evidence to suggest that WFD was fully using its comparative advantage in risk-taking conferred by its NDPB status. As one interlocutor commented organisations that tackled the big democracy issues often took big risks which were badly needed. Many interlocutors praised the UK approach which was recognised for not shunning the politically sensitive issues – but felt WFD could go still further without disregarding duty of care considerations for anyone deployed under the WFD aegis. There was acknowledgment that risk-taking also needed to be managed to prevent any adverse reaction to wider UK national interests and Ministers should always be made aware and accept the potential political risks particularly if their own party is seen to be involved in any democracy strengthening activities.

60. The Review explored the evidence to provide WFD's two main functions through alternative delivery models. The main options were:

- (i) Independent Company
- (ii) UK Charity
- (iii) Independent Non Government Organisation (NGO)
- (iv) Executive Agency
- (v) Merge with another body
- (vi) Central Government

61. WFD is currently a limited Company, registered with Companies House¹⁶. This represents the business model overwhelmingly favoured by the Review's key interlocutors. Charitable status was considered incompatible with WFD's services of providing parliamentary and political party support abroad. NGO status was strongly disfavoured, particularly by MPs and political parties who considered WFD would lose considerable leverage and kudos with overseas partners if it were perceived as "another NGO" in the democracy field. WFD lacked the critical mass of staff numbers and financial volume to become a viable Executive Agency. The review examined the scope for WFD merging its functions into another body. We found no wholly

¹⁶ www.companieshouse.gov.uk

compatible existing body. We did explore bodies which undertake certain aspects of democracy support such as ERIS, which specialises in electoral assistance, and the British Council, which includes in its remit governance and civil society work. However our wider consultation on merging WFD with either ERIS or the British Council did not attract support from stakeholders, notably WFD's funding Departments as there was not an obvious fit.

62. The case for Central Government absorbing WFD was more nuanced. Some consulted thought that the programme management parts of WFD could conceivably be assumed by Central Government. However all those consulted did not see Central Government, and specifically the Civil Service, as qualified to deliver WFD's parliamentary or party political goals, nor was it politically appropriate to have civil servants pursuing them. Most concluded it was better to have a single, integrated organisation such as WFD delivering coordinated programmes, spanning parliamentary and party assistance. The strengths of WFD operating outside Government have been cited above (paragraphs 56-58). Moreover, the Review found no examples of any Western government directly running party to party programmes. In all cases this was done at arm's length and via a third party body. Foreign Government officials (e.g. the Netherlands) consulted by the Review thought party to party work was important to the democracy development agenda.
63. Two further issues associated with NDPB status are the governance structures which, whilst similar to a commercial company, are more intricate, and secondly the impact of Government-wide restrictions on recruitment, pay and marketing. Since 2010 there have been a number of controls imposed on the public sector to help manage the public debt. The main objective of the control is to stop unnecessary expenditure, help deliver value of money and help organisations deliver government reform. The Cabinet Office are clear that the controls are not a barrier to securing the right resources to deliver, and would encourage a collaborative approach to discussing options and ways forward to overcome operational issues.
64. As a small company WFD needs to be agile, flexible and multi tasking with the ability to bring in expertise as necessary, reward performance and attract the best quality people. In addition, the Review found that if WFD is to be more stable and grow as a business it needs to be able to be more competitive in the open market and attract new business. The potential for growing the business on a stable long term semi-commercial basis should be in the UK's long term interest. Having a target of 15-20% external funding within the next 6 years with the clear agreement that any new funding must support the existing strategic planning will help reduce the overall cost to the taxpayer and increase the UK's ability to extend influence. The Review recognised that WFD would currently struggle to attract external funds for party to party work but

believes winning external funding for Parliamentary strengthening work would widen HMG's options, including potentially more funding for party-related work.

65. The Review concluded that the merits of WFD, including its political party component, operating as a UK company with NDPB status at arms-length from Government was the most appropriate model of those available in the circumstances. However, the Review found that the Government wide restrictions impacted on WFD's ability to operate effectively, but this was probably due to the uncertainty within WFD on how the Cabinet Office Controls were being implemented. For example the Change Agenda approved by the Board did not appear to fully reflect the options available and the approach to public communications (especially the website) could be more effective if Controls regarding marketing and advertising were better understood. The Review recommends that WFD and the political parties engage with Cabinet Office to understand the Controls before WFD's next funding round in 2015. The full details are available on line: <https://www.gov.uk/government/publications/cabinet-office-controls>.

Lessons from international models

66. The Review examined a range of international models – and the Dutch NIMD and Canadian Parliament Centre (CPC) in particular (see annex 5 for more detail). We concluded from these discussions on their own experience that there were five basic areas that WFD and HMG should note from the success of both CPC and NIMD.
- (i) Clear strategic direction and focus. In both cases the respective governments aimed to provide an effective strategic framework within which the organisations could operate. In the Dutch case the MFA developed the strategy around how best to deliver the MFA's main priorities (limited to the 15 countries where they have development cooperation agreements). The CPC had more freedom to develop their own strategy, but this was drawn from a clear direction from the Canadian CIDA which effectively limited the geographic scope to areas where Canada had strong trade interests.
 - (ii) Democracy development is not necessarily an end goal in itself. In both cases there was a strong feeling that seeking democratic change or development was not necessarily the end goal. This meant that the assistance was targeted to where other parts of the government machinery also benefited from a stronger democratic process. For example targeting countries that have weak parliamentary systems in countries where the UK has significant prosperity or security interests could in theory support the development of stronger laws that promote free and fair trade or more robust security laws that have a significant effect on HMG's wider interests.

- (iii) Keep it simple and do it well. Both NIMD and CPC are specialists in either Parliamentary or party political work. In the case of NIMD this is more focused on one part of political development: multiparty democracy. Their success is built on having small specialist programme development teams able to operate flexibly if needed. In the case of NIMD the programme teams all have a political background in addition to specialist programme development experience.
- (iv) Decentralised and empowered field offices. In both the CPC and NIMD examples the use of empowered field offices clearly contributed to the success of local delivery. The Review was struck by the ability of the field teams to develop, plan and implement programmes and to develop strong and close relations with the key stakeholders.
- (v) Clear understanding of the political risks in partisan projects. CPC and NIMD believed there are rewards as well as inherent risks in conducting partisan party to party work which need to be clearly understood. High risk partisan projects need far greater understanding of the wider context in which they operate and a clear mitigation strategy. Overseas publicly-funded partisan projects need careful monitoring to avoid inadvertent domestic public political criticism.

SECTION E

HOW WELL IS WFD DELIVERING?

67. In this section the Review examines how well WFD has delivered its objectives as set out in the WFD Corporate Plan. It should be underscored at the outset that DFID does not fund under its Accountable Grant any WFD political party-to-party (sister) activities whereas the FCO does under its Grant-in-Aid. The Review consulted DFID on techniques and challenges of measuring impact in the democracy field. We also referred to international benchmarking standards or criteria drawing on the ODI paper *Parliamentary Development*, the EC (EIDHR) work on *Parliamentary Development Evaluation methods* and International IDEA's *challenges of Political Programming*.
68. The Review also drew heavily on the expertise and findings of the EET¹⁷ who were tasked by DFID to examine performance and impact in more detail as part of the mid-term evaluation of the DFID funding. We recognise the concerns of some stakeholders that measuring the impact of both parliamentary and party political assistance work is difficult and complex. We appreciate that the high-level impact of large-scale change resulting from programmatic support while incremental can often only be achieved over a longer-term.

Measuring impact and managing expectations

69. The Review noted that DFID and the FCO apply differing approaches to measuring impact. DFID take a more structural and internationally recognised approach and insist that WFD apply a robust measurement in the agreed logframe of objectives-outputs-outcomes for DFID-funded WFD projects. By contrast the FCO does not use similar measurement. This disparity appears to undermine the consistency of HMG's approach towards what WFD might realistically achieve in a given programme or activity and gives rise to uncertainty within WFD about HMG's expectations. The Review recognised that DFID have considerable expertise in this area and would suggest that the FCO work with DFID to agree a harmonised approach which in turn should be agreed with WFD and the political parties. We recommend this coordinated approach reflect best-practice guidance on value-for- money measurement from the National Audit Office but also draw on existing FCO best-practice on measuring project delivery. For example the FCO-run Arab Partnership Participation Fund and the sister DFID fund, the Arab Partnership Economic Facility, have joint measures of value for money and monitoring¹⁸.

¹⁷ For more information and detail of DFID EET mid- term evaluation assessment please refer to the WFD Midterm Evaluation report

¹⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69155/monitoring.pdf and https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69154/vfm.pdf

70. Additionally, the FCO suggested to us that measurement consistency could be achieved by the FCO and DFID conducting quarterly strategic reviews of WFD. In our view, it makes *more* sense for the two Departments to work out together how they harmonise their approaches and consult WFD on it *than* for us to prescribe a method.

Recommendation 1: *The Review recommends that to address this uneven HMG approach, FCO agree with DFID upon a shared process to measure WFD's impact and value-for-money.*

Parliamentary development work

71. The EET concluded that WFD's parliamentary work harbours the potential for impact but has some way to go to demonstrate more effective delivery or match international best practice. The EET and other stakeholders commented that the planning stages were critical. A lack of political and context analysis at the programme formulation stage explained an apparent lack of impact in some cases. This was also linked to the need for detailed political analysis of whether they were engaging with the right actors in the first place. The EET assessed the MENA wide projects in particular as not fulfilling their main potential and there were some serious concerns expressed by stakeholders (Arab Partnership Fund and Posts) over the lack of delivery of a specific project in Jordan which needs addressing.

72. The EET assessed that opportunities were being missed in WFD's regional programmes by not cascading down to the national level of regional member countries. Stakeholders for example in Belgrade commented that there was a need to link the regional forum of MPs from across the Western Balkans with actual national delivery. Another example of where WFD had lost national influence was in Macedonia. In 2010 the Macedonia programme was considered a positive example of WFD's ability to deliver impact at national level. However evidence gathered in 2014 suggests that WFD's positive reputation within Macedonia political circles had been lost due to a move towards a more regional approach without considering the delivery impact on the national level. The lack of linkages between regional programmes and national impact was also felt in East Africa where FCO Posts felt the long standing WFD East Africa Legislative Assembly (EALA) project was having limited impact on key issues in-country.

73. Our survey of FCO Posts revealed that almost all Posts assessed WFD's role and current value on the basis of its parliamentary assistance work – with only one Post explicitly mentioning WFD's political party assistance. Of the survey responses, around 50 percent of Posts assessed WFD had “failed to deliver” on Posts' expectations in their countries of diplomatic accreditation with only 20 percent assessing WFD had “met expectations”. However Posts made two important caveats. Firstly, Posts felt under-informed about what WFD was doing in-country. Secondly,

Posts recognised the lack of a formal assessment process, by which WFD's impact is measured accurately and regularly, made their assessment of WFD less well-founded than they would have wished. Both these issues are addressed later in the report.

74. On a positive note, Posts highlighted the impact that WFD projects could have on wider UK interests. For example, WFD activities had generated some local demand for UK expertise in related fields. WFD also offered potential political entry-points for Posts to develop. One Post commented that the WFD project "presented us with a new channel for influence, through British MPs". Posts also highlighted the benefits of a well-conceived programme for wider UK interests. For example one project in the Balkans, completed in 2012, had resulted in a "significant achievement on the road to meeting EU standards, which other projects are building upon".

Party political work

75. The EET found evidence that the work of the political parties in developing a trust based relationship with their sister or potential sister parties "unmatched by other implementers" and "an effective formula for delivering results". The EET also commended some of the political party's regional programmes. The Africa Liberal Network (ALN) programme, managed by the UK Liberal Democrats, and the Democratic Union Alliance (DUA) programme, managed by the Conservative Party, are both "strong examples of WFD using its trust-based relationship with like-minded parties to coax them towards a more policy orientated and inclusive approach" (EET review unpublished). Indeed, the EET report assessed the ALN programme as providing "some clear examples of good practices that could be replicated, not only within WFD, but more broadly in the field of political party assistance". It was also clear that beneficiary parties highly valued these party relationships. It was not clear however to the EET how this work translated into wider impact on the entire political system within a country which is an area the political parties could do more on. The UK political parties contend, in speaking to the Triennial Review, that giving individualised support to a sister party had wider national impact. It not only instilled values and policies in a party but also provided the electorate with more meaningful choice at elections. To this extent, support for one party has wider political impact. This view carries support in some international literature. For example recent studies by International IDEA suggest work to build the capacity of one party and to change its approach to politics may have a longer-term impact on the entire political system¹⁹.
76. The profile and understanding of WFD's political party assistance within HMG's Posts overseas is seemingly weak, and perhaps underscored by only one FCO Post mentioning party work in its reply to the Triennial Review's survey of Posts. In following up this point, we clarified with Posts that they do see value in WFD's political

¹⁹ *International IDEA: Power and Coleman (2011) challenges of Political Programming*

party work (for example cross-party cooperation and developing an effective opposition) but would appreciate more discussion and understanding with WFD and the political parties on how this could add practical value to Posts efforts on political networking and their security and prosperity goals. For their part, the UK political parties told us that they too would welcome closer relations with FCO Posts, noting that they already reach out regularly to Posts but with variable levels of Post reciprocity. The UK parties added that, with Post encouragement, they have frequently engaged with specific parties in-country. The Review concluded that the FCO and DIFID could help WFD, the Parties and Posts strengthen their relationship.

Civil Society Development

77. The EET concluded that the impact of WFD's work to build the capacity of civil society has been limited. The EET examined the work in Kenya, Jordan and the MENA Women's Leadership Programme.
78. The EET assessed the combination of poor project development and identification of civil society partners capable of absorbing the capacity development offered was having an adverse effect on the delivery of WFDs objectives. This was further compounded by the local WFD field staff not being able to build trust with national actors through daily contact and, in turn, the provision of timely technical assistance in support of such actors. The EET also noted that WFD were potentially creating redundant work by failing to adequately map what others were doing in the same field.
79. No FCO Post categorically referred to WFD's work in support of civil society.

Review's observations on WFD's strengths in parliamentary, political party and civil society work

80. The Review agrees broadly with the EET on WFD's relative strengths and weaknesses. The EET's findings indicate significant room for WFD improvement on parliamentary work; good overall impact in "bilateral" political party work; and civil society work currently being largely incidental to WFD's main programming. Although the EET did not specifically examine any cross-party and non-partisan activities, we see (as do WFD stakeholders) significant scope for the UK political parties to expand their work in this domain. Against this evidential background, our Review was struck by how much WFD's profile has slipped within FCO Departments in London and FCO overseas Missions. FCO Departments we met, including those covering the West Balkans and MENA, told us FCO work on institutional and democracy strengthening abroad had been largely decentralised to FCO Posts, who are empowered to bid on funds for this purpose. Our Survey of FCO Posts highlights that WFD needs to communicate more closely with Posts and other key stakeholders within HMG to raise

awareness of what WFD does and can offer (particularly the work of the political parties). In countries, regions and issues where WFD works, it must proactively develop more effective working relations with HMG representatives to ensure a more joined up approach. This approach will assist better contextual analysis and lever FCO Posts on how they can support WFD at the local level to improve impact.

81. We were surprised (as were other stakeholders we consulted) that WFD's link with **Parliament** is not stronger. The Review would recommend that a clearer and closer link be established. This can be taken forward in a number of ways. Firstly, WFD with the CEO exercising a strong lead, needs to forge close working relations with the key Parliamentary Select Committees (notably the Foreign Affairs and International Development Committees), who would welcome this (as expressed to the Triennial Review). Secondly, as recommended further below (paragraphs 104-106), WFD need to forge closer working ties with the Parliamentary Clerks, who constitute a focal point of expertise and access on parliamentary skills. Thirdly, WFD need to interact more with other UK parliamentary assistance partners, notably the UK branches of the IPU and CPA,²⁰ not least to exchange respective experience in lessons learned, trends and new developments in global democracy issues and so on. WFD's links with **UK Political Parties** are on a firmer footing than its parliamentary relations. This is in large part because the UK political parties are organisationally more intricately woven into WFD's organisational and financial structures. WFD's work with **Civil Society** Organisations, while bound into some of WFD's parliamentary and political party work, appears less central and more incidental to WFD planning. There is a case for WFD to forego Civil Society work – as something better done by those more skilled and resourced in this area. However, many consulted by the Review considered WFD's parliamentary and political party assistance work would under-deliver if they did not include a civil society dimension, since citizen engagement was vital to overall longer-term impact and success.

Value for money (VfM) assessment

82. Our terms of reference asked us to assess WFD's value for money (VfM). In straightforward terms, measuring impact is not just about how far intended results have been achieved but also whether the resources used have been optimal. The National Audit Office (NAO) defines this "value-for-money (VfM)" measurement as being 'the optimal use of resources to achieve intended outcomes'. DFID guidance²¹ notes that "Value for Money is about maximising each of the 3Es, so that we have maximum effectiveness, efficiency and economy for each intervention".

²⁰ IPU (*Inter-Parliamentary Union*); CPA (*Commonwealth Parliamentary Association*)

²¹ DFID's *Approach to Value for Money (VfM)* (2011):

www.gov.uk/government/uploads/system/uploads/attachment_data/file/67479/DFID-approach-value-money.pdf

83. We found the stakeholder evidence of WFD's value for money (VfM) was mixed. As seen in the preceding paragraphs, the EET and FCO Posts' assessment of WFD's effectiveness of delivering results left room for improvement – and in the case of parliamentary projects significant improvement. However the majority of those we consulted, and in particular our Parliamentary and Political Party interlocutors, were clear that WFD represented very good value to the UK taxpayer. WFD was “lean and mean” organisationally; “avoided large external consultancy costs” by attracting the no-fee services of MPs, parliamentary staff and political party workers; and remained small in size by international standards in financial and staff resources. The political parties told us that many of their political consultants gave their time freely to WFD out of an ideological conviction to help their party and, in many cases, would not offer their services commercially. This coupled with significant in-kind support by the political party offices increased WFD's operational efficiency and VfM. More significantly in the view of many, WFD - whatever its shortcomings or failures - still brought to bear the significant asset of the UK's parliamentary and political parties' know-how. WFD's access to this know-how and its application in democracy work overseas was WFD's unique selling point, described by one MP as “our capacity to engage directly with the people who actually “do” the democracy the UK promotes”.
84. As we have suggested in recommendation 1 above, the FCO and DFID as key funding Departments should work closely to set appropriate and proportionate measurements of WFD's impact. We would recommend these measurements include VfM measurements. We would expect the combined effect would sharpen WFD's own awareness of improving the use of resources in their activities but also guide them when they come to consider the optimal distribution of staff and financial resources (as they must do in setting their new priorities and proposals in their next business case for HMG funding). A key issue here will be finding the right balance between resources and shared services, located in London, and those best located in WFD Field Offices.

SECTION F

WHAT CHANGES ARE NEEDED AND HOW SHOULD THESE BE DELIVERED?

85. A broad range of WFD stakeholders highlighted that reforms were needed to enable WFD to convert their considerable potential into actual delivery. Interlocutors identified the need for WFD to **strengthen its structures at three critical levels** to reflect a shift from WFD's historic foundations in the 1990's to a modern forward leaning organisation of the twenty first century. These levels were:
- **Strategic:** At Board level, less operational work and more performance and strategy evaluation
 - **Operational:** At CEO level, greater control, leadership and internal co-ordination of programme design linked to a clear strategic vision
 - **Implementation:** At senior programme level (in London and the field), improved and co-ordinated delivery mechanisms on the ground.
86. The Review considered it important to provide a clear set of recommendations and to ensure where possible buy-in for their implementation. If there were major divergent views on any recommendations these have been noted and will need to be followed up separately. Although the implementation of any reforms is not within the remit of the Review, we considered it vitally important that all the recommended courses of action are viable, realistic and implementable. To this end, the Review drawing on the evidence assesses that the **five main challenges facing WFD** in its ability to be both a competitive market leader and meet HMG's aspirations and expectations over the coming years are :
- Ensuring HMG has a clear cross Whitehall democracy strengthening plan upon which WFD can plan more effectively;
 - Ensuring WFD's governance structure is focused on strategic, leadership and challenge functions;
 - Optimising the contribution of parliamentary and political party expertise into WFD's wider organisational goals
 - Equipping WFD with the technical expertise and professional skills to meet the very best of international practice and become a global go-to organisation in its field

- Developing a successful business growth model to win additional work, which complements WFD's priorities, and potentially reduce dependence on HMG funding.

87. DFID and FCO Ministers and officials have regularly communicated with the WFD Board over the need for change. The most recent joint letter from Ministers to WFD's Chairman followed the first annual review of the 3-year grant to WFD (2012-15). In it Ministers urged WFD to implement the recommendations for greater coordination between the parliamentary and political parties work leading to more integrated programme design and delivery which went beyond simple knowledge sharing towards the use of a wider range of tools and skills to build capacity. Ministers were particularly keen to see WFD focus their limited resources in a more strategic way to have maximum impact.

88. WFD made clear to the Review that time is needed to allow the results to work through from the change agenda approved by WFD Board in 2011/2. We understand this and comparable experience of international analogues confirms such change needs time. However the evidence points to limited progress on reform and the **need for a step-change in three broad areas**. These are considered in more detail in the following paragraphs under the headings:

- WFD's strategic focus
- Improving WFD's technical expertise
- Reforming WFD's structure and governance arrangements.

WFD's strategic focus and funding allocations

89. A better articulated UK Strategy on Democracy Strengthening is greatly needed. The Review noted that WFD staff members struggled to articulate what WFD vision and purpose was, indicating a sense of institutional confusion as to the main strategic direction. Our interlocutors suggested this strategy plan should provide a short statement of HMG's vision and the criteria and focus for this policy. Most favoured the identification by HMG of **priority countries and agreed deliverables**. FCO and DFID officials told us they would take forward the development of a joint strategy and would seek Ministerial endorsement. This process would require broad consultation within HMG and with FCO overseas Missions as well as with democracy partners, notably WFD. HRDD within the FCO would lead the process and aim to have a new Strategy in place before the end of 2014. As part of this overall process and going forward, WFD will need to conduct detailed political economy analysis in the parliamentary and party sector for any given country, regional or thematic programme. It will be important WFD (and HMG) collaborate closely with other **international democracy partners** to coordinate work and share and build on their analysis.

90. Crucially there also needed to be a regular “fluent” **discussion about this strategy**, new trends, information sharing and lessons learned. Options to stage such discussions included creating a forum, informal ad hoc meetings, special events, away days and presentations to the Board. The Review sensed WFD and HMG would prefer an informal rather than formal arrangement. *Beyond* the bilateral HMG-WFD relationship, we found that **other UK democracy partners** would unanimously welcome a more joined-up discussion between them and HMG with a clear view to greater overall UK cohesion and coordination, potential partnerships for joint bidding on funds and their closer cooperation with WFD. An illustrative example (from the British Council) of this willingness for greater collaboration with WFD is given in annex 10.

Recommendation 2: *A clear cross Whitehall democracy strengthening strategy plan supported by a stronger consultative mechanism between HMG and WFD on priority countries and agreed deliverables. This plan should include clear guidance on how HMG can support WFD with contextual and political analysis to strengthen planning and implementation - while also making clear that WFD bears primary responsibility for producing its own political economy analysis in drawing fully on all sources, including the perspectives of UK and international partners as well as potential beneficiaries..*

91. The Review’s evidence found that the limited resources of WFD are spread too thinly. This reduces WFD impact. Building on the more focused strategic approach outlined above, the Review recommends that **WFD’s portfolio of programmes** is reduced and more closely aligned with the new strategy. The Review would not wish to be too prescriptive in what this reduction might look like, but the evidence of views suggests that maybe a portfolio of 6-8 countries would be about right. This reduced portfolio need not be confined to countries and could usefully include one or more regional bodies and /or thematic issues - for example in the West Balkans, the current East Africa Legislative Assembly and issues enhancing women’s empowerment. By the same token, some interlocutors considered the activities or projects undertaken by the political parties were unmanageable with the resources available to WFD. The number of these projects appeared to total more than 150 – but on our closer examination seemed to be closer to the 60-mark. This latter figure seems realistic and manageable, recognising that there are likely to be more non-partisan and cross-party projects in future for which the Parties apply for funds and less purely sister party activities . All the UK political parties informed the Review they would need additional staff resource to deliver more cross-party and non-partisan work. The Review considers this resource issue will need closer examination when decisions are taken regarding the Review’s recommendations. One clear option is for the extra resources required to be reflected in any joint UK party project application (since by definition such projects will require the involvement of more than one UK party).

Recommendation 3: *Reduce WFD's core programmes and focus them and the complementary projects of the political parties in line with the new strategy outlined in Recommendation 2.*

92. Linked to recommendation 2 and in line with Ministerial wishes, the reduced core programmes should take full advantage of the input from all of WFD's constituent parts and work towards **more integrated programmes**. This includes the greater use of corporate resources and experience to design, monitor and evaluate programmes. A good example of this is in Kenya where a follow up mentoring programme for MPs run by the UK political parties would have added value to the formal learning programme initiated by WFD. In practice, gaining better integration would be achieved by the CEO and Director of Programmes consulting the political party international offices at the conceptual and planning stages to invite their contributions to these core programmes by means of joint support from not less than two and potentially all four political parties. To achieve more efficient shared centres of excellence in common programme areas such as finance, design, political and context analysis, WFD should call on external support with training and short-term attachments (if necessary) from for example HMG and others working in these fields.

Recommendation 4: *The CEO should lead a more proactive process of consultation with the political parties at the conceptual planning stage to capitalise on their potential contributions towards all WFD programmes. This will result in more integrated, holistic WFD programmes. Our report later on suggests how the Parties can be remunerated for their inputs into integrated work on non-partisan issues. Shared centres of excellence in key programme areas should be developed.*

93. The Review considers HMG's current annual allocation to WFD of around £5.5 million per annum (pa) commensurate with WFD current operations and good value for money for the tax-payer. This budget includes a DFID-supported Innovation Fund of £0.5 million. In addition, WFD currently attracts around £300,000 pa from non-HMG external sources, chiefly EU funds.
94. We examined more closely the internal **distribution of WFD's overall revenue from HMG**. At the outset, it was emphasised to us the distinction between "operating costs" and "programme expenditure". **WFD HQ** requires £700,000 p.a. in operating costs to run WFD as a Company. This leaves a total HMG contribution of around £4.8 million available for programme expenditure, which is split between WFD and the political parties. From the WFD Central programme allocation a further £450,000 p.a. is needed to run WFD's London and overseas based programme teams. This implies WFD HQ has a total administration overhead of around £1.2 million.
95. **The Political parties'** receive around 50% of the £4.8 million total programme funds available, however DFID funding rules mean that all the political party funding comes

from the FCO GIA. In 2014 this equated to £2.17 million. This was divided up using a modified Short Formula (see table below). This included £40,000 additional payments by WFD HQ to encourage the political parties to engage in cross party work. The international offices also have operating costs which include salaries. These are met through taking an internally agreed percentage or “administrative fee” from the total programme allocation to each party. The political parties themselves also make various in-kind donations such as office space available to their international offices. The total administration costs for the Political Parties is around £400,000. The table below summarises the current administration fee/ costs for the various international offices.

	Conservative	Labour	Liberal Democrats	Smaller Parties	Totals
Total Funding allocated to the Political parties 2014/15	£883,300	£883,300	£306,200	£95,200	£2,170,000
WFD additional Political Party support for cross party work	£10,000	£10,000	£10,000	£10,000	£40,000
International Office's Administration fee	16% £150,000	16% £150,000	25% £77,000	25% £23,000	£400,000

It follows that the total operating costs for both WFD HQ, including the programme teams (£1.3 million) and the political parties (£400,000) is £1.7 million. This equates to 31% of HMG’s annual £5.5 million funding of WFD.

96. The Review consulted stakeholders on **what funding model and distribution** would best deliver core/priority programmes, non-partisan and cross-party work, sister-party work, allow a margin of operational flexibility and meet corporate overheads. WFD’s central Government funding Departments favour a new arrangement, whereby a greater percentage of funds are allocated to non-partisan, cross-party and party system reform work and less on sister-party (“bilateral”) work. The 3 largest UK political parties (Conservative, Labour and Liberal Democrats) supported by their party-affiliated Governors on the WFD Board – but not by the UK smaller parties - argue strongly for retention of the current funding arrangement, whereby the parties effectively receive half of all HMG funding for sister-party work.
97. Our Review, taking account of these differing positions and further stakeholder consultation, devised and proposed to stakeholders a new **4-tier Fund**. The proposed distribution distinguishes between operating cost and programme costs and is based on an indicative amount that is subject to agreement by the sponsoring department following the next resource bidding round. The percentage distribution

below refers only to the **total programme spend available**. This is approximately **£4.8 million** per year based on 2014 figures.

- (i) **Tier one: a core central fund** covering WFD's eventual priority core programmes (possibly as earlier mentioned 6-8 countries/regional bodies/themes) and associated running costs. This integrated 3 dimensional work of parliamentary, party political and civil society programmes would invite significant input from the political parties at the conceptual stage on the scope for non-partisan, cross-party and sister party work within these core priorities. WFD and the political parties would also draw upon a wider range of democracy strengthening tools including access to the UK overseas missions both bilateral and multilateral, as well as access to thematic and geographic specialists within central government.

Fund management: Suggested allocation of around **40%** or **£1.92 million** of HMG funds received. This tier would be managed by the CEO of WFD, supported by the Director of Programmes and a central projects team that might include a newly-appointed specialist political party programme officer. The Board would remain accountable for the strategic direction and performance of this Tier.

- (ii) **Tier two: a cross-party engagement fund:** to which political parties could apply for funds to undertake joint non-partisan work on non-core countries or issues, aligned with WFD's strategy. This joint work infers at least 2 and possibly all 4 UK political parties will work together in utilising this Fund. Political party applications would be considered on their merits by the CEO, who would advise the Board accordingly. Some of our interlocutors termed this a form of competitive bidding for funds. The Review would suggest however it is regarded more as a merit-based application process to promote a stronger culture of joint work between and among WFD's branches, including capitalising on the undoubted expertise and networks of the UK political parties in order to get higher-level impact in a given country/regional/thematic programme. We would underscore the strong contribution (in this and the other 3 tiers) that the UK political parties can and should make to systemic political party reform in a given country as well as to change within a particular party (this point is well made in DFID's "How to" note on "parliamentary and political party assistance"²²

Fund management: suggested allocation of around **20%** or **£960,000** of the programme funds available. Each political party will share their annual strategies in advance with the CEO and each other (recognising some

²² <http://r4d.dfid.gov.uk/Output/192640/>

tactical detail will necessarily remain confidential to each party). This fund would be managed by the CEO in close cooperation with the Political Parties. The Board would remain accountable for the strategic direction and performance of this tier-fund.

- (iii) **Tier three: individual political parties Fund**, ring-fenced, to provide for the global work of UK political parties with sister or ideologically like-minded parties in support of the new UK democracy strategy.

Fund management: suggested allocation of around **30%** or **£1.44 million** of the programme funds available. Each party would manage their own funding allocation and account for their expenditure to the CEO, who would be accountable to the Board for the performance of this tier-fund. The funds should be distributed according to a successor arrangement to the (currently-used) modified Short formula²³ (see paragraph 100 below).

- (iv) **Tier four: flexibility fund** to provide for innovation, scoping, pre-emptive and reactive work (“the politically unexpected”) in the democracy field. This fund would allow WFD and the political parties the flexibility to support emerging priorities or to reinforce existing links. Typically this fund would support scoping visits, expert assessments, quick fire party-to-party projects or international conferences such as Wilton Park convened by WFD or the political parties to discuss emerging issues. In addition this fund could also support winning new business and contracts similar to the current innovation fund.

Fund management: suggested allocation of around **10%** or **£480,000** of programme funds available. The CEO, Director of Programmes and heads of the political parties international offices, will support the decision making process for the fund. This fund would not be available for longer-term projects beyond the financial year end. Unspent funds would be returned to the central programme fund. The fund would be managed by the CEO in close consultation with HMG: the latter would support the political parties with strategic context and facilitate access to HMG staff.

98. The Review discussed with stakeholders the allocation of the current administration payment each of the political parties receives from the WFD programme budget to cover in-part its **administration costs** (see the lower box of the table, presented in paragraph 95 above). The two larger parties wrote us, supporting the current allocations. The other two parties told us they would welcome an increase in the administration allocations they receive but, in the case of the LDP, suggesting that

²³ For more details on the Short Money Formula www.parliament.uk/documents/commons/lib/research/briefings/snpc-01663.pdf

the definition of the administration fee should be wide enough to allow for administrative costs outside the UK (for example for the LDP to use the fee to pay for a locally-engaged position to administer their ALN project in one of the African EALA countries). The Review also heard non-political party views that the allocation of the administration fee should be more equitably distributed, to allow all the parties to compete on an equal footing and to ensure all have the same resources to deliver. We proposed to all 4 parties that the same amount of £150,000 be paid to each party for administration (note: this would add about £200,000 to the overall administration costs and bring the total to around £1.9 million pa). The 2 larger parties opposed this leveling, as incompatible with the respective absorption and delivery capacity of each party. The LDP supported but wanted the inclusion of the wider definition mentioned above. The smaller parties did not believe they could absorb and use such a large increase. We concluded that there was no ready alternative to the current allocations, which carried all-party buy-in, that we could recommend, but that the Board should be encouraged by the Funding Departments to reconsider the administration allocations for each party to optimise their contribution to WFD's corporate goals.

99. The reaction to our proposal was supportive of the structure and clarity of a 4-tier fund but differed on the *percentage distribution* proposed in our first circulated draft (of 50% for tier one, 20% for tier two, 20% for tier three and 10% for tier four). The FCO and DFID supported our proposed distribution, viewing it as offering all the political parties clear opportunities to contribute their expertise to all 4 tiers of work. The 3 larger political parties informed us in writing that their “willingness to work on a cross-party basis was based on the clear understanding that in return the core unique sister party work would be protected and funding remain the same or increased”. The Review was unable, despite our strenuous efforts, to reconcile the position of the 3 parties and that of FCO/DFID. Nevertheless, the Review recognised the strength of conviction of the political parties on this issue and their assertion that the EET Review had assessed their “bilateral” work as highly effective. We therefore adjusted our originally proposed percentages as follows: tier one decreased from 50% to 40% (core programmes); tier 3 increased from 20% to 30% (party bilateral work); and tier 2 and 4 kept the same (non-partisan and flexibility components). These revised percentages are incorporated in the text above in paragraph 97 (i) to (iv) – and these are the ones we commend.
100. The continuation of the use of the “**modified Short formula**” (to distribute programming money for the political parties) divides stakeholder opinion. The two largest parties favour its retention, considering it a founding and well-established agreement of WFD among the political parties. The smaller parties and some Board Governors view the formula as outdated and urge change. They consider the formula, as one Independent Governor expressed it, creates “an instability that is unlikely to enhance long term planning, since party interventions will necessarily have

to be bound by UK election timetables, which will not fit with other countries' timetables". They argued for a more fixed proportional division, "since there is no real reason why the amount of money should in fact relate to domestic UK politics at any one time". Our Review recognise that this is a contentious political issue among the political parties but, from an apolitical standpoint, we consider the replacement of the modified Short formula by a fixed proportional division would make sense in terms of WFD organisational planning and its global operational environment. The Review is caught between our view that the modified Short formula should be re-examined and the firm conviction of the two larger parties that it should not. Our recommendations to alter the existing internal fund distribution do not have the support of the two larger parties, who wrote us that "removing the "Short money formula" and implementing the proposed tier system and percentages for funding the political parties will completely undermine the parties' ability to deliver their core work and consequently the unique selling point of the organisation". Instead, the 2 larger parties propose **retention of:**

- (i) the current percentage for bilateral political party work (roughly 50% less administration fees) with the receipt of their administration fees not set as a fixed amount but unchanged as a specific percentage of programme spend
- (ii) the current allocation for cross-party work (unchanged at £40,000 per party)
- (iii) the modified short formula

101. Our discussions suggest the firm consensual view of the two larger parties render any change to the current use of the modified Short formula for WFD's political party work would be politically unviable. Any restructuring of fund-distribution would require time to phase in.

Recommendation 5: *The distribution of funds needs to reflect the revised strategic direction for WFD and the agreed desire for more integrated programmes. The Review recommends that the sponsoring departments, WFD and the political parties agree on a redistribution of funds, drawing upon the proposals outlined above.*

Improving WFD's technical expertise

102. A good measure of the WFD stakeholder evidence gathered by the Review assessed WFD's technical ability and capacity to deliver **parliamentary assistance** programmes as potential rather than actual. WFD's UK parliamentary partners observed that WFD lacked in-house parliamentary skills. If WFD was to continue to work in this field of support (a few interlocutors thought it should not), it would need to reinforce its parliamentary skills-base.

103. The Review sought the UK expert advice of the Clerk and Chief Executive of the House of Commons and his staff. The senior management of the Commons Parliamentary Clerks indicated it could be willing in principle, subject to the outcome of our Review and further resource consideration, to examine ways to support and work with WFD, including :

- programme/project assessment and design
- sourcing experts
- project delivery
- preparation of outreach materials/curricula
- training of WFD staff
- the secondment and attachment of Clerks to WFD on short or longer-term basis.

104. This menu of options offers a practical way in which WFD can benefit from the Clerks' experience and forge closer collaboration with them as two principal UK "providers" of overseas parliamentary assistance. The Clerks also suggested that increased use could be made by WFD of the present practice of contracting former clerks and other parliamentary officials, with up-to-date skills, on an ad hoc needs-basis to assist WFD to better determine the precise needs of individual beneficiary parliamentary partners abroad, thereby achieving more sustainable local ownership of interventions and helping to mesh these parliamentary needs into WFD's programme design.

Recommendation 6: *the CEO follows up with the Clerks of the House of the two Houses on how the Clerks (and their network) can strengthen WFD's parliamentary assistance. This might include consideration of short-term attachments and longer-term secondments (from the Clerks to WFD) as well as the Clerks' technical assistance with parliamentary needs-assessment work.*

105. WFD draws on the large pool of parliamentary experience and skills available among serving and former UK parliamentarians and parliamentary officials. These services are provided without fee in the case of serving MPs and officials. However WFD parliamentary assistance can frequently call for a commitment of longer time on a

project activity than available to MPs within other parliamentary commitments and demands on their time. The evidence underlines the importance of WFD being able to better access parliamentary experience for longer-term needs and to provide continuity within any particular programme. WFD has already begun to organise a database of parliamentary experts. The Review recommends the development of such a database is pursued. WFD might wish to consult the tri-Departmental Stabilisation Unit, which operates a successful multi-sector database of experts in the areas of conflict-related and stabilisation work.

Recommendation 7: *WFD strengthen their database of experts in parliamentary assistance and in particular seek relevant experts, with both technical and behavioural skills, that can commit to a programme over a longer period of time to provide stronger continuity in working with a particular country, region or theme.*

106. The Review heard evidence that in many instances the **UK's Devolved Assemblies and municipalities** offered greater compatibility with the political and resource context of some of WFD's overseas partners²⁴. For example, the experiences of running a devolved administration in the UK would be applicable in cases where WFD was operating in countries with a smaller economy, resource-base and possibly a national identity and language under threat. Northern Ireland also offers experience in reconciliation and post-conflict that is relevant in many countries WFD may wish to work in. WFD already recognise and lever the contribution that both the UK's Devolved Assemblies and UK municipalities can make to the delivery of WFD overseas parliamentary and political party assistance work. This trend should be encouraged and strengthened.

Recommendation 8: *WFD continue to strengthen its contacts with the UK Devolved Assemblies and local Municipalities network and proactively seek ways in which they can support WFD activities.*

Reforming WFD structure and governance arrangements

107. There is strong evidence that one of WFD's core strengths is the contribution that the **UK political parties** can make through their international offices to WFD's wider democracy strengthening work. Realising this potential requires strong inter-active working relations between the WFD Head Office and the 4 individual political party international offices. However, the Review heard evidence that these relations had eroded, impacting on programme delivery and WFD staff morale. This relationship between WFD head office and the political party offices has been historically challenging to manage, given that they are not co-located; have perceived their respective activities as more complementary and less shared; and where the political

²⁴ *The lead-reviewer has first-hand experience of this in instrumentalising an MOU between Wales and Latvia which included governance cooperation.*

parties see themselves as more accountable to their respective party representative(s) on the Board of Governors and to their internal party structures than to WFD's CEO. We noted that the 2010 External Review referred to "the inherent tensions" between the "two wings" of WFD (the parties and the HQ). We found candid evidence that this tension had deteriorated beyond the professionally-acceptable into one of mistrust and animosity. This breakdown needs to be grasped quickly by the incoming CEO, with the support of the Board. We sensed that resetting these relations on a more collaborative footing can be resolved by good management – but not entirely. It is also the case that WFD HQ and the political parties need to organise themselves better to share their planning at the conceptual stage. This sharing we were told used to happen but has fallen into disuse. Specifically the practice of the political parties sharing their outline party-related international plans with the CEO and the CEO consulting the parties on how they can contribute to WFD's programme work should be revived immediately. We concluded this cooperation was more about cementing good relationships, management and instilling a one-team spirit than creating new structures.

Recommendation 9: *The new CEO and the Board looks to rebuild interpersonal relationships and to reexamine the mechanisms for the sharing of information, resolving personal and professional differences in an appropriate and constructive manner and engendering a spirit of "one team".*

108. The Review looked carefully at the various WFD documents that reflected the ambitions of **the WFD Board** and matched this with evidence from other stakeholders. The Review noted that both WFD and HMG had a similar sense that the Board should essentially :

- provide the overall strategic direction to ensure WFD resources and programmes are focused where the need is greatest and where the impact is most felt
- monitor and evaluate the overall performance of WFD through a rigorous approval and challenge process
- ensure the WFD Company is directed, controlled and led effectively in meeting both its statutory and Ministerial accountability responsibilities.

109. Evidence gathered by the review suggests that the Board is still overburdened with operational issues, for example the detail of political party projects, at the expense of a more strategic vision, programme direction, co-ordination, leadership and challenge function. Busy parliamentary timetables, a lack of time to reflect and discuss strategy and vision, and lack of clarity over the party political projects approval process were cited as limiting the Board's ability to monitor the overall performance of WFD. The Review also found that the structural composition of the Board was inadvertently reinforcing a deep division within the Company between WFD core staff and the political parties which was adversely impacting on the change agenda, staff morale,

strategic direction and delivery of programmes. Furthermore the impact of the split governance structure at Board level (i.e. Political and Independent Governors) was mirrored throughout the company with WFD field teams expressing a feeling of disconnection with political party activity conducted in their region.

110. The recently appointed chairman of the Board (late 2013) introduced in April 2014 a new arrangement whereby the Board meets in closed session without funders and stakeholders before meeting together with them. This is in line with private sector company practice and a sensible innovation if it leads to firmer Board resolve to be more strategic and corporate in focus. Such intent on the Board's part would better enable it to implement the key conclusions of the DFID review of June 2013²⁵ which emphasised the need to spend limited resources in a more strategic way. The Review noted that this consistent message had been reiterated by FCO and DFID Ministers in both 2012 and 2013. The Review also noted the Board's ambition for "more frequent strategic and operation meetings with WFD, FCO and DFID" to help understand the strategic political context and their strong desire to implement previous review recommendations.

Recommendation 10: *The Review recommends that the Board should continue with its efforts to focus on strategic, performance and corporate governance issues, allowing operational issues to be led by the CEO on an accountable basis to the Board. The Review recognises that implementing this recommendation is difficult and so should be supported by a new programme approval process outlined in recommendation 11 below*

111. To support the Board taking a more holistic approach to the WFD Company's future, some of the Review's interlocutors recommended that **the Board's composition** should be modified along the following lines:

- Be led by an independent Chair
- Comprise a majority of independent Governors (by increasing the Independent Governors to 5 and reducing the Political Governors from 6 to 4)
- Appoint the CEO and Finance Director as members of the Board

112. In examining some of the underlying issues with the governance structures the Review found some merit in these suggestions. However, we did not find consensus on these points but did perceive some convergence on two aspects: (i) a strengthened central role for the CEO to make operational decisions for all WFD programmes, which should free up the Board to be more strategic (ii) the Board should mirror the

²⁵ WFD produced its Annual Report of year 1 for DFID, in June 2013; DFID subsequently produced their DFID Annual Review of WFD's progress.

Company as a whole in order to reflect WFD's democracy goals and less the UK's electoral balance.

113. The Review fully appreciates the value of political Board Members, who reflect the importance of WFD's connection with Parliament and the political parties. Our evidence however suggests that a rebalancing of the Board's composition to reflect the shape and direction of the Company as a whole will ultimately build Company cohesion. It is ultimately for the Foreign Secretary, who is responsible for appointments to the Board, to consider the Board's composition and the merits of the Chair being held by an independent rather than Political Governor. Either appointee clearly needs to have the time and experience to lead the Board. The case was put to us for the appointee, if independent, to be offered some remuneration - in order to send a clear message about the responsibility and commitment incumbent upon the Chair's role. However some stakeholders, notably among the political parties, opposed payment, asserting it would overturn the tradition of unpaid Governors and send the wrong message to WFD's global partners.

114. Notwithstanding the political sensitivities and complexities surrounding the future **composition and selection of WFD Board members**, the Review was strongly urged to offer Ministers a clear recommendation. More directly put, should the Board's composition be changed or not? The arguments in favour of the **status quo** included (i) in the view of the two larger UK parties, that the Board "should be a reflection of the principles of a functioning democracy, representative of and led by elected representatives" (ii) that a Political Governor as Chair strengthened WFD's access to and dialogue with Ministers, Parliament and senior officials (iii) in the view of some Governors, any change in composition would unsettle WFD at a critical time organisationally in its efforts to implement those recommendations endorsed by Ministers in our Review and the EET parallel Review and (iv) in the view of some stakeholders, "if it ain't broke, don't fix it". The core **argument for change** considered that a Board with a larger non-partisan composition would strengthen its independence and public accountability as well as its strategic focus (based on the premise that Independent Governors have less competing demands on their time in fully preparing for and attending Board meetings). Moreover, adherents of this viewpoint saw no reason why a well-respected Independent Governor of an ALB/NDPB should not enjoy the same access to and trust of Ministers. On balance, we consider the argument to change the Board is stronger and consistent with Ministerial emphasis (and the two Reviews findings) for WFD to improve its political impartiality, focus and delivery. We therefore **recommend** Ministers consider replacing the current composition of 6 Political Governors and 4 Independent Governors with a new arrangement of 5 Independent Governors and 4 Political Governors – to be introduced before the start of the next funding cycle (i.e. 1 April 2015). Furthermore we **recommend** an Independent Chairperson, with suitable

international experience and stature, replace the existing Political Governor incumbent. The selection procedure might be managed by the Office of the Commissioner for Public Appointments, who is “the guardian of the processes used by Ministers to make public appointments on merit”. Potential candidates might include Peers from the House of Lords. An alternative to an Independent Chairperson suggested by a few stakeholders could be two co-Chairs, one Independent and one Political Governor, but, on balance, this arrangement seems likely to weaken leadership and we do not commend it.

115. The **selection process** for Independent Governors on the WFD Board is open and competitive²⁶ Political Governors are selected internally by the 4 respective parties comprising WFD. The Board Chair is appointed by the Foreign Secretary. To enhance transparency and to widen the pool of candidates, we asked stakeholders if a similar competitive appointments process should apply to both Political and Independent Governors. A suggestion, based on some stakeholder evidence, was floated by us that each political party should propose 3 names from which one is selected as a Board member. This suggestion was not considered either desirable or workable by any of the 4 parties. The parties also thought this decision should remain with each party’s own internal structure. The Review accepts this political perspective and we therefore do not include in our recommendations the same competitive procedures for Political as Independent Governors.
116. Our Review also considered stakeholder views on whether the Board’s strategic edge would benefit from **new full members or observers**. At present, the WFD CEO, Finance Director, senior staff and a senior representative of the FCO and DFID attend the Board meetings – but are not Board members. The Cabinet Office confirmed to us that this practice of attendance is both desirable and consistent with WFD’s NDPB-ALB status. We concluded that the addition to attend of a senior **nominee of the Clerk of the House of Commons** would help cement WFD’s stronger link and coordination with Parliament and parliamentary officials. We therefore **recommend** such a standing invitation is extended through the Clerk of the House of Commons. We consulted and weighed the arguments for the Board to be augmented by the addition of WFD’s CEO and Finance Director as executive Board members and representatives of FCO and DFID as non-executive members. The evidence suggested such an increase in the Board’s size would make it unwieldy and the inclusion of HMG representatives on the Board would unduly compromise WFD’s arms-length status. However we consider there is a compelling argument for the CEO to join the Board as an executive member. This is consistent with the CEO’s enhanced role which we propose throughout this Review. We therefore **recommend** that the CEO join the Board as a member ; and that the current practice of the

²⁶ www.publicappointmentscommissioner.independent.gov.uk

Finance Director, and FCO and DFID officials attending the Board is maintained – and not replaced by them joining as full Board members. .

Recommendation 11: *The Review recommends the Foreign Secretary consider revising WFD’s Board composition from 10 members (6 Political and 4 Independent Governors, with a Political Governor Chairperson) to 10 members (5 Independent and 4 Political Governors, including an Independent Chair, plus the CEO). The Review recognises that implementing this recommendation would change a well established political tradition of a party-affiliated majority on the WFD Board but the introduction of an Independent-majority Board, led by an Independent Chairperson, will greatly strengthen WFD’s governance. We also recommend a senior parliamentary official nominated by the Clerk of the House of Commons is invited to attend future Board meetings as a non-Board member.*

117. To support the Board in reducing its operational work, the Review considered how to strengthen the **programme approval process**. The Review noted that a number of party political projects with strategic, design or co-ordination queries were still being approved in the UK financial year 2013/14 as late as November 2013 (for example Moldova, Botswana and a MENA wide project).
118. Evidence presented to the Review indicated that **the CEO** was not being fully utilised in terms of operational responsibility and that a strengthened CEO should take on more responsibility and management of programme and operational issues. To free up the Board to focus on the strategic, challenge and leadership function there should be a revised programme approval process and the introduction of a **unified Programme Pre-Board (PPB)**. We noted that the previous Board Programme and Projects Committee (PPC) was closed in 2013 when the Board decided to assume responsibility. The Review understands that time and availability of Board members to sit on a separate committee was a consideration. We find this decision has had the unintended consequence of taking too much of the Board’s time on preparatory work that should fall to full-time programme staff. In our view, all WFD and Political Party projects/programmes should be submitted to the new Programme Pre-Board. The PPB would ensure that all HMG funded projects are of a uniformly high industry standard; well co-ordinated and integrated; properly challenged to ensure best fit to the overall aims of WFD; and support HMG objectives. The main output of the PPB would be a series of recommendations to the Board. The composition of the PPB would include senior WFD and political party staff, HMG (including Posts) and experts as needed.
119. The CEO drawing on expertise and advice from the Director of Programmes would chair the PPB and defend recommendations before the Board. The CEO as chair of the PPB would have delegated authority to approve all projects under £200,000 based on an unanimous recommendation by the PPB (the CEO currently has

authority up to £20,000). The Cabinet Office confirm this increased financial limit does not contravene their guidance on NDPBs.

Recommendation 12: *The Review recommends the CEO position is enhanced to oversee all HMG-funded WFD programmes. This should be supported by the introduction of a robust Programme Pre-Board process chaired by the CEO with a clear responsibility to make programme/project recommendations to the Board. The CEO's delegated financial authority should be increased from £20,000 to £200,000.*

120. Our interlocutors emphasised the importance of WFD and the Board being able to attract **subject-matter expertise** - both in an advisory capacity and to support the implementation of programmes. The Arab Spring exemplified WFD's need to have a group of trusted experts able to provide ready, informed advice on emerging issues. WFD's ability to attract and build up a database of experts to support and implement WFD programmes was a particular concern. WFD has an existing database but as a priority this needs to be strengthened numerically and organised according to real availability of contracted experts. WFD might consult other NDPBs on database management techniques such as the British Council but also central Government sources such as the tri-Departmental Stabilisation Unit.

121. Some interlocutors suggested the WFD Board needed the support of a standing **Advisory Board**. This independent Advisory Board's main function would be to support the Board, Pre-Board and Programme teams by providing expertise on geographic, programme and specialist subject matter. The composition for the Board would be fluid to allow flexibility to respond to emerging HMG priorities, but the core should be made up of members who have expertise in HMG and WFD priority regions as well as expertise in parliamentary and political party development. At least one member might be a retired/serving member of DFID or FCO preferably at senior level. However on balance most felt an Advisory Board would merely add another layer of administrative burden to WFD and that a better arrangement was for the Board to use its powers more frequently to co-opt expert advice to come before the Board by invitation.

Recommendation 13: *WFD further develop a database of experts to deliver programmes on the ground and advise the CEO and Board on geographic and subject matter specialism. WFD Board invite/co-opt (ad hoc) expertise as situation dictates.*

122. The Review noted international best practice on decentralisation and empowered **field offices** and the EET's observations regarding the disproportionate ratio of high London-based overheads to field operations investment. Although the Review understands the reasons behind the high cost of the London-based operation (including shared services and high rental costs), this must be weighed against "front-

line” delivery on the ground and the benefits of having a small number of field offices with a higher local profile coupled with the ability to design and run projects as well as co-ordinate all WFD activities in-country. This would imply more empowered and probably more senior heads of country offices with responsibility for all WFD programmes in-country, including in close coordination with the political parties their in-country activities. More cross programme and cross field office co-ordination particularly on best practice and lessons learnt should be encouraged. Reinforced field offices should also work with HMG’s Posts to lever an integrated and high profile approach for WFD Field Offices. For example in Kenya WFD could benefit from a closer relationship with the resident DFID Office which has a prominent role on donor committees and in the governance sector We attach in annex 9 a short note outlining the decentralisation plan the CEO should consider in leading the implementation process.

Recommendation 14: *WFD should review its presence in the field. Where possible WFD should reinforce and empower the field offices to ensure they can plan, develop and implement projects with reduced support from London. Field Offices should be responsible for all WFD programmes in-country, including in close coordination with the political parties on their in-country activities. The field offices should be appointed at a level to be able to interact with more senior interlocutors and donors and represent WFD’s “public face” in-country*

SECTION G

DELIVERING WFD'S LONGER TERM AMBITION AND SUSTAINABILITY

123. Ministers and Parliamentary representatives have made clear to both WFD and the Review that they envisage WFD as “*a world-leading organisation in democracy strengthening*”. To achieve this, WFD will need to draw appropriate lessons from both the Review and EET findings and act upon them so as to strengthen their position in the international field. The successful appointment and leadership of a new CEO in 2014 will be crucial to realising this transformation. There are three clear areas for WFD to work on in putting itself on a stronger long-term footing. In summary these are:

- Revitalising its profile
- Investing in staff development and project skills
- Improving its business growth strategy, including the option of working in consortia

WFD profile

124. WFD arguably sells itself short in communicating and celebrating its success among beneficiaries and future funders. Despite some positive efforts, WFD's external communications appear low key and hesitant with some significant gaps, most notably information about the work of the political parties. There appears to be confusion over what the WFD brand is or stands for and exactly what WFD comprises. The review recognises that some of the issues WFD deals with are sensitive. However the organisation as a whole needs to be more proactive with its communications strategy - particularly with stakeholders if it is to become the leading organisation that UK Ministers envisage.

125. Comparable organisations have simple well constructed websites and the Review recommends WFD invest in their website in line with the current Government marketing restrictions.

126. Stakeholders observed that there was some confusion as to what WFD represented as an organisation. The common interpretation was that there were two organisations (WFD and the individual political parties) and despite a common funding arrangement were in effect two separate entities with little co-ordination or co-operation. This confusion was also echoed within WFD. The Review noted that neither organisation was strong enough to make an impact alone nor was HMG benefiting from having two organisations acting de facto independently.

127. WFD has been pursuing a quiet diplomacy role over the last three years. Evidence from Posts suggests that this has led to a distancing in the relationship in terms of engagement and co-operation with WFD. Evidence suggests that the once proactive and vital relationship between Post and WFD has started to wither. As a result Posts report a decline in the perception of WFD's core role and relevance - in particular the work of the political parties. There was also a general misunderstanding of the relevance and importance of political party work as well as a misconception as to how HMG could be seen to be supporting party political work. WFD and the political parties should aim to restore this relationship with FCO Posts and reinvigorate an understanding with FCO/DFID staff of what WFD does and can contribute to overall HMG goals. WFD should ensure any additional costs are checked against Cabinet Office guidelines on expenditure. Suggestions on how this could be done include:

- Inviting all new FCO political officers and DFID Governance Advisors in high priority countries to attend a WFD briefing during their pre deployment training;
- Inviting WFD programme staff to pay regular visits to FCO/DFID to familiarise themselves with the structures and make contacts in the relevant departments;
- Attending a selection of FCO/DFID courses such as working with Ministers ; developing foreign policy; or possibly modules at the new FCO Diplomatic Academy
- Reinstating a more proactive programme of working with Posts in priority countries.
- Improving the presentation of WFD and the work of the political parties through a new and improved website (see below).

Recommendation 15: *The Review recommends that WFD consider a more proactive market profile by investing in for example their website and online media, as well as investing in improved relations and WFD image with Posts in country. We also recommend that WFD look to consolidate the brand, clarifying it as one unified organisation. The 2009/10 Communications strategy should be updated and a new WFD Communication strategy developed.*

Programme and project management skills

128. The Review recognised the positive ongoing work in building up the programme management skill sets. The recruitment of the Monitoring and Evaluation coordinator and Director of Programmes were having a positive impact. Evidence gathered from Board meetings suggest that the political parties still “*needed time to adjust*” in order to improve the quality of the programme proposals.

129. The Review looked at the way in which WFD organised its programme teams and concluded that WFD should consider a flatter more agile programme command

structure within the WFD programme team. This would mean a re-designation of roles with a primary focus on project/programme specialists who have additional skills such as parliamentary strengthening, political party development and /or geographic knowledge. The intention would be for one integrated programme/project team which included the political parties under a WFD Director of Programmes able to flex to meet emerging priorities and respond to funding opportunities. All personnel management issues including responsibility for field teams would fall to the Director of Programmes. However the Review recognises that a unified programme team might be difficult to agree on.

130. Within this context, the Review heard evidence in favour of the establishment of a new position of a political party specialist within the WFD programme team to support more cross party and multiparty work as well as help the CEO better understand the work and value of the political parties. The Review found this proposal had distinct merit to strengthen the liaison and cooperation between WFD headquarters (in Artillery House) and the dispersed international offices of the 4 political party groupings. However the political parties did not agree it would add value but rather create another tier, even a block, between them and the WFD core-programmers/CEO.
131. To accelerate the reform process the Review recommends that the Monitoring and Evaluation co-ordinator and Director of Programmes are given direct responsibility for developing, monitoring and evaluating all projects and programmes which HMG funds and that carry a WFD brand. This is to ensure that WFD resources are efficiently focused on improving the quality of all programmes funded by HMG and further support the need for a robust quality control, approval and co-ordination process that is consistent across the WFD platform. The Review's interlocutors suggested a number of other ways to strengthen programme delivery skills including:
- Short-term attachments to both DFID and a leading NGO specialising in programme implementation and design in order to better understand the industry standard.
 - Inward secondments from Parliamentary officials (retired or serving)
 - WFD hire a Project/Programme Training Officer on a 8-12 month contract to work with the Director of Programmes to develop an in-house training package and deliver specialist training to all WFD field teams and London based project officers (including political parties).

Recommendation 16: *The Review recommends that WFD (including the political parties) accelerate the professionalisation of a unified project design and development process that meets industry standards within four months and the Board be accountable for delivery.*

Business development

132. As earlier noted, WFD receives a core annual grant-in-aid from the FCO of £3.5 million. This is complemented by an annual accountable grant from DFID of between £2 million and £2.25 million since 2012. Additionally WFD has won other external funding from FCO, DFID, British Council and non-HMG, mostly EU-funded, programmes. We consulted WFD stakeholders on what might represent the right funding mix in the near and medium term. FCO and DFID representatives advised us that setting WFD targets to increase their external funding risked distracting WFD from its first strategic priority of improving the efficiency and effectiveness of its current operations. We therefore are not recommending any firm targets. Instead, and in recognising the broad view of Board members that they should retain flexibility on seeking external funding, we **recommend** the WFD Board address, as part of their next Business Plan, when and how WFD develop their business growth strategy, including bidding on external funds. The next Plan might consider a phased approach to win non-FCO (grant-in-aid) funds: for example 5-10 percent of overall revenue in 2015-18, doubling this to 10-20 percent in 2018-21. To be clear, the Review is not recommending WFD bid on private sector funds (e.g. from commercial companies) because of the potential conflict of interests but rather, as WFD currently does, on contracts let by multilateral bodies such as the EU and UN or by publicly-funded UK programmes.
133. The Review studied a number of international examples and noted that comparable organisations who receive the majority of their funding from one source look to fund around 20% of their income from alternative funding sources. Successful organisations who had managed to achieve this (e.g. NIMD) reported that they were able to manage shocks to the funding profile, were able to become more agile and dynamic and ultimately more stable in the longer term. The bulk of WFD's growth in externally-funded business is with the EU (for example recent contracts for Georgia, Uganda and Lebanon). There has been a reduction of contractual work for the FCO, partly because FCO Posts cannot commit to multi-year funding and often only have limited funds for democracy work but also, and more significantly, because FCO/DFID Ministers have encouraged WFD to adopt a more focused, strategic and long-term approach and not spread themselves too thinly across a lot of micro-projects.
134. The Review noted that WFD continues to make the transition from a grant giving institution to one that is focused on implementation. The transition has coincided with a number of government imposed restrictions and limitations on the public sector. As a Limited Company with NDPB status, WFD has been subject to similar restrictions as a public sector Government Department. This has impacted on WFD's ability to

recruit new talent, reward staff in line with private sector competitors and promote WFD to win new business. Nevertheless WFD have managed within Cabinet Office (CO) guidelines to identify short term solutions, enabling them in particular to recruit a Director of Programmes and a Monitoring & Evaluation Officer. We recommend that WFD continue to work with CO to fully understand the Controls process in the light of the Review's recommendations on further recruitment and expenditure on publicity.

Recommendation 17: *WFD include in their 2015-18 business plan how they propose to seek external funds (i.e. from UK public funds other than the FCO grant-in-aid and multilateral and foreign bilateral sources) which complement WFD's priorities and do not detract from their primary objectives. We recommend the Board is given some flexibility in setting near and medium-term targets.*

135. WFD has considered whether they should seek more externally funded grant work, including work which goes to competitive tender. WFD note that donors are increasingly using the tender process to widen the pool of competition. WFD recognise their strength has been in delivering high impact, smaller projects but believe if they are to grow their corporate business, they must increasingly strengthen their skills, profile and competitive edge in bidding on external tenders.
136. The Review has seen evidence (notably the Westminster Consortium TWC²⁷) that suggests WFD are able to successfully lead a tender bid in partnership with others. While WFD can offer leadership, management and delivery skills, they lack the capacity to monitor or get early warning of potential tenders and to prepare bid documents. To do so, WFD would need some resource strengthening to supplement the officer who currently undertakes business strategy (while also heading the wider Europe and Central Asia programme team). WFD might look to expand the role of the Director of Programmes or assign a dedicated Business development specialist on a short term contract. WFD should also consider a more flexible approach to how their staff are deployed and used with the addition of more private sector consultancy skills and performance targets.
137. Looking forward, WFD must start to draft their next Business Plan in late 2014 for HMG funding to cover 2015-18. WFD told the Review they lack the capacity to develop a quality business case on-time and are conscious the drafting process for the Business Plan submitted to DFID in late 2011 extended into the implementation period. This resulted in a delayed start to a number of DFID-funded programmes and reduced their impact when evaluated by the DFID EET. The Review considers WFD's ability to make a strong case for HMG funding in their next Business plan (2015-18) is crucial for their organisational future including potential business growth.

²⁷ *The Westminster consortium for parliaments and Democracy (TWC) is made up of a group of 7 UK partners led by WFD who work collectively on strengthening parliamentary democracy by building capacity in the areas of parliamentary processes and management, financial oversight, and access to information. For more information see www.wfd.org/where-we-work/westminster-consortium.aspx*

WFD must give priority attention to the staffing aspect of how they deliver a quality submission on-time to HMG.

Recommendation 18: *The Review recommends that WFD look to strengthen the resources allocated to business development by either hiring a business development expert on short term contract or reconfiguring existing staff. The Review suggests the creation of Deputy Director Programmes role to support both the Director of Programmes and have specific responsibility for generating external revenue including supporting the CEO in securing the next round of HMG funding.*

138. The Review noted the very positive independent evaluation of “The [WFD-led] Westminster Consortium” (TWC). We found wide (but uneven) enthusiasm among stakeholders for WFD adopting **the consortium approach**. Unfortunately the review was unable to investigate the advantages and disadvantages of the approach from an international development perspective. An example of an international approach to consortia is the US Consortium for Elections and Political Process Strengthening (CEPPS)²⁸ which brings together an alliance of 3 elements: NDI, IRI and IFES, which is funded by central Government. Our Review did agree with WFD that the WFD-led Westminster Consortium (TWC) had strengthened both the UK’s overseas profile and the enhancement of WFD’s own institutional links with Parliament (both Houses and the CPA), financial accountability and management (NAO), the legal profession (IBA), the media (Thomson-Reuters) and academia (University of Essex). As a result WFD considered a consortia approach, with agreed clear guidelines and role at the outset, a viable option to include in their business growth strategy. We agree. This is clearly a way within WFD’s resources to strengthen its profile, its collaboration with others in the democracy assistance field and to galvanise a British (-led) “democracy offer”. The programme design and management as ever would be crucial to the success of such an enterprise.

Recommendation 19: *WFD as part of their business development strategy should explore whether a TWC “mark two” would meet the requirements of a new HMG priority objective (for example Burma or Ukraine) or form the basis for a strong bid on external funding (e.g. EU).*

139. WFD explained to the Review the difficulties of accessing third party funding and asked whether HMG could help in certain ways compatible with WFD’s close arms-length relationship with HMG. WFD suggested that the FCO and DFID could be more proactive (as are for example the Dutch Government on behalf of NIMD) in

²⁸ CEPPS is a cooperative agreement supervised by the United States Agency for International Development (USAID) Office of Democracy and Governance made in 1995.^[1] As part of USAID’s Acceleration Success initiative,^[2] the agreement is the principal contractor for the Office of Democracy and Government’s elections and political processes program which provides technical assistance and support to USAID missions worldwide.^[1] The agreement includes the International Republican International Republican Institute (IRI), the International Foundation for Electoral Systems (IFES) and the National Democratic Institute for International Affairs (NDI.)

consulting WFD on whether it could undertake a particular piece of work before HMG awards funds to a provider. WFD also asked the Review to consider whether HMG through its Posts overseas could do more to support WFD or a UK consortia. The Review on taking wider legal advice concluded that HMG, to comply with the rules on fair competition, cannot give WFD advance notice of either HMG or internationally-funded tenders. This does not however negate WFD developing appropriate relationships with HMG or international bodies in order to strengthen WFD's own advance warning of potential tenders.

STAGE 2

REVIEW OF WFD COORPORATE GOVERNANCE

SECTION H

140. Good corporate governance is central to the effective operation of all public bodies. In short corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance. Importantly, it defines where accountability lies throughout the organisation. The Review team took extensive evidence on whether WFD's governance arrangements in place were up to standard and where possible makes recommendations to strengthen the existing arrangements to reflect best practice in the public and private sectors. In doing so the Review drew heavily on the principles and approach set out in the *Corporate Governance in Central Government Departments: Code of Good Practice*.

Accountability

141. The evidence shows that overall WFD complies with all applicable statutes and regulations, and other relevant statements of best practice (see Annex 8 for greater detail). The Review found that the CEO, acting as the WFD's Accounting Officer, has the authority, ability and intent to take responsibility for WFD's use of public money and for the stewardship of assets. Evidence collected indicates that the Foreign Secretary has the ability and access to be accountable to Parliament and the public for the overall performance of WFD. Evidence shows that this is actively used to ensure WFD performance is monitored effectively. Recommendations 1 and 11 seek to address the consistency of the Board recruitment process and how WFD's performance is assessed by HMG. The Review concluded that WFD was fulfilling its statutory, ministerial and parliamentary accountability requirements. As such there were no serious areas of concern.

142. A question was raised with the Review however over the use of ODA funds for countries ineligible for ODA funding. The Review considers WFD should provide the FCO and DFID with a biannual written assurance on behalf of WFD (including WFD-funded political party work) that HMG funds received by WFD are used in accordance with ODA rules. Assurances of full accountability are addressed in Recommendation 21.

Roles and Responsibilities

143. The Review found that the FCO maintains good oversight of WFD activities and regularly attends meetings with WFD at both operational and strategic levels. FCO Ministers remain engaged and able to provide clear messaging on performance. There is however a continuing need to provide greater strategic context assistance and to produce a robust inclusive FCO democracy building strategy that includes WFD's role in the bigger picture (see Recommendation 2).
144. The WFD Board plays a vital role in the operation of WFD. There is clear evidence drawn from the records indicating that the Board still needs to be more strategic and less operational. The Review considers that the Chair provides effective leadership and responsibility of the Board but that the Board could offer more constructive criticism of WFD's performance when needed and look to provide more strategic guidance on when and where to deploy resources.
145. The Review noted that the Board is constituted such that the majority of members are political party representatives, who in turn are organised and selected to reflect the current electoral representation of the UK domestic Parliament. Concerns were raised with the Review about the Board composition and the impact this is having on the ability of WFD to have independent and constructive challenge. All the Board members are non executive and have no role in the day to day running of the Company. There is no appraisal process to monitor the performance of the Board. The Review found no indication of any concerns about individual performance. However ensuring that all Board members are assessed is an important component of monitoring the overall effectiveness of the Board and is addressed in Recommendation 11. The Political Board members are selected via an internal party process. The Review sensed that the composition of the Board is impeding WFD move forward and as such a rebalancing of Board composition might be considered (see recommendations 10 and 11).

Effective Financial Management

146. The Review team are not qualified auditors but are confident from a purview of external audit records that WFD has taken appropriate steps to ensure that effective systems of financial management and internal control are in place. However the Review would like to see more evidence that WFD have clear written policies in place covering both the political parties and WFD covering (but not limited to) issues such as travel and expenses and that these are defensible and in line with wider HMG policies. An internal review of WFD's policies should be considered with the incoming CEO to ensure harmonisation and consistency in application and understanding.
147. The Review would like to see tighter controls on projects from the political parties to

ensure that projects approved in one financial year are spent within that year. This will reduce the case of projects pending (i.e. approved but not yet concluded within one financial year). In addition no project should be approved beyond the current funding cycle unless finances have been approved from the funding department. The Review found that WFD and political parties were using differing accounting methods - with WFD using an accrual based process and the political parties a cash based system. The differences in accounting systems between the political parties and WFD appear to affect how expenditure is accounted for in each year and when a project was effectively closed. The Review understands that best practice is to run an accrual based system; to ensure spend is accounted for in the same year that the money is spent; and to only allocate funds for specific projects with agreed activities. The Review appreciates that WFD does not have the capacity to administer the political parties spend within an accruals based system but recommends that WFD and the political parties consider options to harmonise the systems and make use of the finance team in the WFD field offices where appropriate

Recommendation 20: *WFD and the political parties should switch to a unified accruals based accountancy system and if not possible for staff resource reasons at least to harmonise their procedures regarding accounting periods and expenditure-closure.*

Communication: general public and stakeholders

148. WFD is an open organisation, but adopts an “under the radar” low key approach to their work. There is no compelling evidence of a consultation or dialogue process on WFD’s priorities and performance with those sections of the UK or international public, interested and active in global democracy strengthening, There is no apparent use of social media by any senior WFD staff to engage this wider audience. Stakeholders found WFD’s website reasonable for getting information. There is no active communications plan (last revised 2010). WFD do actively publish their programme outputs and outcomes in their annual report, although individual programmes are covered in less detail. Members of the public would be able to match this self-assessment with the publicly available 2010 Review of WFD as well as (when published later in 2014) the more detailed mid-term review published by the DFID funded External Evaluation Team. The Review consider that there is more WFD could do to engage and communicate in a selective manner with the wider audience mentioned above as well as with stakeholders. The evidence suggests that if WFD strengthen their communications strategy, their mutual relations, understanding and cooperation with FCO Posts and possibly other donors will benefit WFD’s overall impact (see recommendation 15 and 18 for more detail).

149. There is clear evidence that WFD has identified key stakeholders and methods to communicate with them. However as there is no up to date WFD communications plan to support this and some stakeholders have reported that the communication is neither always consistent nor effective. The website needs to have greater clarity and focus and should be part of this communications planning. WFD has taken a low key approach to communicating and is subject to the restrictions imposed by the current government on marketing and self promotion.

Marketing and public relations

150. WFD are subject to the Cabinet Office rules governing marketing and the use of PR consultancy. The Review found that WFD complies with the rules governing publicity and advertising. There is very little external publicity partly because the rules are not clearly understood by WFD as an organisation and partly due to WFD's low key approach to publicity.

Reputation: political risk and exposure

151. The Review did find that there is an inherent risk of the *perception* of political lobbying, given the political nature of the work WFD and the political parties undertake. Although this risk is accepted within WFD as necessary to deliver success, more should be done to alert Ministers to the risks that this entails. For example it is feasible that the activities of the political parties may be considered active political support for one party in a country that may expose an FCO Minister (and HMG) to criticism, especially if that Minister is from the UK party concerned.

Conduct and Behaviour

152. The Review found clear evidence that WFD, the political parties and the Board act with complete integrity. However the Review noted WFD could be vulnerable to a public perception that there is a potential conflict of interest in party-dominated Board approving publicly-funded political party activities without any individual powers of veto. The potential risk is of cabalism. The Review could find no evidence of a single party proposal being rejected. The Review also noted that the political parties have no direct accountability for their conduct to WFD other than through the Board and that there have been no recorded discussions of the conduct and behaviour of the political party offices by the Board. The Review would urge WFD and the political parties to make themselves more risk proof and look to bring the political party control and governance away from the Board in the first instance and with the CEO who should have overall responsibility for operational risk.

Corporate governance conclusions

153. The Review found no serious areas of concern but some areas in the governance and accountability clusters could be strengthened. Whereas the Review fully appreciates the element of political risk in the type of work WFD conducts, the Review was concerned over the level of risk HMG and Ministers were being exposed to and how these risks were being communicated. The Review believes that the recommendations in section H will help mitigate them and ensure proper risk management is in place. The development, in cooperation with the FCO as WFD's sponsoring Department, of a risk dashboard system for WFD would strengthen the identification, understanding and assessment of risks associated with WFD's work that might have ramifications for HMG (or others e.g. Parliament), This would incorporate and quite possibly expand on WFD's existing Risk Dashboard.

Recommendation 21: The Review recommends that WFD implement the following outstanding issues highlighted in this corporate governance review.

- WFD submit a biannual written assurance to the FCO that ODA funding rules are followed.
- Wider government rules covering flights and hotel usage are circulated by the new CEO.
- The Board code of conduct should be published online.
- A Register of Interest book is made available and published online.
- Guidelines on independent Board members attending party conferences are drawn up.
- Senior staff expenses are published.

SECTION I

CONCLUSIONS OF THE WFD TRIENNIAL REVIEW REPORT

154. Organisational mood matters. Not surprisingly there is review-fatigue at WFD, given the large number of previous reviews and the concurrent FCO and DFID reviews. Beneath this fatigue lies raw frustration, expressed repeatedly to the Triennial Review by Board members, staff and political party representatives. This frustration, coupled with uncertainty about the outcomes of the two current Reviews, is impacting deeply on morale. The implementation of any of this Review's recommendations must take full and careful account of their impact on WFD morale.
155. Political Governors plead in unison for funding Departments to allow some time for the changes introduced under WFD's change agenda to work through the system and be allowed to show results. The same Governors also invite funders to apply commonsense proportionality to a modestly-sized body such as WFD in terms of the levels of accountability and bureaucracy ("form-filling"). They are unclear about the levels of impact the funders expect. This lack of clarity about funders' expectations is keenly shared by all the political party representatives, who question whether civil service officials fully appreciate the complexities of delivery and high-level impact in politics.
156. It is against this backdrop that this Review has sought to find a balance between the requirements of robust public accountability and the need not to reduce WFD's effectiveness by overburdening it with process. To this end, the Review has sought to recommend ways, often determined by relationships rather than new structures, which will enhance transparency of WFD's operations, for example non-partisan oversight of partisan work, while looking for ways in which HMG can support and ease WFD's administrative burden, for example in programme preparation.
157. The key areas of convergence and therefore changes welcomed by WFD appear to include :
- A new shared vision (strategy) between WFD and funders
 - A sharper focus with a smaller overall portfolio
 - Clearer direction and agreement on expectations
 - A larger component of non-partisan and cross-party work, drawing on political party skills
 - A pressing need to upgrade WFD's in-house parliamentary expertise
 - The importance of providing for a continuity of experts in all WFD programmes

158. The key areas of divergent views include:

- The most effective composition for the Board of Governors
- How best to meet and coordinate the increased emphasis on cross-party work and, more broadly, strengthen the headquartered party political skills: options include the creation of a non-partisan coordinator at WFD headquarters, who would support the individual international offices (IOs) of the political parties in programme design; a resource reinforcement of the IOs; or both of these.

159. The Review concluded that WFD was well placed with firmer strategic direction, internal leadership (particularly from the new CEO), internal cohesion and strengthened skills to deliver effective parliamentary and party political work. Its continuation as an NDPB operating as an Arm's Length Body (ALB) was appropriate and the best model available to support the delivery of HMG's strategic objectives and UK soft power influence. The comparative advantages of having NDPB status, notably privileged access to Government, Parliament and Political Parties as well as good value-for-money for the UK taxpayer, outweighed the disadvantages of being less able to compete in the open commercial market place. WFD's competitiveness and ability to win new external business on merit would increase if it concentrated more on the up-skilling recommended in this Review.

160. The Review found and is pleased to note that WFD broadly complies with Cabinet Office Guidelines on Accountability.

Cost implications

161. Reform seldom comes without some extra financial costs – as WFD consistently put to us. Triennial Reviews are required to look at potential cost implications. Many of our recommendations are about efficiencies within existing resources. However there are 5 categories within our recommendations which, subject to being adopted, may well require additional cost – although not necessarily since options will include for example redistribution of existing resources, or use of unspent funds in WFD's Innovation Fund. These 5 categories are:

- (i) **New appointments:** notably those related to strengthening parliamentary skills, party coordination, and business growth.
- (ii) **Upskilling:** notably in technical skills and project design
- (iii) **Reinforcement of the 4 political party offices:** to meet the anticipated increase in non-partisan/cross-party work undertaken by them. In paragraph 98, we also suggest the Board should be encouraged by the Funding Departments to reconsider the administration allocations for each party to optimise their

contribution to WFD's corporate goals. This may result in increased allocations to the political parties

- (iv) **Field Offices (FOs):** potential reinforcement of FOs – although there may be scope for cost reallocation within WFD's next bid for HMG funding in 2015.
- (v) **Staff upgrading:** there may be compelling cases, resulting from WFD's discussions with the Cabinet Office and their funding Departments, for certain WFD positions to be enhanced in level and pay

162. We recommend the Board consider our Review in its entirety and prioritise the recommendations the Implementation Steering Group take forward under the CEO's stewardship. If the Board do not agree with any of the recommendations, they should explain why to the FCO (sponsoring Department). This prioritisation will provide a more reliable indicator of cost and timing implications. Some of the costs are recurrent, some one-off and some can potentially be spread across a 3-year funding cycle. WFD might apply to DFID for unspent funds from the existing Innovation Fund for this purpose. The Review is hesitant to set any indicative baseline figure of total cost. But our research suggests around £400,000²⁹ in each of the financial years 2015/16, 2016/17 and 2017/18 would result in significant WFD capacity and delivery improvements, to take WFD and UK interests expeditiously towards the caliber of organisation HMG Ministers and UK Parliament envisage.

Recommendation 22: the Board should form an ad hoc implementation steering group, led by the CEO, to take forward the Review recommendations. The CEO should report to the Board on implementation progress (annex 7 offers an indicative timetable) and on cost implications.

²⁹ *This is based on an estimation of grade equivalent remuneration packages, previous innovation fund usage, savings from reconfiguring following new business case and reduced programme focus. This figure should not be considered authoritative. Our arithmetical workings will be made available to WFD's Finance Director, FCO and DFID separate and subsequent to our Review.*

SECTION J

SUMMARY OF CORE RECOMMENDATIONS (abbreviated from report text)

Recommendation 1: FCO agree with DFID upon a shared process to measure WFD's impact and value-for-money.

Recommendation 2: FCO/DFID introduce a cross Whitehall democracy strengthening strategy with a stronger consultative mechanism between HMG and WFD. WFD systematically conduct thorough pre-assistance political economy analysis in close collaboration with international partners and potential beneficiaries.

Recommendation 3: WFD reduce and focus core programmes and complementary political party projects in line with the new strategy outlined in Recommendation 2.

Recommendation 4: The CEO lead a more proactive process of consultation with the political parties at the conceptual planning stage to capitalise on their potential contributions towards all WFD programmes.

Recommendation 5: The distribution of funds reflects the revised strategic direction for WFD and the agreed desire for more integrated programmes. The Review recommends that before the next bidding round in 2015 the sponsoring departments, WFD and the political parties agree on a redistribution of funds, drawing upon the proposals outlined above.

Recommendation 6: The CEO discusses with Parliament's CEO/Chief Clerk how the Clerks (and their network) can strengthen WFD's parliamentary assistance.

Recommendation 7: WFD strengthen their database of experts in parliamentary assistance.

Recommendation 8: WFD continue to strengthen their contacts with the UK's Devolved Assemblies and municipal authorities.

Recommendation 9: The new CEO looks to rebuild interpersonal relationships and engender a spirit of "one team", with emphasis on trust and information-sharing

Recommendation 10: The Board focuses on strategic, performance and corporate governance issues, allowing operational issues to be led by the CEO.

Recommendation 11: The Foreign Secretary consider (i) a revision of WFD's Board-composition (as outlined in para 114); (ii) the CEO joining the Board as a full member; and (iii) a parliamentary clerk, nominated by the Clerk of the House of Commons, is invited to attend future Board meetings as a non-Board member.

Recommendation 12: The CEO position is enhanced to oversee all WFD's HMG funded programmes. His/her delegated financial authority is increased from £20,000 to £200,000. This should be supported by the introduction of a robust Programme Pre-Board process.

Recommendation 13: WFD further develop a database of geographic/subject matter experts to advise the CEO and Board. WFD Board invite/co-opt (ad hoc) expertise as situation dictates.

Recommendation 14: WFD review its field presence. Where appropriate WFD reinforce and devolve greater decisional authority to the field offices (illustrated in annex 9).

Recommendation 15: WFD consider a more proactive market profile and develop a new WFD Communication strategy.

Recommendation 16: WFD (including the political parties) accelerate the professionalisation of a unified project design and development

Recommendation 17: WFD include in their 2015-18 business plan how they propose to seek “external” funds (i.e. from UK public funds other than the FCO grant-in-aid and multilateral and foreign bilateral sources) which complement WFD’s priorities and do not detract from their primary objectives. We recommend the Board is given some flexibility in setting near and medium-term targets.

Recommendation 18: WFD consider strengthening their business development team. Options include creating a dedicated business development position and/or the recruitment of a short-term specialist to support the CEO in securing the next round of HMG funding.

Recommendation 19: WFD as part of their business development strategy explore whether a consortium approach could deliver a strong UK democracy offer on emerging prioritised global democracy needs, funded either by HMG or multilateral international bodies.

Recommendation 20: WFD and the political parties switch to a unified accruals based accountancy system.

Recommendation 21: WFD implement the outstanding list of recommendations highlighted in our review of WFD’s corporate governance

Recommendation 22 the Board should form an ad hoc implementation steering group to take forward the Review recommendations (annex 7 offers an indicative timetable).

ANNEX 1: Terms of Reference for the 2014 Triennial Review

Background

The Westminster Foundation for Democracy (WFD) was established in 1992 as an Executive Non Departmental Public Body (NDBP), sponsored by the Foreign and Commonwealth Office to support the strategic aims of the FCO. WFD's work focuses on strengthening parliaments and political parties in Africa, Asia, Eastern Europe and the Middles; more detail is provided in the Management Statement dated November 2013.

Following an evaluation of the WFD in 2009, the WFD developed a fresh strategy and core objectives outlined in a Corporate Plan for the period 2011-2015 and a subsequent Business Case for funding³⁰ that was submitted to the FCO and DFID in January 2012. The development of the Business Case in line with WFD's Strategy and Corporate Plan resulted in an agreement to provide multi-year funding to support the WFD's transition. A three year funding package was agreed from 2012/13-2014/15 of £16.5 million. From this, the FCO is providing a grant-in-aid of £3.5m per annum and DFID is providing an accountable grant of £2m per annum. In addition, DFID is providing up to £0.5m on external evaluation of the WFD's work funded by DFID's accountable grant

This Review coincides with a Mid Term Evaluation (MTE) by a DFID External Evaluation Team (EET). The MTE is required under DFID reporting requirements mid way through the funding cycle. DFID, FCO and the evaluators have agreed that the evaluators will conduct limited extra research and analysis to support the Triennial Review process. In particular, the EET will provide analysis and/or evidence to aid the Triennial review in assessing whether the functions of WFD could be moved out of central government.

Purpose

In accordance with Cabinet Office guidance, the review has two principal aims represented by two stages:

- (i) Provide a robust challenge to the continuing need for the WFD in terms of its functions and form; and
- (ii) If it is agreed the WFD should continue as a non-departmental public body (NDPB), review the WFD's control and governance arrangements to ensure compliance with the corporate governance principles contained in the Cabinet Office Triennial Review Guidance (Annex A).

Stage One of the Review will consider three questions:

³⁰ Business Case and Intervention Summary Transforming Political Parties and Democratic Institutions: an Integrated Approach to Party-to-Party, Cross-Party and Parliamentary Assistance.

- a. Do the key functions of the WFD continue to be relevant and necessary in terms of delivering the Government's objectives?
 - Does the purpose of the WFD as set out in the Management Statement of 2013 remain relevant and necessary?
 - Are the functions of the WFD consistent with that purpose?
 - Do they deliver influence for the UK through support for democracy/soft power?
 - Do they help deliver Government foreign policy and development goals?

- b. If so, are these functions most effectively and cost efficiently provided at arms length from Government and, more specifically, through an executive Non Departmental Public Body (NDPB)?
 - How effectively does the WFD carry out each of these functions?
 - Could any of them be delivered as well or better by alternative delivery methods or providers?
 - Does the WFD provide good value for British taxpayers?

- c. Is the operating model of the WFD the most appropriate?
 - Does it allow the WFD to deliver its functions effectively?
 - Does it give rise to conflicts of interest or valid competition issues?
 - What alternative financing and delivery models might be appropriate?
 - What would the cost and impact of any changes be?

In tandem with, but not pre-empting the outcome of Stage One, the Review will consider also whether the WFD is operating in accordance with the recognised principles of corporate governance by being open, transparent and accountable. This will, effectively, be Stage Two of the Review.

Outputs

2. A report setting out the reviewers' findings in response to the questions posed in Stages 1 and, if relevant, 2, of the Review, with clear recommendations, including any changes required to WFD's models, to:
 - a) ensure the sponsoring Department's requirements are met and, if the recommendation is that the NDBP continues to operate:
 - b) ensure that the body is operating in line with recognised principles of good corporate governance; and

- c) ensure that the Body is able to fully meet the sponsoring Department's requirements, including making the transition envisaged in the Corporate Plan and Business Case;
- d) ensure that the delivery model provides value for money and promotes FCO foreign policy and development goals.

Process

Stage One

- Verify WFD's functions, assess how the functions contribute to the aims and objectives set out in the Corporate Plan and Management Statement, how they contribute to FCO and DFID core business and consider whether the functions are still needed.
- A stakeholder mapping exercise and consultation.
- Review of all relevant documentation.
- Analysis of alternative delivery options, including whether the function(s) can be delivered by local government, voluntary or private sectors. The analysis should also include an assessment of different central government delivery models, including whether the function can be delivered by the sponsoring Department, by a new or existing Executive Agency or by another existing central government body. The analysis should also include an assessment of the NDPB against the Government's three tests as set out in Cabinet Office guidance.
- The reviewers will liaise with the External Evaluation Team (EET) to share information, prior to commencement of the review, and throughout. In particular, the EET will provide analysis and/or evidence to aid the Triennial review in assessing whether the functions of WFD could be moved out of central government. The reviewers will ensure, so far as is practicable, that duplication between the work of the EET and their own work, is avoided.

Stage Two

- Work with WFD's Chief Executive, Board of Governors and Finance Director to assess if WFD is operating in line with Cabinet Office guidance on corporate governance.
- Map out what other UK partners and implementers are doing and what other countries are doing in this field. Consider international best practice on the design and delivery of political party and parliamentary assistance programmes.

- Examine WFD's funding, operating and management models, including composition and role of the Board, and line management responsibilities and consider whether they are conducive to providing effective, transparent and value for money delivery of HMG objectives.
- WFD must be engaged in the review. WFD should have the opportunity to comment and input from the planning stage onwards. WFD must have the opportunity to comment on the emerging conclusions and recommendations of the review.

Reporting Arrangements

6. The Review Team is responsible for launching the review, consulting stakeholders, gathering evidence, analysing results, writing the report and disseminating its results. The team will report to the Head of Human Rights and Democracy Department at each stage of the process by means of an oral briefing – dates to be agreed. The Team should submit a draft report for comment by end March 2014 with a final report detailing its findings and recommendations to the Head of HRDD by mid April 2014. The team will liaise with HRDD lead on a weekly basis.
7. The findings will be published at the end of the Review period. The launch of the Review and the outcome will be announced in Parliament by Written Ministerial Statement.

**Details of the Cabinet Office Triennial Review Guidance can be found at:
<https://www.gov.uk/public-bodies-refor>**

Annex 2: Key documents consulted during the Review

Document	Location
Review Terms of Reference	FCO HRDD
Parliamentary evidence – Hansard extracts WFD 2010-2013	www.parliament.uk/business/publications/hansard
2013 WFD Framework Agreement	www.wfd.org
WFD Corporate Plan 2011-2015	www.wfd.org
WFD Memorandum of Association (MoA) 1992	www.wfd.org
WFD Management Statement	www.wfd.org
WFD Business Plan 2011	www.wfd.org
2009/10 FCO Review of WFD	www.wfd.org
WFD Business Plan 2012/13	www.wfd.org
WFD Business Plan 2013/14	www.wfd.org
WFD LogFrame Business plan 2013/14	WFD
Annual Reviews 2010-13	www.wfd.org
Annual Report and accounts from 2010-2013	www.wfd.org
Westminster Consortium MOU	WFD
Westminster Consortium Annual Review 2012/13	WFD
WFD Programme reviews 2010-14	WFD
Terms of Reference Audit Committee	WFD
Terms of Reference Projects Committee	WFD
Terms of Reference Programme Committee	WFD
Minutes from various committee meetings 2010-14	WFD
Terms of Reference for the Board	WFD
Board of Governors Minutes 2010-2014	WFD
WFD Complaints Register	WFD
WFD advertising, marketing and promotional material	WFD
Letter of appointment for Chair and Board Members	WFD
Letters of Appointment for Senior Staff	WFD
WFD Risk Management and Controls	WFD
WFD Risk Register	WFD
WFD Communication Plan/Strategy 2010	WFD
Staff Delegated Financial Authority List	WFD
WFD internal Staff Code of Conduct	WFD

Evaluation of 2011-12 Business Plan	www.wfd.org
WFD@work newsletters	www.wfd.org
Ministerial Statement 2006	www.parliament.uk/business/publications
WFD Pay Grade structure	WFD
WFD Income and Expenditure Account	WFD
WFD Procurement and Tendering Procedure	WFD
WFD Articles of Association	WFD
WFD Website	WFD
Cabinet Office, Making and Managing Public Appointments, 2006	www.update.cabinetoffice.gov.uk/content/public-bodies-and-appointments
Commissioner for Public Appointments – Code of Practice	www.publicappointmentscommissioner.org/
HM Treasury Publication: Managing Public Money	www.hm-treasury.gov.uk/psr_mpm_index.htm
NAO Publication: Reorganising arms lengths Bodies	www.nao.org.uk/publications/1011/pasc_memo_arms_length_bodies.aspx
Code of Conduct for Board Members of Public Bodies, Cabinet Office, 2011	www.civilservice.gov.uk/about/resources/public-appointments.aspx
Public Bodies: A Guide for Departments, Cabinet Office, 2006	http://www.cabinetoffice.gov.uk/content/public-bodies-and-appointments
Cabinet Office Guidance on Branding, Advertising and Self Promotion	www.cabinetoffice.gov.uk
HRDD Business plan and strategic priorities	FCO HRDD
FCO Human Rights Report 2013	www.gov.uk
ODI paper on Parliamentary Development	www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7925.pdf
EC (EIDHR) Parliamentary Development Evaluation methods	www.eidhr.eu/files/dmfile/PerformanceIndicatorsforEUParliamentarySupport.pdf
International IDEA: Power and Coleman (2011) challenges of Political Programming	www.agora-parl.org/sites/default/files/challenges-of-political-programming.pdf

Annex 3: Stakeholder Mapping

Stakeholder	Stakeholder Type						Internal External	Stakeholder Priority (High/ Med/ Low)	Direct/Indirect Involvement with WFD	How does the Stakeholder impact WFD?	What information does the TR need from stakeholder?	How will the Triennial Review get the information from the stakeholder?
	Funder	UK dept	Related Org or alt deliverer	Accountable for WFD outcomes	Impacted by WFD outcomes	Uses WFD's output						
WFD Staff		✓			✓		Internal	High	Direct	N/A	<i>Review of Corporate Governance programme implementation Impact value for money Interaction with HMG strategic direction</i>	Semi structured Interviews focus group/round table on site visit
Human Rights and Democracy Department (FCO)	✓	✓		✓		✓	Internal	High	Direct	Corporate governance overview Strategy oversight Funding Contacts and access to HMG contextual analysis Ministerial responsibility	<i>corporate governance oversight programme development interaction with WFD impact and strategic direction</i>	Semi structured interviews focus group and round table discussions on site visit
FCO and DFID Ministers	✓	✓		✓		✓	Internal		Direct	Provides oversight Accountable to Foreign Secretary	<i>Views on strategic need for WFD output Solutions buy in Parliaments views</i>	Semi structured meeting with Ministers

FCO Director Communications	✓	✓					Internal	High		Overseas all TR's in FCO	<i>Structure and lessons learnt from other TR's</i> <i>Ministerial views</i>	Semi structured meetings
DFID External Evaluation Team	✓			✓			External	High	Direct	Mid-term programme review	<i>Information on corporate governance</i> <i>Programme focus</i> <i>Impact and delivery</i> <i>Interaction with WFD</i> <i>Alternative operating models</i>	Semi structured interviews Field visit Access to report Roundtable discussions
DFID Politics, State and Society Team	✓	✓		✓		✓	Internal	High	Direct	corporate governance strategy development Programme oversight Funding, strategic advice contacts access to HMG	<i>Corporate governance oversight</i> <i>Programme development</i> <i>Interaction with WFD</i> <i>Impact of programmes</i> <i>Strategic direction approaches for reform</i>	Semi structured interviews focus group and round table discussions on site visit
UNDP			✓				External	Low	Indirect	Competitor General interest in working with WFD	<i>Alternative delivery models</i> <i>How can WFD generate more impact</i>	Semi structured interviews
International Parliamentary Union			✓			✓	External	Medium	Direct	Competitor General interest	<i>Alternative delivery models</i> <i>Working together with WFD</i> <i>Strengthening UK parliamentary development networks</i>	Survey Semi structured interviews
WFD Board Chair Independent Political party representative		✓		✓			Internal	High	Direct	Corporate governance Strategy development Programme oversight Strategic advice Contacts Access to HMG	<i>Review of Corporate Governance programme implementation</i> <i>Impact</i> <i>value for money</i> <i>Interaction with HMG</i> <i>strategic direction</i> <i>Reform buyin</i>	Semi structured Interviews On site visit

Members of UK Parliament (all)		✓			✓	✓	External	High	Indirect	Strategic advice Contacts Access to Parliament	<i>Impact of WFD programmes Strategic direction of WFD Value of outputs Accountability</i>	Semi structured Interviews Survey of all MP's
Foreign Affairs Committee FAC		✓		✓			Internal	High	Direct	Strategic advice Contacts Access to Parliament	<i>Impact of WFD programmes Strategic direction of WFD Value of outputs Accountability</i>	Semi structured Interviews Survey of all MP's
International Development Committee IDC		✓		✓			Internal	High	Direct	Strategic advice Contacts Access to Parliament strategic advice, contacts	<i>Impact of WFD programmes Strategic direction of WFD Value of outputs Accountability</i>	Semi structured Interviews Survey of all MP's
FCO Arab Partnership Fund	✓		✓	✓		✓	Internal	Medium	Direct	WFD key partners	<i>Information on Impact and delivery effectiveness of output</i>	Semi structured Interviews Survey to selected Posts
Deputy Heads of missions in Posts where WFD Operate	✓	✓			✓	✓	Internal	High	Direct	WFD key partners	<i>Information on impact and delivery effectiveness of output co-ordination and co-operation with WFD strategic direction reform ideas</i>	Survey to selected Posts
Political Parties Conservative		✓		✓	✓	✓	Internal	High	Direct	Corporate governance, strategy Accountable for funds strategic political advice contacts	<i>Information on impact and delivery effectiveness of output co-ordination and co-operation with WFD strategic direction Reform ideas and buy in Engagement with HMG</i>	Semi structured Interviews Visit Round table discussions
Political Parties Labour	✓	✓		✓	✓	✓	Internal	High	Direct	Corporate governance, strategy Accountable for funds strategic political advice contacts	<i>Information on impact and delivery effectiveness of output co-ordination and co-operation with WFD strategic direction Reform ideas and buy in Engagement with HMG</i>	Semi structured Interviews Visit Round table discussions

Political Parties Liberal Democrats	✓	✓		✓	✓	✓	Internal	High	Direct	Corporate governance, strategy Accountable for funds strategic political advice contacts	<i>Information on impact and delivery effectiveness of output co-ordination and co-operation with WFD strategic direction Reform ideas and buy in Engagement with HMG</i>	Semi structured Interviews Visit Round table discussions
Political Parties Smaller	✓	✓		✓	✓	✓	Internal	High	Direct	Corporate governance, strategy Accountable for funds strategic political advice contacts	<i>Information on impact and delivery effectiveness of output co-ordination and co-operation with WFD strategic direction Reform ideas and buy in Engagement with HMG</i>	Semi structured Interviews Visit Round table discussions
Key academic partners and contacts of WFD			✓		✓	✓	External	High	Direct	WFD key partners and academic peers	<i>General information on form and function of WFD and parliamentary Democracy</i>	On line survey
National Democratic Institute			✓				External	Low	Indirect	Competitor General interest	<i>Alternative delivery models</i>	Meeting in Nairobi
Global Partnership Associate			✓				External	medium	indirect	Competitor General interest Carried out 2010 Review of WFD	<i>Alternative delivery models Progress in 2014</i>	Semi structured interview
Netherlands Institute Multiparty Democracy			✓				External	medium	Indirect	Competitor General interest	<i>Alternative delivery models</i>	Semi structured interview via telephone
Netherlands Ministry of Foreign Affairs			✓				External	medium	Indirect	Competitor General interest	<i>Alternative delivery models</i>	Semi structured interview via telephone
HM Treasury		✓		✓			External	Low	Indirect	Corporate Governance	<i>Information on Corporate Governance</i>	TBC
House of Commons Overseas office		✓		✓			Internal	High	Direct	Consortium partner	<i>Impact of WFD programmes Strategic direction of WFD Value of outputs Accountability alternative delivery models strategic direction</i>	Semi structured interview Visit On line survey

National Audit Office		✓		✓			Internal	High	Direct	Consortium partner	<i>Information on corporate Governance Consortium management</i>	Semi structured interview
Thomson Reuters Foundation			✓				External	Low	Direct	Consortium partner	<i>Information on corporate Governance Consortium management</i>	Semi structured interview
University of Essex Democratic Governance Department			✓				External	Low	Direct	Consortium partner	<i>Information on corporate Governance Consortium management</i>	Semi structured interview
International Bar Association			✓				External	Low	Direct	Consortium partner	<i>Information on corporate Governance Consortium management</i>	Semi structured interview
Commonwealth Parliamentary Association (UK Office)			✓				External	Low	Direct	Consortium partner	<i>Information on corporate Governance Consortium management</i>	Semi structured interview
Cabinet Office		✓		✓			External	Low	Indirect	Corporate Governance Owns Triennial review process	<i>Information on Corporate Governance Triennial review process</i>	Semi structured interview

Annex 4 : List of those consulted during the Review

Name	Position
WFD Board of Governors and former Governors	
Henry Bellingham, MP	Chairman Board of Governors
Ann McKechin, MP	Board of Governors
Sir Andrew Stunell, MP	Board of Governors
Rushanara Ali, MP	Board of Governors
Andrew Rosindell, MP	Board of Governors
Pete Wishart, MP	Board of Governors
Tina Fahm	Independent member Board of Governors
Bronwen Manby	Independent member Board of Governors
John Osmond	Independent member Board of Governors
Ken Caldwell	Independent member Board of Governors
Gary Streeter, MP	Former Chairman of Board of Governors
Lord George Foulkes	Former Board member
WFD Staff	
Linda Duffield	Chief Executive
Paul Naismith	Acting CEO/Finance Director & Co. Secretary
All WFD staff	
Staff	WFD Kenya Field Office
International Offices of the Political Parties	
Philippa Broom	International Office, Conservative Party
Iain Gill	International Office, Liberal Democrat Party
Chris Levick	International Office, Smaller Parties
Nabila Sattar	International Office, Labour Party
Parliament	
Sir Malcolm Bruce	Chair of International Development Select Committee (IDC)
Mike Gapes MP	Member of Foreign Affairs Select Committee (FAC)
Andrew Mitchell MP	Former Secretary of State for International Development
All serving Members of Parliament	Anonymous survey of all Members of Parliament
Sir Robert Rogers	Clerk and Chief Executive of the House of Commons
Kenneth Fox	Clerk of the Foreign Affairs Committee
David Harrison	Clerk of the International Development Committee
Simon Burton	Clerk of the Overseas Office, House of Lords
Rhodri Walters	Former Clerk of the Overseas Office, House of Lords
Alistair Doherty	Former Deputy Principal Clerk of the House of Commons
Crispin Poyser	Clerk of the Overseas Office, House of Commons
Rick Nimmo	Director, British Group IPU (Inter parliamentary Union)
Andrew Tuggey	CEO, Commonwealth Parliamentary Association UK Branch
HMG	
Cabinet Office	
Cabinet Office Officials	

FCO

David Lidington MP
 FCO Officials and advisers
 FCO Officials
 FCO Officials
 FCO Officials
 FCO Officials
 FCO Officials
 FCO Officials
 Selected DHM's of UK Missions
 Stabilisation Unit

Minister for Europe
 Multilateral Policy Directorate
 HRDD Advisors
 Communications Engagement Directorate
 Africa Directorate
 Europe Directorate
 Middle East and North Africa Directorate
 Parliamentary Relations Department
 Survey of selected countries where WFD operate
 Acting Head & Deputy Head of, Stabilisation Unit

DFID

Alan Duncan MP
 DFID Officials and advisers
 Kevin Devaux/Florence Burban

Minister of State
 External Evaluation Team, DFID

UK Political Parties

Geoffrey Clifton-Brown MP
 Simon Jackson
 Tim Snowball

Conservative Party Vice-Chairman
 Labour Party Policy Director
 LDP Communications Director

External comparators and other interlocutors

Democracy assistance experts

WFD's professional and academic network

Officials
 Representatives
 Officials
 Representatives
 Representatives
 Representatives
 Representatives
 Representatives
 Representatives

British Council
 ERIS
 Netherlands Ministry of Foreign Affairs
 Netherlands Institute of Multiparty Democracy
 Canada International Development Agency (Nairobi Office)
 US National Democratic Institute (Nairobi Office)
 United Nations Development Agency (Nairobi Office)
 Centre for Parliamentary Studies and Training, Kenya
 CLARION NGO, Nairobi

Annex 5: Review of international models for delivering political and parliamentary development

International development agencies: These include USAID, DFID, SIDA and CIDA. Although each of these agencies may deliver support directly to parties and/or parliaments, they tend to contract work to third parties, either by funding multi-lateral bodies, organisations or individuals. Although only a small proportion of their work is focused on parliamentary support, a more significant amount is dedicated to wider democracy development including election infrastructure.

Party-affiliated organisations and political foundations: This group includes organisations that provide direct bi-party support to ideological counterparts around the world. Their focus is primarily on party political work. Examples include the German Stiftungen³¹, NDI and IRI. In the case of NDI and IRI their work is not always confined to working with specific parties, and they often engage in multi-party projects and parliamentary development work.

Multi-party organisations: The Netherlands Institute for Multi-Party Democracy (NIMD) specifically works on multi-party projects and programs. NIMD were awarded a three year contract by the Netherlands MFA to implement their democracy agenda. The Danish Foreign Ministry also has adopted a similar approach.

Parliamentary networks: The Commonwealth Parliamentary Association (CPA), Inter-Parliamentary Union (IPU) and Parliamentary Network of the World Bank all engage in projects designed to support parliaments and politicians. The IPU is the most extensive and is developing a range of tools, indicators and analyses for parliamentary development.

Multi-national bodies: This includes the UN family (UNDP) and the EU. UNDP is the largest donor/implementer of parliamentary projects. International IDEA, as an **Inter-Governmental Organisation** has developed a specialist party assistance tool kit and is developing its parliamentary work. It however lacks implementation capacity. The UK is not a Member of IDEA.

Non-Governmental Organisations: These are independent NGOs working in the field on parliamentary /party related issues. These may be local or national/international based and run projects based on ideology, donors or personal direction.

³¹ The German political foundations are of particular note since they represent the first party-based organisations to be created to promote broader democracy strengthening. There are 6 German political foundations with one for each party represented in the Bundestag. Although independent of the political parties, they all share a close relationship and ideological sympathy for their particular party. Although the Foundations receive about 95% of their funding from Government, they do not act on behalf of the German Government. The Political foundations address the following levels through their educational, advisory and dialogue programmes: **Individual level:** The Foundations promote citizen democratic engagement activities such as promoting better understanding of democratic institutions, democratic values and conduct, civil rights and duties. The foundations also support scholarship schemes for gifted future leaders. **Social level:** The Foundations also promote civil-society organisations which are in a position to play a role in initiating and implementing reforms. **Governmental level:** Governments and Parliaments receive support in drafting new laws, organisation and administration. The judiciary also receives support in helping establish the rule of law and human rights. **International level:** Political foundations are increasingly becoming involved in global dialogue on issues affecting development policy. They are also strengthening civil-society organisations through capacity building and introducing them to global policy networks.

Annex 6: WFD funding allocation: current and proposed

Based on an indicative £5.5 million annual HMG funding for WFD

(i) Current arrangement: £5.5 million

Administration total: £1.7 million

WFD central: £1.3 million (approx)
Political parties: £0.4 million

Total programme funds available: £4.8 million

WFD central: £2.17 million
Political parties: £2.17 Million
Innovation fund £0.48 million

(ii) New proposal: £5.5 million

Administration total: £1.7 million

WFD central admin (approx): £1.3 million
Political parties: £0.4 million

Programme funds available: £4.8 million

Tier 1: £1.92 million (40%)
Tier 2: £0.96 million (20%)
Tier 3: £1.44 million (30%)
Tier 4: £0.48 million (10%)

Political parties can also bid for funds from tier **1 and 4**

Annex 7: Timetable for prioritised implementation of recommendations

Implementation timeframe

Review Recommendation

4 months End October 2014	(1) HMG complete the consultation process for the new joint Democracy Strategy and a shared process to measure WFD's impact and value-for-money. (Recommendations 1 and 2)
<i>CEO reports progress to the Board/HMG in November 2014</i>	(2) The CEO position enhanced (Recommendation 12)
	(3) CEO delivers: <ul style="list-style-type: none">- Implementation steering group set up (Recommendation 22)- Implementation of the "one team" plan (Recommendation 9)- Closer Parliamentary co-operation (with Clerks of the Houses) (Recommendation 6)- Agreement on new party political process (with political parties) (Recommendations 4 and 5)- The resource and field office review as part of new Business case planning (Recommendation 14)- WFD up-skilling (Recommendation 16)
6 months End January 2015	(4) HMG and WFD agree indicative Business Case (Recommendation 3,17,19)
	(5) Board focused on strategic, performance and corporate governance. (Recommendation 10)
	(6) Complete outstanding corporate governance (Recommendations 20 and 21)
	(6) Communications strategy complete (Recommendation 15)
9 Months End March 2015	(7) Board Composition arrangements complete (Recommendation 11)
	(8) Database of experts complete (Recommendations 7 and 13)
	(9) Closer ties with the Devolved administrations developed (Recommendation 8)
24 months July 2016 <i>in time to inform 2018 Business case</i>	(10) Business Development implementation (Recommendations 17 and 18)

Annex 8: Detailed findings of Review stage two: corporate governance

Accountability

Statutory Accountability: *Principle: WFD complies with all applicable statutes and regulations, and other relevant statements of best practice.*

1. **Compliance:** Evidence gathered suggests that WFD complies with all statutory and administrative requirements on the use of public fund as laid out in the *Cabinet office “Managing Public Money”* Guidelines. A concern was raised over ODA funding. The Review recommends that WFD submit a biannual written assurance to the FCO that ODA funding rules are followed (see recommendation 21)
2. **Compliance:** CEO delegated authority is set at £20,000. Audit confirms this has not been exceeded and that WFD comply with 2013 Framework agreement on delegated authorities set out by FCO.
3. **Compliance:** Freedom of Information requests are channeled through the FCO with a nominal role given to Head of communications to oversee any requests. No requests received directly by WFD. WFD operates in line with the Freedom of Information Act 2000. WFD fully complies with Data Protection Legislation.

Accountability for Public Money: *Principle: The Accounting Officer of WFD is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.*

4. **Compliance:** The CEO is Accounting Officer for WFD. The outgoing CEO has received appropriate training and guidance to carry out her duties (note: the CEO completed her 5-year tenure at the end of February 2014 and has been temporarily replaced by an acting CEO until the appointment of a full-time successor is made in early summer 2014). The Current CEO received the relevant letter from the FCO covering her roles and responsibility. The CEO confirmed that she is able to carry out duties as Accounting Officer. The FCO has access to internal audit documents as well as access to the Audit Committee minutes. The latest documents of the Internal WFD Audit are available as of 14 January 2014.
5. **Compliance:** Evidence that WFD complies with ensuring that public funds are used appropriately and in line with wider government rules covering flights and hotel usage. These regulations should be re-circulated by the new CEO

to ensure all the components of WFD receiving HMG funding have an agreed, consistent and shared understanding of their implementation. (see [Recommendation 21](#))

6. **Compliance:** The WFD Finance Director oversees all political party expenditure and confirms that Political parties conform to the regulations covering the use of public money.
7. **Compliance:** WFD's annual accounts are laid before Parliament by the FCO's Parliamentary Relations and Devolution Department (PRDD) on behalf of WFD. This is published as the Annual Report and Accounts.

Ministerial Accountability: *The Foreign Secretary is ultimately accountable to Parliament and the public for the overall performance of WFD.*

8. **Partial compliance:** The Review found a close connection between FCO Ministers responsible for WFD and officials in the FCO. Written contact with WFD, attendance at select Board meetings and working level contact was evidenced. The 2013 Framework agreement is also evidence of a clear process for scrutiny and oversight of WFD, however there was need for a common HMG approach and methodology in assessing WFD's performance, impact and delivery. This is addressed in [Recommendation 1](#)
9. **Partial Compliance:** Whereas the Independent Board members are selected through open competition, the process for selecting the political board members is not as clear with the Review finding no formal process. This is addressed in [Recommendation 11](#). The Foreign Secretary appointed the current Chair of the WFD Board (Mr Henry Bellingham, MP) and is responsible for the performance of WFD to Parliament. The FCO Minister was consulted over the appointment of the outgoing CEO and incoming new CEO as was the FCO Permanent under Secretary (PUS). The responsible FCO Minister meets both the Board Chair and CEO of WFD on occasion. The Annual Report is published by WFD and seen by Parliament.

Roles and Responsibilities

Role of the FCO. *Principle: The Departmental Board ensures that there are robust governance arrangements with the Board of each arm's length body. These arrangements are set out the terms of their relationship and explain how they will be implemented to promote high performance and safeguard propriety and regularity.*

10. **Compliance:** Human Rights and Democracy Department (HRDD) are the responsible department within the FCO for WFD. There is a designated contact point and there is evidence of good engagement. Our interlocutors suggested that the FCO could provide more strategic and context direction for WFD and there is a clear need for more strategic direction in the form of a joined up HMG democracy plan. There was no evidence that the main FCO Board discusses WFD's performance on a regular basis, however the Review understands that this could happen if needed. There is clear evidence of an ongoing dialogue at an appropriate senior level between WFD and the FCO. Senior FCO officials have attended board meetings. FCO officials also contribute to the assessment of the programme and project bids
11. **Compliance:** The current Framework Document was revised in July 2013 and lists the aims, objectives and functions of WFD and the respective roles and responsibilities of the Minister, the FCO and WFD. This is still current and is published on the WFD website. The Framework Agreement is understood by WFD, the Board and the FCO and follows Cabinet Office and HM Treasury guidance.

Role of the Board. *Principle: WFD is led by an effective Board, which has collective responsibility for the overall performance and success of the body. The Board provides strategic leadership, direction, support and guidance. The Board - and its committees - has an appropriate balance of skills, experience, independence and knowledge. There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.*

12. **Partial Compliance:** The Board meets 5-6 times per year. Evidence gathered suggests that there are issues surrounding effective control of WFD which includes the work of the political parties. Concern has been raised over the impact of the Board's composition (more political board members than independents) and an improved oversight of projects conducted by the political parties. This has been addressed in Recommendation 11
13. **Partial Compliance:** There was no evidence of a formal evaluation process to monitor the Board's performances. There was no explanation for this. The Review recommends that evaluation process is started and included in Recommendation 11. The Board size is 10 which is broadly in the range of a similar sized Board for a comparable organisation.
14. **Compliance:** 60% of the Board are serving Members of Parliament with two Conservative, two Labour, one Liberal Democrat and one Scottish Nationalist Party. The skills and experience-range within this group is reasonably

diverse. Party affiliation is an important consideration in selection. The independent Board members have a good range of skills including audit, developmental and leadership skills.

15. **Partial Compliance:** The Board is well served with information from the Director of Finance. However there were concern raised about the level of information from the political parties in terms of programme strategy and development. The project approval process for the projects coming from the political parties is less clear. Concern was raised that some Board members felt unsighted on papers relating to the internal project development process carried out by the political parties. Recommendations 4, 9, 11 and 12 seek to address this perception.
16. **Partial compliance:** The Finance Director does not sit on the Board. The Finance Director and the CEO are responsible for providing all financial information available to the Board. On the Board an experienced independent Board member is responsible for the audit function. The Review recommends that the CEO become a full Board Member, with the Finance Director continuing to attend all Board meetings as an observer (Recommendation 11)
17. **Compliance:** There is a Terms and Conditions Committee that meets to discuss the overall direction staffing and terms of remuneration of WFD. The Board is responsible for the CEO's recruitment. Senior staff salary scales are published. The current recruitment process is governed by restrictions imposed by the current coalition Government. Exemptions for this have been sought and endorsed by the Board.
18. **Partial Compliance:** The CEO is fully accountable to the Board for the day to day running of WFD. The CEO manages senior staff effectively. The CEO is not responsible for any Political Party Staff members as they have their own line management structure. Recommendation 9 seeks to improve company cohesion.
19. **Non compliance:** There is currently no evaluation process for any Board member due to restrictions on time available by the Chairman. The Review recommends that this is introduced and incorporated in Recommendation 11
20. **Partial Compliance:** The Chair is not subjected to any performance assessment process by the FCO. Light touch letters are occasionally sent by FCO/DFID Ministers outlining areas for consideration by WFD, but these are not reflecting the individual performance of the Chair. FCO/DFID Ministers do meet the Chair and it is assumed that performance issues are discussed

during these meetings in private. There was no evidence that the Chair carried out any assessment of the independent board members performance. This should be introduced as part of Recommendation 11

Role of the Chair *Principle: The Chair is responsible for leadership of the Board and for ensuring its overall effectiveness*

21. **Compliance:** The Board is led by a Chairperson, who is a serving MP from the political party leading Government. S/he is appointed by the Foreign Secretary and confirmed by an appointment letter. The Chair and the CEO are held by different individuals. The Review recommends that the process for selecting the next Chair is carried out through a transparent and rigorous recruitment process consistent with the process used to recruit independent Board members. The Chair has decision making powers on the Board.
22. **Compliance:** There is clear evidence that the Chair carries out the duties expected but there has been no annual assessment of any non-executive Board members' performance. The duties of the Chair are set out in the 2013 Management Statement and the terms and conditions for the appointment, agreed in writing, are in line with Cabinet Office guidelines. The Chair should be annually assessed and introduced as part of Recommendation 11.

Role of Non-Executive Board Members. *Principle: As part of their role, non-executive Board members provide independent and constructive challenge*

23. **Compliance:** None of the Board members are involved in the day to day running of the company and as such are all non executive Board members. There are no executive Board members (i.e. members of the WFD) serving on the Board. There are four "independent" board members that are not affiliated to a political party and are not serving MPs.
24. **Partial Compliance:** All Board members are technically independent of WFD management. However projects submitted by the political parties to the Board appear to have a different approach to standard WFD projects submitted by WFD in that they also include an internal party process that includes the relevant political governor on the Board. Around 50% of WFD income is dedicated to the political parties and each party gets a predetermined amount according to a modified a Short Money formula. There are no formal processes governing the "independence" of serving MP's on the Board with their affiliated political party management. Although there is evidence of a robust project challenge function the Review recommends an overhaul of the

programme approvals process. This is addressed in Recommendations 4, 9 and 12.

25. **Compliance:** All Board members attendance is published. The records show that independent Board members are able to give time to the Board. Issues have been raised regarding the amount of time serving MP's can make available (in particular to more strategic issues) given their other parliamentary commitments.
26. **Compliance:** WFD has a structured induction pack of documents that is issued to all new Governors, plus invites to meet CEO and other staff.
27. **Partial Compliance:** The Management statement indicates that there should be a *formal, rigorous and transparent process* for the appointment of all non-executive independent members of the Board. This is not applicable to the political party board members who are selected via an internal party process appropriate for the selection process. The Review recommends that the process for appointing political governors is made consistent. This is covered in Recommendation 11.

Effective Financial Management

Principle: WFD has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.

28. **Compliance:** The Review team are not qualified auditors but are confident that WFD has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.

Annual Reporting

29. **Compliance:** WFD publish a comprehensive Annual Report that is released on www.wfd.org.

Internal Controls

30. **Compliance:** There is a comprehensive risk identification and management process within WFD in the form of a risk register dashboard. This is presented to Board meetings and is overseen by the Finance Director.
31. **Compliance:** Internal Audit services are provided by the UK accountancy firm "BDO". The Internal Audit annual report shows no significant audit issues. There are internal control mechanisms in place to provide effective

accountability across WFD including the political parties. The process appears to be in line with Cabinet Office guidelines.

32. **Compliance:** The main delegated authority refers to procurement and spend. The CEO has delegated authority up to £20,000 for project spend. There is a general expenditure of up to £ 5,000 within a project. These figures are understood within WFD. Recommendation 10 looks to strengthen the role of the CEO.
33. **Compliance:** There is a comprehensive whistle blowing policy. This has been activated and tested in 2013 and has resulted in an ongoing internal investigation. WFD is compliant with the 2010 Bribery Act. Internal audit procedures appear to be in place to detect internal fraud and all staff working overseas are given appropriate training to identify third party fraud.
34. **Partial Compliance:** There are clear guidelines governing the claiming of expenses. However it is not clear how well these are understood throughout WFD and the political parties. Suitable control mechanisms are in place and the rules are based on a general HMG wide policy. The Review recommends that the new CEO reticulates guidance to ensure a common understanding as part of Recommendation 9.
35. **Non- Compliance:** Senior staff expenses are not published as WFD are considered too small and publishing any data would be resource intensive. All compiled data is captured in the annual report which also sets out the Audit function and mechanisms. Cabinet Office guidelines are clear that Senior staff expenses should be published and therefore the Review recommends that this is discussed with Cabinet Office as part of Recommendation 21.

Audit Committee

36. **Compliance:** There is an effective Audit Committee led by a competent and experienced independent Board member. The Audit committee has responsibility for the independent review of the systems of internal control and of the external audit process.

External Auditors

37. **Compliance:** WFD have maintained a constructive relationship with their external auditors.

Communications

Principle: WFD is open, transparent, accountable and responsive.

Communications with Stakeholders

38. Partial Compliance: There is clear evidence that WFD has identified key stakeholders and approaches to communication with them. However there is no up to date WFD communications plan to support this. Some stakeholders have reported that the communication is neither always consistent nor effective. The Website needs to have greater clarity and focus and should be part of this communications planning. WFD has taken a low key approach to communicating and is subject to the restrictions imposed by the current government on marketing and self promotion. The Review recommends that a new joint communication strategy is developed in line with Recommendation 15

Communications with the Public

39. Partial Compliance: WFD are an open organisation, but there is no compelling evidence of a consultation process with the UK public on priorities and performance as WFD pursue an “under the radar” low key approach to their work to reflect the inherent sensitivities in their work. There is a website that stakeholders found to be reasonable for getting information. There was no apparent active dialogue with the general public and no use of social media by any senior staff to open WFD activities up to a wider audience. There is also no active communications plan (last revised 2010). However WFD do actively publish the programme outputs and outcomes in their annual report, although individual programmes are covered in less detail. Members of the public would be able to match this self assessment with the publicly-available 2010 Review of WFD as well as the more detailed mid-term review to be published by the DFID funded External Evaluation Team. Recommendation 15 outlines the steps that WFD could take to address this.

40. Partial Compliance: There is no objection to a more open meeting between WFD and the general public. However this would need to be a specific public meeting as the AGM is too short and not suitable for this type of open meeting. All Board meetings are minuted by the Board Secretary but not proactively published on the website. The review recommends that the Board consider an open AGM and that WFD consider publishing the minutes on the website as part of Recommendation 15

41. **Partial Compliance:** WFD do not publish spend over £500. WFD do have a complaints register but have not received any formal external complaints. There is an effective mechanism to handle letters and complaints in place and WFD confirm that all complaints would be treated seriously and handled in an appropriate way.

Marketing and PR

42. **Compliance:** WFD do comply with the rules on publicity and advertising. There is very little external publicity partly because the rules are not clearly understood by WFD as an organisation and partly due their low key approach to publicity. WFD are subject to Cabinet Office rules governing marketing and the use of PR consultancy.

43. **Partial Compliance:** There is an inherent risk of the *perception* of political lobbying given the political nature of the work undertaken by WFD and the political parties. This is accepted within WFD as necessary to deliver success. The potential for political lobbying overseas was not looked at by the Review team. There is no evidence that any one party gains domestically in terms of political activities conducted abroad. There are no known restrictions in place preventing Board members attending Party Conferences in a professional capacity. The Review recommends that guidelines on independent Board members attending party conferences are drawn up. (see [recommendation 21](#))

Conduct and Behaviour

Principle: *The Board and staff of WFD work to the highest personal and professional standards. They promote the values of WFD and of good governance through their conduct and behaviour.*

Conduct

44. **Partial Compliance:** The Review noted that there was a potential for “conflict of interest” inherent in the political make up of the Board with the political parties having a majority vote. The Review noted that the political parties had no direct accountability for their conduct to WFD other than through the Board and that there had been no recorded discussions by the Board of the conduct and behaviour of the political party offices. The Board have adopted and agreed a code of conduct that sets out the standards expected of them. This is made clear on appointment to the Board. The Board code of conduct should be published online. (see [recommendation 21](#))

45. **Partial Compliance:** There is a code of conduct for staff that is included as part of the terms and conditions of employment and WFD staff are aware of the content. Each Board member must declare any conflict of interest at the start of each board meeting. There was no Register of Interest book available. The Review recommends that a Register of Interest book is made available and published online. (see [recommendation 21](#))
46. **Compliance:** The Board is made up of a majority of politically appointed MPs across the UK's political spectrum. The political parties receive a ring fenced amount of 50% of WFD annual income which is divided up using a modification of the political Short Formula based on number of seats/votes in parliament. The process of approval for party projects implies a strong politically motivated process, but not favoring any one party.

Leadership

47. **Compliance:** There was clear evidence that WFD and its Board were acting with a high degree of personal and professional standards. The Review did note that there was still a need to increase the pace of skills transformation from a grant giving to an implementation organisation. There was a clearly defined understanding of what these standards were and how they impacted upon the reputation of both HMG and WFD.
48. **Compliance:** There have been no cases of misconduct or inappropriate behaviour reported. Good internal systems are in place to identify and handle potential cases.

Annex 9: Outline decentralisation plan: Empowering WFD field offices

1. The Review recommends that the incoming CEO conducts a thorough review of the WFD field operations ahead of the next business case application (Recommendation 14). This review should consider a number of strategic and operational issues including the location and relationship with the London headquarters. Much of this will be clearer following the articulation of the new democracy strategy and subsequent WFD Business Case. We suggest that the Field Teams be widely consulted and engaged in this process.
2. The Review also recommends that the Board make an early decision on whether WFD should further empower its field offices and decentralise decision making to reinforced field offices. The case for giving more local power and control over the implementation of programmes and projects is growing internationally as more organisations see the advantages of establishing a long term presence capable of acting more independently. At present the majority of WFD field offices are small (typically 2 persons), in countries where WFD have projects (but not necessarily where the political parties are operating) and are dependent on WFD central office for both finance controls and policy/programme direction. Currently a typically field office consists of an Office Manager and a Project Finance Officer (PAF), both of which are locally employed.
3. To assist in the decision making the Review has outlined the sort of devolved responsibilities an empowered field office might expect to take on:
 - (i) **Project design, development and implementation:** The field office becomes more central in developing and shaping the project and is responsible for ensuring the implementation of all WFD core projects in-country, coordinating as necessary with WFD headquarters (HQ) and with the political parties on their respective activities in-country. This means the field offices have more ownership of the delivery and a more central role in the project cycle. This allows better use of local information and project expertise, freeing up HQ to focus on strategic direction and developing the UK parliamentary and political expert contacts needed to implement the projects. The field offices should have devolved responsibility for all evaluation and monitoring requirements reporting to the Director of Programmes. Funding decisions are made in London.
 - (ii) **Increased delegated financial authority and budget independence:** This would include responsibility for the project finances in country and

accounting for all WFD and political party projects in country and/or region. This will reduce the burden on HQ and ensure accurate spend accountability of in-country forecasting. This includes local procurement, and monitoring of all implementers well as office budget responsibility including the flexibility to local recruit for project staff as needed.

- (iii) **Increased representational role and authority to represent WFD:** The field offices will be headed up by a senior member of staff and will take on a representational role which would include engaging with senior interlocutors such as senior staff within the Host Authorities, resident diplomatic community, local civil society and media. This would also include responsibility for developing/implementing a local WFD communications plan and a range of activities such as event organisation and outreach. This might also include a regional representational role reducing the need for regular HQ visits. The Review considers the level of FCO C5 (L) or D6 (L)³² a suitable comparator, depending on the size of the field operation in question.
- (iv) **Longer term sustainability:** The field office should be responsible for identifying and winning complimentary new business that is in line with the overall aims of the new democracy strategy. This would in effect aim to reduce the administration costs to WFD HQ.

³² *Grade D6 equivalent who is locally employed*

Annex 10: Note from the British Council: an illustrative example welcoming collaboration with WFD

The British Council knows WFD well, respects their distinctive mission to support democratic transition drawing on the experience of the UK and has worked well with WFD both in the past and more recently. Since 2011 the British Council has been a partner on the DFID Governance and Security Framework. Since 2012, WFD have been involved in the British Council's delivery of the EU-funded programme 'Improving Parliamentary Performance in Pakistan' and on training and support to research assistants of Members of the National Assembly in Pakistan. The British Council also partnered with WFD to bid for an EU funded project for work to strengthen parliamentary process in Jordan but was unsuccessful on that occasion.

The British Council values the very strong links WFD has with Westminster and the great access to MPs and staff within the UK and regional parliaments, plus their strong experience of parliamentary strengthening programmes. We also value their sense of purpose, public service ethos and clear commitment to their values which make them a very fair partner in contract work, ready to contribute where it makes sense but also fits with their capability.

The British Council would certainly be open to more collaboration with WFD in the future subject to the direction their focus takes post their Triennial Review.